



## **FIRST CAPITAL REAL ESTATE INVESTMENT TRUST**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

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**ANNUAL AND SPECIAL MEETING OF UNITHOLDERS**

**TO BE HELD ON SEPTEMBER 29, 2020**

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*This Management Information Circular requires your immediate attention.  
If you are in doubt as to how to deal with this document, the documents referred to herein or the matters to which they refer, please consult your professional advisors.*

**August 14, 2020**



August 14, 2020

Dear Fellow Unitholder:

We are pleased to invite you to attend the 2020 Annual and Special Meeting of Unitholders of First Capital Real Estate Investment Trust on Tuesday, September 29, 2020 at 10:00 a.m. (Toronto time).

This year, out of an abundance of caution, to proactively deal with the unprecedented public health impact of the coronavirus outbreak (COVID-19), and to mitigate risks to the health and safety of our communities, unitholders, colleagues and other stakeholders, we will hold our annual meeting in a virtual only format, which will be conducted via live webcast. At the virtual annual meeting, regardless of geographic location, Unitholders will have an opportunity to listen, participate and vote through a web based platform instead of attending the meeting in person. Inside this document, you will find important information and detailed instructions about how to participate at our virtual annual meeting.

The purpose of the meeting will be to conduct our regular annual meeting business and other business as described in the Notice of 2020 Annual and Special Meeting of Unitholders.

Your vote is important. This Management Information Circular in respect of the meeting contains important information about voting, the nominated trustees, our governance practices and how we compensate our trustees and executives. You may vote by either attending the virtual meeting or by completing and sending in your proxy form. Voting by proxy (or voting instruction form, as applicable) is an easy way to vote – just follow the instructions for submitting your proxy by mail, internet or telephone.

You will be able to attend, participate and vote at the virtual meeting online at <https://web.lumiagm.com/217752176>. Additional information on how to attend the virtual meeting is enclosed.

On behalf of the Board of Trustees and the Executive Leadership Team, we thank you for your continued support and look forward to welcoming you on September 29<sup>th</sup>.

Yours truly,

FIRST CAPITAL REAL ESTATE INVESTMENT TRUST

Adam E. Paul  
President and Chief Executive Officer



## NOTICE OF 2020 ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

You are invited to the 2020 Annual and Special Meeting of Unitholders (the “Meeting”) of First Capital Real Estate Investment Trust (“First Capital REIT”):

### When

Tuesday, September 29, 2020  
10:00 a.m. (Toronto Time)

### Where

Virtual Only Meeting via Live Webcast online at:

<https://web.lumiagm.com/217752176>

Username: **15-digit control number** located on the form of proxy

Password: **first2020**

### Your Vote is Important

If you are a unitholder of record of trust units (“Trust Units”) or special voting units (“Special Voting Units”) of First Capital REIT at the close of business on August 14, 2020, you are entitled to receive notice of, attend and vote your Trust Units and Special Voting Units at the Meeting, or else at a reconvened meeting if the Meeting is postponed or adjourned. Please remember to vote your Trust Units and Special Voting Units. You can vote by proxy (or voting instruction form, as applicable) if you are unable to attend the Meeting.

**This year, out of an abundance of caution, to proactively deal with the unprecedented public health impact of the coronavirus outbreak (COVID-19), and to mitigate risks to the health and safety of our communities, unitholders, colleagues and other stakeholders, we will hold our annual meeting in a virtual only format, which will be conducted via live webcast. Unitholders will have an opportunity to participate at the virtual meeting in real time through a web-based platform instead of attending the meeting in person. Inside this document, you will find important information and detailed instructions about how to participate at our virtual annual meeting.**

Registered unitholders and duly appointed proxyholders will be able to attend the Meeting, ask questions and vote, provided they are connected to the internet and comply with all of the requirements set out in the management information circular.

Non-registered (or beneficial) unitholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests and ask questions, but guests will not be able to vote at the Meeting.

A unitholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form (including a non-registered unitholder who wishes to appoint themselves to attend) must carefully follow the instructions in the management information circular and on their form of proxy or voting instruction form. **Failure to register the proxyholder with our transfer**

agent will result in the proxyholder not receiving a Control Number to vote at the Meeting and only being able to attend as a guest.

### **Business of the Meeting**

1. To receive the audited consolidated financial statements for the fiscal year ended December 31, 2019, together with the report of the auditors thereon (see *Business of the Meeting – Receiving the Financial Statements* in the management information circular (the “Circular”));
2. To elect the Board of Trustees for the ensuing year (see *Business of the Meeting – Election of Trustees* in the Circular);
3. To appoint auditors for the ensuing year and to authorize the Board of Trustees to fix the remuneration paid to the auditors (see *Business of the Meeting – Appointment of Auditor* in the Circular);
4. To consider, in an advisory, non-binding capacity, the approach to executive compensation disclosed in the Circular (see *Business of the Meeting – Say-on-Pay Non-Binding Advisory Vote* in the Circular);
5. To consider, and if thought advisable, pass a resolution, with or without amendment, in the form set out in Schedule A to the Circular, approving the First Capital REIT’s Unitholder Rights Plan Agreement (see *Business of the Meeting – Unitholder Rights Plan Agreement* in the Circular); and
6. To consider other business that may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

### **Notice-and-Access**

First Capital REIT is using the “notice-and-access” system adopted by the Canadian Securities Administrators for the delivery of the Circular and 2019 annual report, which includes the management’s discussion and analysis and annual audited consolidated financial statements for the fiscal year ended December 31, 2019 (collectively, the “Meeting Materials”). Under notice-and-access, you will receive a proxy or voting instruction form enabling you to vote at the Meeting. However, instead of a paper copy of the Circular, you are receiving this notice which contains information about how to access the Meeting Materials electronically. The principal benefit of the notice-and-access system is that it reduces the environmental impact of producing and distributing paper copies of documents in large quantities.

The Circular and form of proxy (or voting instruction form, as applicable) provide additional information concerning the matters to be dealt with at the Meeting. **You should access and review all information contained in the Circular before voting.**

Unitholders with questions about notice-and-access can call 1-866-964-0492.

### **Websites Where Meeting Materials are Posted**

Our Meeting Materials can be viewed online on our website at <https://fcr.ca/investors/unitholders/>, or under our SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **How to Obtain a Paper Copy of the Meeting Materials**

Beneficial unitholders may request that paper copies of the Meeting Materials be mailed to them at no cost. Requests may be made up to one year from the date that the Circular was filed on SEDAR by going to [www.proxyvote.com](http://www.proxyvote.com) and entering the 16-digit control number located on your voting instruction form and following the instructions provided. Alternatively, you may submit a request by calling

1-877-907-7643. Requests should be received by September 16, 2020 (i.e., at least seven business days in advance of the date and time set out in your voting instruction form as a voting deadline) if you would like to receive the Meeting Materials in advance of the voting deadline and Meeting date.

Registered unitholders may request that paper copies of the Meeting Materials be mailed to you at no cost. Requests by registered unitholders may be made up to one year from the date that the Circular was filed on SEDAR by calling 1-866-404-4114. Requests should be received by September 16, 2020 (i.e., at least seven business days in advance of the date and time set out in your proxy form as a voting deadline) if you would like to receive the Meeting Materials in advance of the voting deadline and Meeting date.

By Order of the Board of Trustees,

A handwritten signature in black ink, appearing to read "Adam Paul", written in a cursive style.

Adam E. Paul  
President and Chief Executive Officer

August 14, 2020  
Toronto, Ontario

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## MANAGEMENT INFORMATION CIRCULAR

### Basis of Presentation

Effective December 30, 2019, pursuant to a court approved plan of arrangement (the “Arrangement”), First Capital Realty Inc. (the “Company”) completed its conversion to a real estate investment trust, known as First Capital Real Estate Investment Trust (“First Capital REIT”, the “Trust” or the “REIT”). Under the Arrangement, each outstanding common share of the Company was exchanged for one Trust Unit of First Capital REIT, unless a qualifying shareholder validly elected to receive Exchangeable LP Units of First Capital REIT Limited Partnership in exchange for their common shares of the Company. As the Arrangement became effective on December 30, 2019, information presented in this management information circular (“Circular”) for the period prior to December 30, 2019 is in respect of the Company and information provided on or after December 30, 2019 is in respect of First Capital REIT. Accordingly, references herein to the business and activities of First Capital REIT prior to December 30, 2019 refer to First Capital REIT’s predecessor, the Company.

We are sending you this Circular because you owned Trust Units or Special Voting Units of First Capital REIT as at the close of business on August 14, 2020 (the “Record Date”). As a unitholder of record, you are entitled to receive notice of our 2020 annual and special meeting of unitholders to be held on September 29, 2020 (the “Meeting”), attend the Meeting and vote your units.

**Management is soliciting your proxy for the Meeting, and any adjournment or postponement thereof, for the purposes set out in the Notice of Meeting (the “Notice”).** This Circular includes important information about the items of business we will be covering at the Meeting. It also provides detailed information about the nominated trustees, our governance practices and how we compensate our trustees and executives.

In this document, *we, us, our*, the *REIT*, the *Trust* and *First Capital REIT* refer to First Capital REIT. *You* and *your* refer to the REIT’s unitholders.

The information in this management information circular is provided as of August 14, 2020, unless indicated otherwise.

All information is presented in Canadian dollars, unless indicated otherwise.

We are using the “notice-and-access” system for the delivery of this Circular and our annual report in respect of fiscal 2019, which includes management’s discussion and analysis and our annual audited consolidated financial statements for the fiscal year ended December 31, 2019 (collectively, the “Meeting Materials”).

Under the notice-and-access system, the Notice and form of proxy (or voting instruction form, as applicable) will be mailed on or about August 26, 2020 to all unitholders of record of the REIT as of the close of business on August 14, 2020. The Notice provides instructions regarding the website availability of the Meeting Materials. Unitholders have the ability to access the Meeting Materials on our website at [www.fcr.ca/investors/investor-resources](http://www.fcr.ca/investors/investor-resources) and under our SEDAR profile at [www.sedar.com](http://www.sedar.com), and to request a paper copy of the Meeting Materials by telephone. Instructions on how to request a paper copy can be found in the Notice. The principal benefit of the notice-and-access system is that it reduces the environmental impact of producing and distributing paper copies of documents in large quantities.

See the discussion below for information about who is entitled to vote and how to vote. The solicitation of proxies in conjunction with the matters referred to in this Circular is being made on behalf of management of First Capital REIT. The REIT will bear all costs associated with this Circular, the Notice and the form of proxy (or voting instruction form, as applicable), as well as the costs of the solicitation of proxies (or voting instructions). Although the solicitation will be primarily by mail, officers and employees of the REIT may also directly solicit proxies or voting instructions (but not for additional compensation) personally, by telephone or facsimile or by other means of electronic transmission. Banks, brokerage houses and other custodians and

nominees or fiduciaries will be requested to forward proxy solicitation materials to their principals and to obtain authorizations for the execution of proxies and will be reimbursed for their reasonable expenses in doing so.

## **Voting Information**

Please carefully read this section, as it contains important information regarding how to vote your units. First Capital REIT has sent, or caused to be sent, forms of proxy to our registered unitholders and voting instruction forms to our non-registered unitholders.

### ***Who can attend the Meeting and vote?***

You have the right to vote on each matter put to a vote at the Meeting if you owned any Trust Units or Special Voting Units as of the close of business on August 14, 2020. Each Trust Unit or Special Voting Unit you own entitles you to one vote. In order to determine how to vote at the Meeting, you should first determine whether you are a beneficial or registered unitholder.

### ***What is the difference between a registered unitholder and a non-registered (beneficial) unitholder?***

Most of our unitholders are beneficial unitholders.

You are a non-registered (or beneficial) unitholder if your bank, trust company, securities broker, trustee, other financial institution, depository, clearing agency (such as CDS Clearing and Depository Services Inc.) or other intermediary holds your units for you. This means you do not have a physical unit certificate and do not hold your units through the direct registration system (DRS) on the records of our transfer agent in electronic form, but instead, your units are recorded on your intermediary's electronic system. For example, you are a beneficial unitholder if you hold your units in a brokerage account of any type.

You are a registered unitholder if your units are registered directly in your name with our transfer agent, Computershare. You may hold your units in the form of a physical unit certificate or through DRS on the records of our transfer agent in electronic form.

### ***What does it mean if I receive more than one Notice, form of proxy or voting instruction form?***

If you receive more than one Notice, form of proxy or voting instruction form, it means that you have multiple accounts with brokers or other intermediaries or with the transfer agent, as applicable, through which you hold units. The voting process is different for registered unitholders and non-registered (beneficial) unitholders. Please follow the instructions carefully and vote or provide voting instructions for all of the units you own.

### ***How do I vote?***

First Capital REIT unitholders may vote by proxy before the Meeting or vote at the Meeting, as described below.

#### **1. Voting by proxy before the Meeting**

You may vote before the Meeting by completing your form of proxy or voting instruction form in accordance with the instructions provided therein. Non-registered unitholders should also carefully follow all instructions provided by their intermediary to ensure that their units are voted at the Meeting.

Voting by proxy is the easiest way to vote. It means you are giving someone else the authority to attend the Meeting and vote on your behalf (called your "proxyholder").

Bernard McDonell, Chair of the Board, has agreed to act as the First Capital REIT proxyholder. Proxyholders must vote your units according to your instructions, including on any ballot that may be called. If there are



changes to the items of business or new items properly come before the Meeting, a proxyholder can vote as he or she sees fit.

**You can appoint someone else to be your proxyholder. This person does not need to be a unitholder. See “Appointment of a third party as proxy” below.**

### ***Registered Unitholders***

There are three ways for registered unitholders to vote by proxy before the Meeting:

|  |   |
|--|---|
| <b>Telephone Voting</b>                  | You may vote by calling the toll-free telephone number 1-866-732-VOTE (8683). You will be prompted to provide your control number printed on the form of proxy. You may not appoint a person as proxyholder other than the First Capital REIT proxyholders named in the form of proxy if you vote by telephone. Please follow the voice prompts that allow you to vote your units and confirm that your instructions have been properly recorded. |
| <b>Internet Voting</b>                   | You may vote by logging on to the website indicated on the form of proxy ( <a href="http://www.investorvote.com">www.investorvote.com</a> ). Please follow the website prompts that allow you to vote your units and confirm that your instructions have been properly recorded.  |
| <b>Return Your Form of Proxy by Mail</b> | You may vote by completing, signing and returning the form of proxy in the postage-paid envelope provided to Computershare Trust Company of Canada, (“Computershare”), our transfer agent, either in person or by mail or courier, to 100 University Avenue, 8 <sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1.  |

Proxies, whether submitted through the internet or by telephone or mail, as described above, must be deposited with our transfer agent, Computershare by no later than **10:00 am (Toronto time) on September 25, 2020**, or if the Meeting is adjourned or postponed, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, before the commencement of such adjourned or postponed meeting. The time limit for the deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion.

If a unitholder who has submitted a proxy attends the Meeting via the webcast and has accepted the terms and conditions when entering the Meeting online, any votes cast by such unitholder by completing an online ballot will be counted and the submitted proxy will be disregarded.

If you are a registered unitholder, contact Computershare, our transfer agent, at 1-800-564-6253 (toll free in North America) or 1-514-982-7555 (outside North America) for any voting questions.

### ***Non-Registered (Beneficial) Unitholders***

Beneficial unitholders will receive a Notice and voting instruction form indirectly through their broker or other intermediary for the number of units they hold. For your units to be voted, you must follow the instructions on the request for voting instructions that is provided to you. Voting instruction forms can be completed by telephone or facsimile at the applicable numbers listed thereon, by mail in the envelope provided, or through the internet at [www.proxyvote.com](http://www.proxyvote.com). **Beneficial unitholders who are completing, signing and delivering voting instruction forms should note that those forms specify mandatory delivery dates which generally occur before the deadline that registered unitholders must deliver completed forms of proxy.** You should contact your broker or intermediary for further details.

In some cases, beneficial unitholders may be given a form of proxy which has already been signed by the intermediary (typically by a facsimile or stamped signature) which is restricted as to the number of units beneficially owned but which is otherwise uncompleted. The form of proxy need not be signed by the unitholder. In this case, the beneficial unitholder who wishes to submit a form of proxy should properly

complete the form of proxy and deposit it with Computershare, our transfer agent, as described above under *Registered Holders*.

## **2. Voting at the Meeting**

Registered unitholders may vote at the Meeting by completing a ballot online during the Meeting, as further described below under “How do I attend and participate at the Meeting?”

Non-registered (beneficial) unitholders who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting but will be able to participate as a guest. This is because the REIT and our transfer agent, Computershare, do not have a record of the non-registered unitholders of the REIT, and, as a result, will have no knowledge of your unitholdings or entitlement to vote unless you appoint yourself as proxyholder.

**If you are a non-registered unitholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder by inserting your own name in the space provided on the voting instruction form or form of proxy sent to you and must follow all of the applicable instructions, including the deadline, provided by your intermediary. See “Appointment of a third party as proxy” and “How do I attend and participate at the Meeting?” below.**

### **Appointment of a third party as proxy**

The following applies to unitholders who wish to appoint someone as their proxyholder other than the First Capital REIT proxyholders named in the form of proxy or voting instruction form. This includes non-registered unitholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting.

**Unitholders who wish to appoint someone other than the First Capital REIT proxyholders as their proxyholder to attend and participate at the Meeting as their proxy and vote their units MUST submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder AND register that proxyholder online, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your form of proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Control Number that is required to vote at the Meeting.**

- **Step 1: Submit your form of proxy or voting instruction form.** To appoint someone other than the First Capital REIT proxyholders as proxyholder, insert that person’s name in the blank space provided in the form of proxy or voting instruction form (if permitted by your intermediary) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form.

**If you are a non-registered unitholder and wish to vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary AND register yourself as your proxyholder, as described below.** By doing so, you are instructing your intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary. In some cases, your intermediary may send you additional documentation that must be completed in order for you (or such other person) to vote at the Meeting. Please also see further instructions below under the heading “How do I attend and participate at the Meeting?”.

**If you are a non-registered unitholder located in the United States and wish to vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described below under**

“How do I attend and participate at the Meeting?”, you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Computershare. Requests for registration from non-registered unitholders located in the United States that wish to vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by e-mail or by courier to: [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com) (if by e-mail), or Computershare, Attention: Proxy Dept., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Canada (if by courier), and in both cases, must be labeled “Legal Proxy” and received no later than the voting deadline of 10:00 a.m. (Toronto Time) on September 25, 2020. Please note that you are required to register your appointment at <https://www.computershare.com/firstcapital>.

- **Step 2: Register your proxyholder.** To register a third-party proxyholder, unitholders must visit <https://www.computershare.com/firstcapital> by 10:00 a.m. (Toronto time) on September 25, 2020 and provide Computershare with the required proxyholder contact information so that Computershare may provide the proxyholder with a Control Number via email. Without a Control Number, proxyholders will not be able to vote at the Meeting but will be able to participate as a guest.

### ***How do I attend and participate at the Meeting?***

First Capital REIT is holding the Meeting in a virtual only format, which will be conducted via live webcast. Unitholders will not be able to attend the Meeting in person.

Attending the Meeting online enables registered unitholders and duly appointed proxyholders, including non-registered (beneficial) unitholders who have duly appointed themselves as a proxyholder, to participate at the Meeting and ask questions. If desired, registered unitholders and duly appointed proxyholders can vote at the appropriate times during the Meeting.

Guests, including non-registered beneficial unitholders who have not duly appointed themselves as proxyholder, can log into the Meeting as set out below. Guests can listen to the Meeting and ask questions but are not able to vote during the Meeting.

- Login online at <https://web.lumiagm.com/217752176>. We recommend that you login at least one hour before the Meeting starts.
- Click “Login” and then enter your 15-digit Control Number (see below) and Password “first2020” (case sensitive).  
OR
- Click “Guest” and then complete the online form.

**Registered unitholders:** Your Control Number is the control number located on the form of proxy or in the email notification you received.

**Duly appointed proxyholders:** Computershare will provide each proxyholder with a Control Number by email after the proxy voting deadline has passed and the proxyholder has been duly appointed AND registered as described in “Appointment of a third party as proxy” above.

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when voting commences during the Meeting. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure.

### ***How can I change or revoke my vote?***

#### **Registered Unitholders**

If you are a registered unitholder and you voted by proxy, you may change a vote you made by proxy by voting again, by:

- (a) completing and signing a proxy bearing a later date and depositing it with Computershare as described above;
- (b) depositing an instrument in writing executed by the unitholder or by the unitholder's attorney authorized in writing:
  - (i) at First Capital REIT's registered office at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement of the Meeting, at which the proxy is to be used; or
  - (ii) with the chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting, or any adjournment or postponement of the Meeting; or
- (c) in any other manner permitted by law.

If you have followed the process for attending and voting at the Meeting online, voting at the Meeting online will revoke your previous proxy.

#### **Non-Registered (Beneficial) Unitholders**

If you are a beneficial unitholder, contact your broker or intermediary to find out how to change or revoke your voting instructions and the timing requirements, or for other voting questions. Intermediaries may set deadlines for the receipt of revocation notices that are farther in advance of the Meeting than those set out above and, accordingly, any such revocation should be completed well in advance of the deadline prescribed in the form of proxy or voting instruction form to ensure it is given effect at the Meeting.

### ***What is the voting deadline?***

**If voting by proxy, your proxy must be received by 10:00 a.m. (Toronto time) on September 25, 2020,** regardless of the voting method you choose. If the Meeting is postponed or adjourned, your instructions must be received **not later than 48 hours** (excluding, Saturdays, Sundays and statutory holidays) **before the time the Meeting is reconvened.** The time limit for the deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice.

First Capital REIT reminds unitholders that only the most recently dated voting instructions will be counted and any dated instructions will be disregarded.

#### **Voting recommendations**

The management representatives designated in the form of proxy (or voting instruction form) will vote or withhold from voting the units in respect of which they are appointed on any ballot that may be called for in accordance with the instructions of the unitholder as indicated on the proxy (or voting instruction form, as applicable) and, if the unitholder specifies a choice with respect to any matter to be acted upon, such units will be voted accordingly. **In the absence of such direction, such units will be voted in accordance with the following recommendations of the Board:**

- ***FOR the election of each of the management nominees named in this Circular as trustees (see *Business of the Meeting – Election of Trustees*);***

- **FOR** the reappointment of Ernst & Young LLP as the auditors of the Company and the authorization of the trustees to fix the remuneration to be paid to the auditors (see *Business of the Meeting – Appointment of Auditor*);
- **FOR** the non-binding advisory resolution accepting the approach to executive compensation disclosed in this Circular (see *Business of the Meeting – Say-on-Pay Non-Binding Advisory Vote*); and
- **FOR** the resolution set out in Schedule A to the Circular approving the Unitholder Rights Plan Agreement disclosed in this Circular (see *Business of the Meeting – Unitholder Rights Plan*).

The form of proxy (or voting instruction form, as applicable) confers discretionary authority upon the management representatives designated therein with respect to amendments to or variations of matters identified in the Notice and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of First Capital REIT knows of no such amendments, variations or other matters.

### ***Voting of Units***

As of the close of business on August 14, 2020, First Capital REIT had outstanding 218,208,623 Trust Units and 1,209,965 Special Voting Units, representing an aggregate of 219,418,588 units entitled to vote at the Meeting. Each holder of Trust Units and Special Voting Units of record at the close of business on August 14, 2020 is entitled to vote on all matters proposed to come before the Meeting on the basis of one vote for each Trust Unit or Special Voting Unit held, respectively. A simple majority of votes cast, in person or by proxy (or voting instruction form), is required to approve each of the items specified in the Notice. Only unitholders of record at the close of business on August 14, 2020 are entitled to vote at the Meeting.

### ***Significant Holders of Voting Securities***

To the knowledge of our trustees and officers, there is no person or company who beneficially owns, directly or indirectly, or exercises control or direction over, securities of the REIT carrying 10% or more of the voting rights attached to any class of outstanding voting securities as at the close of business on August 14, 2020, the record date for the Meeting.

## BUSINESS OF THE MEETING

### Receiving the Financial Statements

Our consolidated annual financial statements for the fiscal year ended December 31, 2019 and the auditors' report thereon are available on our website at [www.fcr.ca](http://www.fcr.ca), or our SEDAR profile at [www.sedar.com](http://www.sedar.com).

### Election of Trustees

Unitholders are asked to vote on the election of trustees to the Board of Trustees of First Capital REIT (the "Board of Trustees" or the "Board"). Nine trustees have been nominated, all of whom currently serve on our Board. All nine nominated trustees are eligible to serve as trustees and have expressed their willingness to do so. The nominated trustees are:

|                  |                       |
|------------------|-----------------------|
| Bernard McDonell | Annalisa King         |
| Adam E. Paul     | Aladin (Al) W. Mawani |
| Leonard Abramsky | Dori J. Segal         |
| Paul C. Douglas  | Andrea Stephen        |
| Jon N. Hagan     |                       |

*Management and the Board recommend that you vote **for** the nominated trustees.*

The management representatives designated in the form of proxy (or voting instruction form, as applicable) will vote or withhold from voting the units in respect of which they are appointed by proxy in the election of the management nominees for trustee in accordance with the instructions of the unitholder as indicated on the proxy. **In the absence of such instructions, such units will be voted FOR the election of such trustees.** All such nominees who are now trustees have been trustees of the REIT (or directors of the Company) since the dates indicated in *About the Nominated Trustees* below. Management does not contemplate that any of the proposed nominees will be unable to serve as a trustee but, if that should occur for any reason before the Meeting, the management representatives designated in the form of proxy (or voting instruction form, as applicable) reserve the right to vote for another nominee at their discretion. Each trustee elected will hold office until the REIT's next annual meeting or until his or her successor is elected or appointed.

See *About the Nominated Trustees* for more information.

### Majority Voting Policy

The Board believes that each of its members should carry the confidence and support of its unitholders. To this end, the Board has unanimously adopted an individual and majority voting policy that requires that unitholders be able to vote in favour of, or withhold from voting, separately for each nominee for trustee and

### HIGHLIGHTS OF THE BOARD OF TRUSTEES

- Highly experienced Board of Trustees, with expertise in all key areas of the REIT's business.
- 8 of 9 nominees are independent (assuming election of nominees).
- Women represent 22% of the Board and 25% of the independent trustees of the Board (assuming election of nominees).
- Independent Chair of the Board.
- 4 new members since 2016 (assuming election of nominees).
- Individual and majority voting policy.
- All trustees in 2019 met or exceeded applicable equity ownership requirements.
- Skills matrix used to evaluate and guide the composition and development of the Board and committees.
- Board Diversity Policy to ensure that diversity is considered during the trustee recruitment process.
- Board of Trustees Conflicts of Interest Policy to ensure that any potential conflicts of interest are addressed and considered.



that, in an uncontested election of trustees, any nominee for trustee who receives a greater number of votes “withheld” from his or her election than votes “for” such election (a “Majority Withheld Vote”) shall immediately tender his or her resignation to the Chair of the Board following the applicable meeting or to each member of the Corporate Governance Committee (as defined below) if the affected trustee is such Chair. Any resignation received by the Chair of the Board shall be promptly referred to the Corporate Governance Committee for consideration. An “uncontested election” means an election where the number of nominees for trustees is equal to the number of trustees to be elected.

The Corporate Governance Committee shall, promptly following the resignation but in any event within 30 days of the applicable unitholders’ meeting, consider the offer of resignation and shall recommend to the Board whether or not to accept it. The Corporate Governance Committee shall recommend that the Board accept the resignation absent exceptional circumstances that would warrant the applicable trustee to continue to serve on the Board.

The Board shall act on the Corporate Governance Committee’s recommendation promptly following its receipt thereof and, in any event, within 90 days of the applicable unitholders’ meeting. The Board shall accept the Corporate Governance Committee’s recommendation absent exceptional circumstances. If a resignation is accepted, the Board may, subject to applicable law and the REIT’s declaration of trust, appoint a new trustee to fill any vacancy created by the resignation, reduce the size of the Board or call a meeting of unitholders to appoint a replacement. A resignation will be effective upon its acceptance by the Board. The REIT will promptly issue a news release announcing the Board’s decision. If the Board determines not to accept a resignation, the news release will fully state the reasons for that decision.

### ***Board Committees***

The Board has established the following four standing committees:

- Audit Committee
- Compensation Committee
- Corporate Governance Committee; and
- Investment Committee

The current members of these committees are indicated in *About the Nominated Trustees* below.


### ***About the Nominated Trustees***

The Board has determined that nine trustees are to be elected this year. All the nominated trustees currently serve on the Board. Eight of the nine nominated trustees are independent of First Capital REIT as determined in accordance with applicable securities laws.

Mr. McDonell is independent of First Capital REIT and is the Chair of the Board and Chair of the Investment Committee.

The following profiles present information about the nominated trustees, including their areas of expertise, their membership on other public entity boards and the number of REIT securities held as at the Record Date. Each trustee has skills and experience that are important for fulfilling his or her responsibilities as a member of the Board (see *Skills Matrix* below). See *Our Corporate Governance Practices – Equity Ownership Guidelines* for additional information regarding the equity ownership by the trustees.

The following profiles also provide the proxy voting results received by each trustee of the REIT at the Company's 2019 annual meeting of shareholders held on June 4, 2019 (the “2019 Meeting”), where there were shareholders represented in person or by proxy holding 157,776,858 common shares of the Company, representing 72.02% of the Company's then issued and outstanding common shares.


|  |  |  |                                      |                             |                                |      |
|--|--|--|--------------------------------------|-----------------------------|--------------------------------|------|
|   | <b>BERNARD MCDONELL</b>  | <b>Areas of Expertise:</b>   |                                      |                             |                                |      |
|  | Age: 65<br>Apple Hill, Ontario, Canada<br>Chair of the Board since May 28, 2019<br>Trustee of the REIT since May 24, 2007 <sup>(1)</sup><br><b>INDEPENDENT</b> | Strategic insight/leading growth<br>Real estate<br>Retail<br>Board and governance<br>Accounting and tax acumen<br>Corporate finance and capital markets<br>Legal<br>Business leadership<br>Human resource management<br>Environmental<br>Public policy/corporate relations |                                      |                             |                                |      |
| <b>Principal Occupation</b>  |  |  |                                      |                             |                                |      |
| <p>Before becoming Chair of the Board, Mr. McDonell was the Lead Director of the Company from 2011 to 2019. Previously, he was the Chairman of Old PSG Wind-down Ltd. (formerly Performance Sports Group Ltd.), a director of The Commonwell Mutual Insurance Company and a director of Investus Real Estate Inc., a publicly traded industrial real estate company, and, prior thereto, served as Vice-Chairman and Chief Executive Officer of the same company.</p> <p>Mr. McDonell was the Vice-Chairman and President of Provigo Inc. from 1999 to 2006, at which time it was Quebec’s grocery market unit leader and a Top 10 employer with 24,000 employees in the Province. In this role, he led the company’s integration with Loblaw Companies Limited and managed a complete market repositioning of the company’s retail network. Under his guidance, the company executed a capital plan in excess of \$1 billion and the addition of an average of 250,000 square feet of net retail space per annum.</p> <p>Mr. McDonell’s experience includes work in the most senior executive positions in real estate and property management both at Provigo Inc. and Steinberg Inc. During his career, he has led several corporate acquisitions and divestitures.</p> |  |  |                                      |                             |                                |      |
| <b>Other Public Board Memberships</b>  |  |  | <b>Public Board Interlocks</b>       |                             |                                |      |
| None   |  |  | None                                 |                             |                                |      |
| <b>Current Board/Committee Membership</b>  |  |  | <b>2019 Attendance<sup>(2)</sup></b> |                             | <b>2019 Attendance (Total)</b> |      |
| Chair of the Board   |  |  | 21/21                                | 100%                        | 26/26                          | 100% |
| Member of the Compensation Committee <sup>(3)</sup>  |  |  | 4/4                                  | 100%                        |                                |      |
| Member of the Investment Committee (Chair)   |  |  | 1/1                                  | 100%                        |                                |      |
| <b>Equity Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>   |  |  | <b>Equity Interest Requirements</b>  |                             |                                |      |
| <b>Year</b>  | <b>Trust Units</b>   | <b>Deferred Unit Units (“DTUs”)</b>  | <b>Minimum Requirements</b>          |                             | <b>Meets Requirements</b>      |      |
| As at April 25, 2019   | 2,616  | 106,349  | 6 x annual retainer                  |                             | Yes                            |      |
| As at August 14, 2020  | 2,616  | 120,684  |                                      |                             |                                |      |
| <b>Voting Results of 2019 Annual Meeting</b>   |  |  |                                      |                             |                                |      |
|  |  |  | <b>Proxy Votes For</b>               | <b>Proxy Votes Withheld</b> | <b>Total Proxy Votes Cast</b>  |      |
| <b># of Proxy Votes</b>  |  |  | 156,767,076                          | 666,883                     | 157,776,858                    |      |
| <b>% of Proxy Votes</b>  |  |  | 99.58                                | 0.42                        | 100                            |      |

(1) Also includes time spent serving as a director of the Company.

(2) In addition, Mr. McDonell was the Chair of a special committee of the Board (the "Special Committee") which was formally constituted to among other things, oversee, review and consider the terms of the Gazit Share Repurchase Transaction. He attended seven of seven meetings of the Special Committee held in 2019.


(3) Mr. McDonell was the Chair of the former Compensation and Corporate Governance Committee which was split into two committees, the Compensation Committee and the Corporate Governance Committee. After his re-election at the 2019 Meeting, Mr. McDonell became a member of the Compensation Committee. In 2019, he attended all meetings of the Compensation and Corporate Governance Committee while the Chair and all meetings of the Compensation Committee after becoming a member of this committee.



|   |  |   |   |                                     |                             |                                |      |
|---|--|---|---|-------------------------------------|-----------------------------|--------------------------------|------|
|    | <b>ADAM E. PAUL, C.P.A., C.A.</b><br><br>Age: 45<br><br>Toronto, Ontario, Canada<br><br>Trustee of the REIT since February 16, 2015 <sup>(1)</sup><br><br><b>NOT INDEPENDENT</b><br><b>(President and Chief Executive Officer of the REIT)</b> | <u><b>Areas of Expertise:</b></u><br><br>Strategic insight/leading growth<br>Real estate<br>Retail<br>Board and governance<br>Accounting and tax acumen<br>Corporate finance and capital markets<br>Legal<br>Business leadership<br>Human resource management<br>Environmental<br>Public policy/corporate relations |   |                                     |                             |                                |      |
| <b>Principal Occupation</b>   |  |   |   |                                     |                             |                                |      |
| As President and Chief Executive Officer, Mr. Paul is responsible for the overall leadership, strategy, operations and performance of First Capital REIT. Prior to joining the Company in February 2015, Mr. Paul was a senior executive at Canadian Real Estate Investment Trust (“CREIT”) (now Choice Properties Real Estate Investment Trust) where he had direct responsibility for various aspects of CREIT’s business. Mr. Paul is a Chartered Professional Accountant, Chartered Accountant, a member of the Young Presidents’ Organization and a director of Real Property Association of Canada (REALpac). |  |   |   |                                     |                             |                                |      |
| <b>Other Public Board Memberships</b>   |  |   |   | <b>Public Board Interlocks</b>      |                             |                                |      |
| None  |  |   |   | None                                |                             |                                |      |
| <b>Current Board/Committee Membership</b>   |  |   |   | <b>2019 Attendance</b>              |                             | <b>2019 Attendance (Total)</b> |      |
| Member of the Board   |  |   |   | 21/21                               | 100%                        | 22/22                          | 100% |
| Member of the Investment Committee  |  |   |   | 1/1                                 | 100%                        |                                |      |
| <b>Equity Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(2)</sup></b>  |  |   |   | <b>Equity Interest Requirements</b> |                             |                                |      |
| <b>Year</b>   | <b>Trust Units</b>   | <b>Restricted Trust Units (“RTUs”)</b>  | <b>Performance Trust Units (“PTUs”)</b> | <b>Minimum Requirements</b>         |                             | <b>Meets Requirements</b>      |      |
| As at April 25, 2019  | 231,886  | 0   | 206,957                                 | 6 x annual base salary              |                             | Yes                            |      |
| As at August 14, 2020   | 265,325  | 41,135  | 219,565                                 |                                     |                             |                                |      |
| <b>Voting Results of 2019 Annual Meeting</b>  |  |   |   |                                     |                             |                                |      |
|   |  |   |   | <b>Proxy Votes For</b>              | <b>Proxy Votes Withheld</b> | <b>Total Proxy Votes Cast</b>  |      |
| <b># of Proxy Votes</b>   |  |   |   | 157,400,952                         | 33,007                      | 157,776,858                    |      |
| <b>% of Proxy Votes</b>   |  |   |   | 99.98                               | 0.02                        | 100                            |      |


(1) Also includes time spent serving as a director of the Company.

(2) In addition to the equity outlined above, Mr. Paul holds a total of 3,434,831 unit options with a weighted average exercise price of \$20.23.

|   |  |  |                                     |                             |                                |
|---|--|--|-------------------------------------|-----------------------------|--------------------------------|
|    | <b>LEONARD ABRAMSKY</b>  | <b>Areas of Expertise:</b>   |                                     |                             |                                |
|   | Age: 58<br>Toronto, Ontario, Canada<br>Trustee of the REIT since June 4, 2019 <sup>(1)</sup><br><b>INDEPENDENT</b> | Strategic insight/leading growth<br>Real estate<br>Retail<br>Board and governance<br>Corporate finance and capital markets<br>Business leadership<br>Human resource management<br>Environmental<br>Public policy/corporate relations |                                     |                             |                                |
| <b>Principal Occupation</b>   |  |  |                                     |                             |                                |
| <p>Mr. Abramsky is a real estate investor and advisor. He has over 35 years of experience in the commercial real estate industry. Mr. Abramsky is currently the President of The Dunloe Group Inc., a Toronto-based real estate investment company. In his current role, he actively oversees investments in private equity, real estate assets and private debt.</p> <p>Along with founding The Dunloe Group Inc., Mr. Abramsky was Managing Partner of Brookfield Financial Corp. (“BFIN”). From 2005 to 2018, he held positions of increasing responsibility with BFIN in a number of areas including the active trading and financing of all forms of commercial property (with a particular focus on retail assets) and overseeing the global expansion of the firm to 9 countries and 15 offices. During this time, he also served on the board of directors of Rouse Properties Inc., a US public retail company which was privatized by Brookfield in 2016.</p> <p>Mr. Abramsky presently serves on the Board of Trustees and the Investment Committee of the Jewish Foundation of Greater Toronto. He is currently a member of the board of the UJA of Greater Toronto and the Co-Chair of the 2020 Annual UJA Campaign.</p> |  |  |                                     |                             |                                |
| <b>Other Public Board Memberships</b>   |  |  | <b>Public Board Interlocks</b>      |                             |                                |
| None  |  |  | None                                |                             |                                |
| <b>Current Board/Committee Membership<sup>(2)</sup></b>   |  |  | <b>2019 Attendance</b>              |                             | <b>2019 Attendance (Total)</b> |
| Member of the Board<br>Compensation Committee<br>Investment Committee   |  |  | 7/7<br>1/1<br>1/1                   | 100%<br>100%<br>100%        | 9/9<br>100%                    |
| <b>Equity Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(3)</sup></b>  |  |  | <b>Equity Interest Requirements</b> |                             |                                |
| <b>Year</b>   | <b>Trust Units</b>   | <b>DTUs</b>  | <b>Minimum Requirements</b>         |                             | <b>Meets Requirements</b>      |
| As at April 25, 2019  | 45,605   | Nil  | 6 x annual retainer                 |                             | Yes                            |
| As at August 14, 2020   | 53,162   | 4,276  |                                     |                             |                                |
| <b>Voting Results of 2019 Annual Meeting</b>  |  |  |                                     |                             |                                |
|   |  |  | <b>Proxy Votes For</b>              | <b>Proxy Votes Withheld</b> | <b>Total Proxy Votes Cast</b>  |
| <b># of Proxy Votes</b>   |  |  | 157,372,777                         | 61,182                      | 157,776,858                    |
| <b>% of Proxy Votes</b>   |  |  | 99.96                               | 0.04                        | 100                            |

(1) Also includes time spent serving as a director of the Company.


(2) Mr. Abramsky was elected as director of the Company at the 2019 Meeting. He joined the above committees upon his election. Mr. Abramsky attended all Board and committee meetings held after his election.

|  |  |  |                                     |                             |                                   |
|--|--|--|-------------------------------------|-----------------------------|-----------------------------------|
|   | <p><b>PAUL C. DOUGLAS</b></p> <p>Age: 68</p> <p>Toronto, Ontario, Canada</p> <p>Trustee of the REIT since June 4, 2019<sup>(1)</sup></p> <p><b>INDEPENDENT</b></p> | <p><u><b>Areas of Expertise:</b></u></p> <p>Strategic insight/leading growth</p> <p>Real estate</p> <p>Board and governance</p> <p>Accounting and tax acumen</p> <p>Corporate finance and capital markets</p> <p>Business leadership</p> <p>Human resource management</p> <p>Public policy/corporate relations</p> |                                     |                             |                                   |
| <b>Principal Occupation</b>  |  |  |                                     |                             |                                   |
| <p>Mr. Douglas has been the Group Head, Canadian Business Banking at TD Bank Group (“TD”) since 2004. In his current role, he leads the bank in offering a variety of banking products, services and expertise to business banking customers across Canada.</p> <p>Mr. Douglas has had a distinguished career at TD for over 40 years, during which time he has held positions of increasing responsibility in a number of areas including retail banking, commercial banking, corporate banking, investment banking and risk management.</p> <p>Mr. Douglas is the former Chair of TD’s Diversity Leadership Council subcommittee on promoting and enhancing a supportive environment for LGBTQ2+ employees and clients. He also serves as Vice Chair of the Board of Governors of McMaster University, where he earned his Bachelor of Commerce and Master of Business Administration degrees.</p> |  |  |                                     |                             |                                   |
| <b>Other Public Board Memberships</b>  |  |  | <b>Public Board Interlocks</b>      |                             |                                   |
| None   |  |  | None                                |                             |                                   |
| <b>Current Board/Committee Membership<sup>(2)</sup></b>  |  |  | <b>2019 Attendance</b>              |                             | <b>2019 Attendance (Total)</b>    |
| Member of the Board  |  |  | 7/7                                 | 100%                        | 12/12      100%                   |
| Audit Committee  |  |  | 2/2                                 | 100%                        |                                   |
| Corporate Governance Committee   |  |  | 3/3                                 | 100%                        |                                   |
| <b>Equity Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(3)</sup></b>   |  |  | <b>Equity Interest Requirements</b> |                             |                                   |
| <b>Year</b>  | <b>Trust Units</b>   | <b>DTUs</b>  | <b>Minimum Requirements</b>         |                             | <b>Meets Requirements</b>         |
| As at April 25, 2019   | 7,000  | Nil  | 6 x annual retainer                 |                             | Yes, as applicable <sup>(3)</sup> |
| As at August 14, 2020  | 29,000   | 6,495  |                                     |                             |                                   |
| <b>Voting Results of 2019 Annual Meeting</b>   |  |  |                                     |                             |                                   |
|  |  |  | <b>Proxy Votes For</b>              | <b>Proxy Votes Withheld</b> | <b>Total Proxy Votes Cast</b>     |
| <b># of Proxy Votes</b>  |  |  | 157,373,517                         | 60,442                      | 157,776,858                       |
| <b>% of Proxy Votes</b>  |  |  | 99.96                               | 0.04                        | 100                               |

(1) Also includes time spent serving as a director of the Company.

(2) Mr. Douglas was elected as director of the Company at the 2019 Meeting. He joined the above committees upon his election. Mr. Douglas attended all Board and committee meetings held after his election.


(3) Trustees are required to acquire within five years of the date of their appointment or election and thereafter maintain an equity interest with a value at least equal to six times their annual retainer (consisting of their annual cash retainer and DTU grant). See *Equity Ownership Guidelines* for more information.

|  |   |  |                                      |                             |                                |      |
|--|---|--|--------------------------------------|-----------------------------|--------------------------------|------|
|   | <b>JON N. HAGAN, C.P.A., C.A.</b>   | <b>Areas of Expertise:</b>   |                                      |                             |                                |      |
|  | Age: 73<br><br>Dover, Christ Church, Barbados<br><br>Trustee of the REIT since February 14, 2003 <sup>(1)</sup><br><br><b>INDEPENDENT</b> | Strategic insight/leading growth<br>Real estate<br>Retail<br>Board and governance<br>Accounting and tax acumen<br>Corporate finance and capital markets<br>Legal<br>Business leadership<br>Human resource management<br>Environmental<br>Public policy/corporate relations |                                      |                             |                                |      |
| <b>Principal Occupation</b>  |   |  |                                      |                             |                                |      |
| Mr. Hagan has been the principal of JN Hagan Consulting since December 2000. He provides assistance to major corporations regarding real estate capital markets, and acquisition and disposition transactions covering situations in Canada, the United States, Mexico and China. He has over 40 years of experience with leading Canadian real estate companies as the senior financial executive, including Cadillac Fairview Corporation, Empire Company Limited and Cambridge Shopping Centres Limited.<br><br>In addition to serving on the Board of First Capital REIT, Mr. Hagan is a director of Walton Westphalia Development Corporation. He has served as chair of the board of Regal Lifestyle Communities Inc., a trustee of Sunrise Senior Living Real Estate Investment Trust, chairman of Teranet Income Fund, a director of the Mills Corporation, and a director of the Bentall Kennedy Group. Mr. Hagan is a Chartered Professional Accountant, Chartered Accountant. |   |  |                                      |                             |                                |      |
| <b>Other Public Board Memberships</b>  |   |  | <b>Public Board Interlocks</b>       |                             |                                |      |
| None   |   |  | None                                 |                             |                                |      |
| <b>Current Board/Committee Membership<sup>(2)</sup></b>  |   |  | <b>2019 Attendance<sup>(3)</sup></b> |                             | <b>2019 Attendance (Total)</b> |      |
| Member of the Board  |   |  | 21/21                                | 100%                        | 30/30                          | 100% |
| Member of the Audit Committee  |   |  | 5/5                                  | 100%                        |                                |      |
| Member of the Corporate Governance Committee   |   |  | 3/3                                  | 100%                        |                                |      |
| Member of the Investment Committee   |   |  | 1/1                                  | 100%                        |                                |      |
| <b>Equity Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>   |   |  | <b>Equity Interest Requirements</b>  |                             |                                |      |
| <b>Year</b>  | <b>Trust Units</b>  | <b>DTUs</b>  | <b>Minimum Requirements</b>          |                             | <b>Meets Requirements</b>      |      |
| As at April 25, 2019   | 20,472  | 98,130   | 6 x annual retainer                  |                             | Yes                            |      |
| As at August 14, 2020  | 20,472  | 108,111  |                                      |                             |                                |      |
| <b>Voting Results of 2019 Annual Meeting</b>   |   |  |                                      |                             |                                |      |
|  |   |  | <b>Proxy Votes For</b>               | <b>Proxy Votes Withheld</b> | <b>Total Proxy Votes Cast</b>  |      |
| <b># of Proxy Votes</b>  |   |  | 153,465,772                          | 3,968,187                   | 157,776,858                    |      |
| <b>% of Proxy Votes</b>  |   |  | 97.48                                | 2.52                        | 100                            |      |

(1) Also includes time spent serving as a director of the Company.

(2) After his re-election at the 2019 Meeting, Mr. Hagan became a member of the Corporate Governance Committee and ceased to be a member of the Investment Committee. In 2019, he attended all meetings of the Investment Committee while a member and all meetings of the Corporate Governance Committee after joining this committee.

(3) In addition, Mr. Hagan was a member of the Special Committee. He attended six of seven meetings of the Special Committee held in 2019.


|  |   |   |                                      |                             |                                   |
|--|---|---|--------------------------------------|-----------------------------|-----------------------------------|
|   | <b>ANNALISA KING</b>  | <u>Areas of Expertise:</u>  |                                      |                             |                                   |
|  | Age: 53<br><br>Vancouver, British Columbia, Canada<br><br>Trustee of the REIT since November 9, 2016 <sup>(1)</sup><br><br><b>INDEPENDENT</b> | Strategic insight/leading growth<br>Real Estate<br>Retail<br>Board and governance<br>Accounting and tax acumen<br>Corporate finance and capital markets<br>Legal<br>Business leadership<br>Human resource management<br>Public policy/corporate relations |                                      |                             |                                   |
| <b>Principal Occupation</b>  |   |   |                                      |                             |                                   |
| Ms. King is a corporate director and the Chair of the board for the Vancouver Airport Authority. In addition to serving on the Board of First Capital REIT and the Vancouver Airport Authority, she is a director of Saputo Inc., The North West Company Inc. and McArthurGlen Designer Outlet Centre (a joint venture between McArthurGlen Group and the Vancouver Airport Authority).<br><br>Ms. King was the Chief Financial Officer, Chief Information Officer and Senior Vice President of Best Buy Canada Ltd. Prior to joining Best Buy Canada Ltd., Ms. King was the Senior Vice President of Business Transformation for Maple Leaf Foods in Toronto. She has also held leadership positions in finance at several consumer packaged goods companies, including Kraft and Pillsbury Canada. Ms. King holds the ICD.D designation from the Institute of Corporate Directors and is a National Association of Corporate Directors (NACD) Board Leadership Fellow. |   |   |                                      |                             |                                   |
| <b>Other Public Board Memberships</b>  |   |   | <b>Public Board Interlocks</b>       |                             |                                   |
| Saputo Inc.<br>The Northwest Company Inc.  |   |   | None                                 |                             |                                   |
| <b>Current Board/Committee Membership<sup>(2)</sup></b>  |   |   | <b>2019 Attendance<sup>(3)</sup></b> |                             | <b>2019 Attendance (Total)</b>    |
| Member of the Board<br>Member of the Audit Committee<br>Chair of the Corporate Governance Committee  |   |   | 21/21<br>5/5<br>6/6                  | 100%<br>100%<br>100%        | 32/32<br>100%                     |
| <b>Equity Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>   |   |   | <b>Equity Interest Requirements</b>  |                             |                                   |
| <b>Year</b>  | <b>Trust Units</b>  | <b>DTUs</b>   | <b>Minimum Requirements</b>          |                             | <b>Meets Requirements</b>         |
| As at April 25, 2019   | 5,161   | 12,831  | 6 x annual retainer                  |                             | Yes, as applicable <sup>(4)</sup> |
| As at August 14, 2020  | 5,161   | 23,141  |                                      |                             |                                   |
| <b>Voting Results of 2019 Annual Meeting</b>   |   |   |                                      |                             |                                   |
|  |   |   | <b>Proxy Votes For</b>               | <b>Proxy Votes Withheld</b> | <b>Total Proxy Votes Cast</b>     |
| <b># of Proxy Votes</b>  |   |   | 156,526,081                          | 907,878                     | 157,776,858                       |
| <b>% of Proxy Votes</b>  |   |   | 99.42                                | 0.58                        | 100                               |

(1) Also includes time spent serving as a director of the Company.

(2) Ms. King was a member of the former Compensation and Corporate Governance Committee which was split into two committees, the Compensation Committee and the Corporate Governance Committee. After her re-election at the 2019 Meeting, Ms. King became the Chair of the Corporate Governance Committee. In 2019, she attended all meetings of the Compensation and Corporate Governance Committee while a member and all meetings of the Corporate Governance Committee after becoming the Chair of this committee.

(3) In addition, Ms. King was a member of the Special Committee. She attended six of seven meetings of the Special Committee held in 2019.

(4) Trustees are required to acquire within five years of the date of their appointment or election and thereafter maintain an equity interest with a value at least equal to six times their annual retainer (consisting of their annual cash retainer and DTU grant). See *Equity Ownership Guidelines* for more information.


|  |  |  |                                      |                             |                                   |
|--|--|--|--------------------------------------|-----------------------------|-----------------------------------|
|   | <b>ALADIN (AL) W. MAWANI, C.P.A., C.A.</b>   | <b>Areas of Expertise:</b>   |                                      |                             |                                   |
|  | Age: 68<br>Thornhill, Ontario, Canada<br>Trustee of the REIT since May 29, 2018 <sup>(1)</sup><br><b>INDEPENDENT</b> | Strategic insight/leading growth<br>Real estate<br>Retail<br>Board and governance<br>Accounting and tax acumen<br>Corporate finance and capital markets<br>Legal<br>Business leadership<br>Environmental<br>Human resource management<br>Public policy/corporate relations |                                      |                             |                                   |
| <b>Principal Occupation</b>  |  |  |                                      |                             |                                   |
| <p>Mr. Mawani is a principal of Exponent Capital Partners Inc., a private equity investor and real estate advisory firm. He has over 35 years of experience in the commercial real estate industry. Mr. Mawani is currently a member of the board of trustees of Granite Real Estate Investment Trust (“Granite”) and a director of Extendicare Inc. He is a member of the audit committee of both boards, Chair of the Compensation, Governance &amp; Nominating Committee of the board of Granite, Chair of the Investment Committee and member of the Human Resources Committee of the board of Extendicare Inc.</p> <p>Previously, Mr. Mawani served as the independent lead trustee of Boardwalk Real Estate Investment Trust. Mr. Mawani was also a trustee of SmartCentres Real Estate Investment Trust, Slate Office Real Estate Investment Trust and IPC US Real Estate Investment Trust, and also served as a director of Amica Mature Lifestyle Inc. Mr. Mawani has held several executive officer positions in his career including President and Chief Executive Officer of Rodenbury Investments Limited, a private real estate owner-operator, and President and Chief Executive Officer of SmartCentres Real Estate Investment Trust. In addition, he spent 23 years at Oxford Properties Group, Inc., including over 11 years as Chief Financial Officer.</p> <p>Mr. Mawani is a Chartered Professional Accountant, Chartered Accountant and has earned Master of Business Administration and Master of Laws degrees.</p> |  |  |                                      |                             |                                   |
| <b>Other Public Board Memberships</b>  |  |  | <b>Public Board Interlocks</b>       |                             |                                   |
| Granite Real Estate Investment Trust<br>Extendicare Inc.   |  |  | None                                 |                             |                                   |
| <b>Current Board/Committee Membership<sup>(2)</sup></b>  |  |  | <b>2019 Attendance<sup>(3)</sup></b> |                             | <b>2019 Attendance (Total)</b>    |
| Member of the Board  |  |  | 21/21                                | 100%                        | 26/27<br>96%                      |
| Member of the Audit Committee (Chair)  |  |  | 4/5                                  | 80%                         |                                   |
| Member of the Compensation Committee   |  |  | 1/1                                  | 100%                        |                                   |
| <b>Equity Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>   |  |  | <b>Equity Interest Requirements</b>  |                             |                                   |
| <b>Year</b>  | <b>Trust Units</b>   | <b>DTUs</b>  | <b>Minimum Requirements</b>          |                             | <b>Meets Requirements</b>         |
| As at April 25, 2019   | 10,000   | 3,815  | 6 x annual retainer                  |                             | Yes, as applicable <sup>(4)</sup> |
| As at August 14, 2020  | 15,000   | 14,110   |                                      |                             |                                   |
| <b>Voting Results of 2019 Annual Meeting</b>   |  |  |                                      |                             |                                   |
|  |  |  | <b>Proxy Votes For</b>               | <b>Proxy Votes Withheld</b> | <b>Total Proxy Votes Cast</b>     |
| <b># of Proxy Votes</b>  |  |  | 157,374,392                          | 59,567                      | 157,776,858                       |
| <b>% of Proxy Votes</b>  |  |  | 99.96                                | 0.04                        | 100                               |

(1) Also includes time spent serving as a director of the Company.

(2) After his re-election at the 2019 Meeting, Mr. Mawani became a member of the Compensation Committee. In 2019, he attended all meetings of this committee.

(3) In addition, Mr. Mawani was a member of the Special Committee. He attended seven of seven meetings of the Special Committee held in 2019.

(4) Trustees are required to acquire within five years of the date of their appointment or election and thereafter maintain an equity interest with a value at least equal to six times their annual retainer (consisting of their annual cash retainer and DTU grant). See *Equity Ownership Guidelines* for more information.

|   |   |             |             |  |                             |                                |
|---|---|-------------|-------------|--|-----------------------------|--------------------------------|
|    | <b>DORI J. SEGAL</b>  |             |             | <u><b>Areas of Expertise:</b></u>  |                             |                                |
|   | Age: 58<br>Toronto, Ontario, Canada<br>Trustee of the REIT since August 18, 2000 <sup>(1)</sup><br>Former Chair of the Board <sup>(2)</sup><br><b>INDEPENDENT</b> |             |             | Strategic insight/leading growth<br>Real estate<br>Retail<br>Board and governance<br>Accounting and tax acumen<br>Corporate finance and capital markets<br>Legal<br>Business leadership<br>Environmental<br>Human resource management<br>Public policy/corporate relations |                             |                                |
| <b>Principal Occupation</b>   |   |             |             |  |                             |                                |
| Mr. Segal was the Chair of the Board of the Company from May 2015 to May 2019. He is the President of Gazit TripLLLe Canada and a director of Norstar Holdings Inc. (“Norstar”). Previously, Mr. Segal was the Vice Chairman and Chief Executive Officer of Gazit-Globe and Vice Chairman of Norstar. He was the President and Chief Executive Officer of the Company from 2000 to February 2015. |   |             |             |  |                             |                                |
| <b>Other Public Board Memberships</b>   |   |             |             | <b>Public Board Interlocks</b>   |                             |                                |
| Norstar   |   |             |             | None   |                             |                                |
| <b>Current Board/Committee Membership<sup>(1)</sup></b>   |   |             |             | <b>2019 Attendance<sup>(3)</sup></b>   |                             | <b>2019 Attendance (Total)</b> |
| Member of the Board   |   |             |             | 15/15  | 100%                        | 16/16                          |
| Member of the Investment Committee  |   |             |             | 1/1  | 100%                        |                                |
| <b>Equity Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(4) (5) (6)</sup></b>  |   |             |             | <b>Equity Interest Requirements</b>  |                             |                                |
| <b>Year</b>   | <b>Trust Units</b>  | <b>RTUs</b> | <b>DTUs</b> | <b>Minimum Requirements</b>  |                             | <b>Meets Requirements</b>      |
| As at April 25, 2019  | 2,309,670   | 77,726      | N/A         | 6 x annual retainer  |                             | Yes                            |
| As at August 14, 2020   | 2,370,970   | 53,029      | 2,043       |  |                             |                                |
| <b>Voting Results of 2019 Annual Meeting</b>  |   |             |             |  |                             |                                |
|   |   |             |             | <b>Proxy Votes For</b>   | <b>Proxy Votes Withheld</b> | <b>Total Proxy Votes Cast</b>  |
| <b># of Proxy Votes</b>   |   |             |             | 156,221,706  | 1,212,253                   | 157,776,858                    |
| <b>% of Proxy Votes</b>   |   |             |             | 99.23  | 0.77                        | 100                            |

(1) Also includes time spent serving as a director of the Company.

(2) Mr. Segal became the Chair of the Board and Chair of the Investment Committee on May 4, 2015. On May 28, 2019, Mr. Segal ceased to be the Chair of the Board and continued to be a director of the Company and a member of the Investment Committee. Mr. McDonnell became the Chair of the Board and the Chair of the Investment Committee. See *Our Corporate Governance Practices – Committees of the Board* for more information.


(3) Because of his affiliation with Gazit-Globe, Mr. Segal recused himself from six meetings of the Board held in 2019 with respect to the transaction related to the share repurchase from Gazit and did not participate in any negotiations or discussions with respect to this transaction. Mr. Segal attended all other applicable Board meetings.

(4) In addition to the equity outlined above, Mr. Segal holds a total of 195,000 stock options with a weighted average exercise price of \$18.57.

(5) Includes ownership by Mr. Segal's former spouse.

(6) Mr. Segal used to receive RTUs in accordance with his engagement agreement as Chair of the Board. As of February 1, 2020, he started receiving DTUs in accordance with the REIT's Trustee Compensation Policy.



|  |   |  |                                      |                             |                                |      |
|--|---|--|--------------------------------------|-----------------------------|--------------------------------|------|
|   | <b>ANDREA STEPHEN, C.P.A., C.A.</b>   | <b>Areas of Expertise:</b>   |                                      |                             |                                |      |
|  | Age: 56<br><br>Toronto, Ontario, Canada<br><br>Trustee of the REIT since January 9, 2012 <sup>(1)</sup><br><br><b>INDEPENDENT</b> | Strategic insight/leading growth<br>Real estate<br>Retail<br>Board and governance<br>Accounting and tax acumen<br>Corporate finance and capital markets<br>Legal<br>Business leadership<br>Environmental<br>Human resource management<br>Public policy/corporate relations |                                      |                             |                                |      |
| <b>Principal Occupation</b>  |   |  |                                      |                             |                                |      |
| Ms. Stephen is a corporate director. In addition to serving on the Board of First Capital REIT, she is currently a member of the board of trustees of Slate Retail Real Estate Investment Trust and a director of The Macerich Company.<br><br>Previously, Ms. Stephen served as a trustee of Boardwalk Real Estate Investment Trust. She retired from her position as Executive Vice President, Investments at The Cadillac Fairview Corporation (“Cadillac Fairview”) in 2011. In this position, she was responsible for developing and executing investment strategy. Ms. Stephen executed over \$9 billion of transactions, including Cadillac Fairview’s first investments in the United Kingdom and Brazil. She was previously a director of Multiplan Empreendimentos Imobiliarios, a public real estate company listed on the Brazil stock exchange and was also a member of the board of directors of the Pension Real Estate Association (PREA). Ms. Stephen has served as Director, Real Estate with the Ontario Teachers’ Pension Plan Board, where she initiated the U.S. real estate investment program and led the team that privatized Cadillac Fairview. She was also previously a member of the Investor Advisory Committee of the National Association of Real Estate Investment Trusts (NAREIT) and a director of Canada’s Walk of Fame. Ms. Stephen is a Chartered Professional Accountant, Chartered Accountant. |   |  |                                      |                             |                                |      |
| <b>Other Public Board Memberships</b>  |   |  | <b>Public Board Interlocks</b>       |                             |                                |      |
| Slate Retail Real Estate Investment Trust<br>The Macerich Company  |   |  | None                                 |                             |                                |      |
| <b>Current Board/Committee Membership<sup>(2)</sup></b>  |   |  | <b>2019 Attendance<sup>(3)</sup></b> |                             | <b>2019 Attendance (Total)</b> |      |
| Member of the Board  |   |  | 21/21                                | 100%                        | 32/32                          | 100% |
| Member of the Audit Committee  |   |  | 3/3                                  | 100%                        |                                |      |
| Member of the Compensation Committee (Chair)   |   |  | 4/4                                  | 100%                        |                                |      |
| Member of the Corporate Governance Committee   |   |  | 3/3                                  | 100%                        |                                |      |
| Member of the Investment Committee   |   |  | 1/1                                  | 100%                        |                                |      |
| <b>Equity Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>   |   |  | <b>Equity Interest Requirements</b>  |                             |                                |      |
| <b>Year</b>  | <b>Trust Units</b>  | <b>DTUs</b>  | <b>Minimum Requirements</b>          |                             | <b>Meets Requirements</b>      |      |
| As at April 25, 2019   | 12,123  | 39,963   | 6 x annual retainer                  |                             | Yes                            |      |
| As at August 14, 2020  | 22,123  | 48,844   |                                      |                             |                                |      |
| <b>Voting Results of 2019 Annual Meeting</b>   |   |  |                                      |                             |                                |      |
|  |   |  | <b>Proxy Votes For</b>               | <b>Proxy Votes Withheld</b> | <b>Total Proxy Votes Cast</b>  |      |
| <b># of Proxy Votes</b>  |   |  | 156,466,988                          | 966,971                     | 157,776,858                    |      |
| <b>% of Proxy Votes</b>  |   |  | 99.39                                | 0.61                        | 100                            |      |

(1) Also includes time spent serving as a director of the Company.

(2) Ms. Stephen was a member of the former Compensation and Corporate Governance Committee which was split into two committees, the Compensation Committee and the Corporate Governance Committee. After her re-election at the 2019 Meeting, Ms. Stephen became the Chair of the Compensation Committee and ceased being a member of the Audit Committee. In 2019, she attended all meetings of the Compensation and Corporate Governance Committee and of the Audit Committee while a member and all meetings of the Compensation Committee after becoming the Chair of this committee.

(3) In addition, Ms. Stephen was a member of the Special Committee. She attended seven of seven meetings of the Special Committee held in 2019.



## ***Skills Matrix***

Our Board is comprised of individuals that have demonstrated skills in one or more of the following areas:

**Strategic Insight/Leading Growth** – Experience driving strategic insight and direction to encourage innovation and conceptualize key trends to continuously challenge the organization to sharpen its vision while achieving significant growth.

**Real Estate** – Experience in the retail, commercial or residential real estate industries, real estate property development and management, regulatory requirements, construction and sustainable/green development practices and a strong knowledge of markets, business challenges and real estate finance.

**Retail** – Experience in the retail industry and knowledge of markets, competitors, consumer trends, product cycles, business challenges and regulatory implications.

**Board and Governance** – Experience as a board or committee member of a major organization with a current governance mindset.

**Accounting and Tax Acumen** – Experience in financial accounting and reporting and understanding of internal financial controls. Experience with and knowledge of tax implications and tax treatment of commercial real estate business operations and developments.

**Corporate Finance and Capital Markets** – Experience with corporate finance, debt and equity capital markets, public company reporting and continuous disclosure obligations, investor relations and related activities in public capital markets, either domestically or internationally.

**Legal** – Experience with and knowledge of the legal and regulatory environments associated with carrying on business in Canada and/or abroad, including in particular in connection with the business of First Capital REIT.

**Business Leadership** – Experience working as a chief executive officer or senior officer of a large public entity or major organization.

**Human Resource Management** – Experience in and a thorough understanding of succession planning, talent development and retention and compensation programs, including executive compensation.

**Environmental** – Experience in and a thorough understanding of environmental liability, impacts and remediation requirements.

**Public Policy/Corporate Relations** – Experience in or a strong understanding of the workings of government and public policy. May include experience in or a thorough understanding of communication and media perspectives.

The following skills matrix illustrates the relevant skills possessed by each of the nominee trustees. The skills matrix can be used to evaluate and guide the development of the Board, assist in the recruiting process and identify areas for training or education. See *Our Corporate Governance Practices – About the Board – Board Succession and Renewal – Recruitment of Trustees* for additional information.

| Name             | Strategic Insight/<br>Leading Growth | Real Estate | Retail | Board and<br>Governance | Accounting and<br>Tax Acumen | Corporate Finance<br>and Capital Markets | Legal | Business Leadership | Human Resource<br>Management | Environmental | Public Policy/<br>Corporate Relations |
|------------------|--------------------------------------|-------------|--------|-------------------------|------------------------------|--|-------|---------------------|------------------------------|---------------|---------------------------------------|
| Bernard McDonell | ✓                                    | ✓           | ✓      | ✓                       | ✓                            | ✓  | ✓     | ✓                   | ✓                            | ✓             | ✓                                     |
| Adam E. Paul     | ✓                                    | ✓           | ✓      | ✓                       | ✓                            | ✓  | ✓     | ✓                   | ✓                            | ✓             | ✓                                     |
| Leonard Abramsky | ✓                                    | ✓           | ✓      | ✓                       |                              | ✓  |       | ✓                   | ✓                            | ✓             | ✓                                     |
| Paul C. Douglas  | ✓                                    | ✓           |        | ✓                       | ✓                            | ✓  |       | ✓                   | ✓                            |               | ✓                                     |
| Jon N. Hagan     | ✓                                    | ✓           | ✓      | ✓                       | ✓                            | ✓  | ✓     | ✓                   | ✓                            | ✓             | ✓                                     |
| Annalisa King    | ✓                                    | ✓           | ✓      | ✓                       | ✓                            | ✓  | ✓     | ✓                   | ✓                            |               | ✓                                     |
| Al Mawani        | ✓                                    | ✓           | ✓      | ✓                       | ✓                            | ✓  | ✓     | ✓                   | ✓                            | ✓             | ✓                                     |
| Dori J. Segal    | ✓                                    | ✓           | ✓      | ✓                       | ✓                            | ✓  | ✓     | ✓                   | ✓                            | ✓             | ✓                                     |
| Andrea Stephen   | ✓                                    | ✓           | ✓      | ✓                       | ✓                            | ✓  | ✓     | ✓                   | ✓                            | ✓             | ✓                                     |

#### ***Ownership, Control or Direction over Trust Units by Trustees and Officers of First Capital REIT***

As at August 14, 2020, the trustees and executive officers (as defined in National Instrument 51-102 — *Continuous Disclosure Obligations*) of the REIT, as a group, beneficially owned, or exercised control or direction over, an aggregate of 2,941,549 Trust Units and Special Voting Units representing approximately 1.34% of the aggregate issued and outstanding Trust Units and Special Voting Units and 2,887,543 vested options granted under the Stock Option Plan. If all vested options beneficially owned by such persons were exercised, such persons would own an additional 2,887,543 Trust Units and would hold approximately 2.66% of the aggregate issued and outstanding Trust Units and Special Voting Units as at August 14, 2020.

#### ***Additional Disclosure Relating to Trustees***

Except as set forth below, as of the date hereof, to the knowledge of the REIT and based upon information provided to it by the nominees for election to the Board of Trustees which has not been independently verified by the REIT, no such nominee is or has been in the previous 10 years, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to an order that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Mr. McDonnell was the Chairman of the board of Old PSG Wind-down Ltd. (formerly Performance Sports Group Ltd.) (“PSG”). On October 31, 2016, PSG announced that it had filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the District of Delaware and commenced proceedings under the *Companies’ Creditors Arrangement Act (Canada)* (the “CCAA”) in the Ontario Superior Court of Justice. Trading in the securities of PSG on the TSX and the New York Stock Exchange was immediately suspended and the securities were subsequently delisted. On February 28, 2017, PSG announced the completion of the court-approved sale of substantially all of its assets.

Mr. Hagan was a director of Walton Ontario Land 1 Corporation (“Walton Land 1”), Walton Edgemont Development Corporation (“Walton Edgemont”), Walton Big Lake Development Corporation and is currently a director of Walton Westphalia Development Corporation (collectively, the “Walton Companies”). The Walton Companies are involved in real estate investment and development projects. On April 28, 2017, it was announced that the parent company, Walton International Group Inc. (of which Mr. Hagan was not a director) and 32 of its affiliates (including Walton Land 1 and Walton Edgemont) had obtained protection from their creditors and would attempt to restructure under the CCAA. Under the CCAA, Walton Land 1 and Walton Edgemont began a court-supervised restructuring in order to provide a CCAA plan of arrangement to creditors for approval. Walton Land 1 and Walton Edgemont sold their properties and proceeds from the transactions were used to repay court-ordered charges and debt. Mr. Hagan has advised that Walton Land 1 paid in full all creditors, made a final distribution to investors and was wound up in 2019. Walton Edgemont has paid in full all creditors and is in the process of being wound up which will result in final distribution to investors.

#### **Appointment of Auditor**

The auditor of the REIT is Ernst & Young LLP (“E&Y”), Chartered Professional Accountants, Chartered Accountants, Licensed Public Accountants, located in Toronto, Ontario. E&Y was initially appointed as the auditor of the Company effective September 25, 2012.

Following its evaluation of E&Y’s performance during 2019, the Audit Committee recommended to the Board that E&Y be reappointed as the auditor of the REIT for 2020 and the Board accepted such recommendation. Unitholders are being asked to approve the reappointment of E&Y as auditor of the REIT for the ensuing year and to authorize the trustees to fix the remuneration of the auditor. If E&Y is re-appointed as auditor, they will serve until the end of the next annual meeting of unitholders and their remuneration for 2020 will be set and approved by the Audit Committee.

*The Board recommends that you vote for the re-appointment of E&Y as our auditor.*

The management representatives designated in the form of proxy (or voting instruction form) will vote for or withhold from voting the units in respect of which they are appointed by proxy in respect of the reappointment of E&Y as auditor of the REIT to hold office until the REIT’s next annual meeting of unitholders and the authorization of the trustees to fix the remuneration to be paid to the auditor in accordance with the instructions of the unitholder as indicated on the proxy (or voting instruction form, as applicable). **In the absence of such instructions, such units will be voted FOR the reappointment of E&Y as auditor of the REIT to hold office until the REIT’s next annual meeting of unitholders and the authorization of the trustees to fix the remuneration to be paid to the auditor.**

#### **Say-on-Pay Non-Binding Advisory Vote**

First Capital REIT’s compensation policies and procedures are based on the principle of pay for performance. The Board believes that such policies and procedures align the interests of the REIT’s executive officers with the long-term interests of unitholders. The Board also believes that unitholders should have the opportunity to fully understand the objectives, philosophy and principles used in its approach to executive compensation decisions and to have an advisory vote on the approach to executive

compensation. Detailed disclosure of the compensation program for 2019 can be found under the heading “Executive Compensation” below.

This non-binding, advisory vote, commonly known as “Say-on-Pay”, gives unitholders an opportunity to either endorse or not endorse the REIT’s approach to its executive compensation programs and policies. Unitholders are being asked to consider an annual non-binding advisory Say-on-Pay resolution (the “Say-on-Pay Resolution”) substantially in the form below:

**“Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Trustees of the REIT, that the unitholders accept the approach to executive compensation disclosed in the Circular delivered in advance of the 2020 annual meeting of unitholders.”**

The purpose of the Say-on-Pay Resolution is to provide appropriate trustee accountability to unitholders of First Capital REIT for the Board’s compensation decisions by giving unitholders a formal opportunity to provide their views on the disclosed objectives of the executive compensation plans, and on the plans themselves, for the past, current and future fiscal years. While unitholders will provide their collective advisory vote, the trustees remain fully responsible for their compensation decision and are not relieved of these responsibilities by a positive advisory vote by unitholders.

Approval of the Say-on-Pay Resolution will require an affirmative vote of a majority of the votes cast at the Meeting. As this is an advisory vote, the results will not be binding upon the Board. However, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to significantly increase their engagement with unitholders of First Capital REIT on compensation and related matters. The REIT will disclose the voting results of the Say-on-Pay Resolution as a part of its report on voting results for the Meeting. In addition, in the event that the Say-on-Pay Resolution does not receive sufficient support of at least 70% of the votes cast, the Board will consult with the unitholders, particularly those who are known to have voted against it, in order to better understand their concerns. The Compensation Committee will review the REIT’s approach to compensation in the context of those concerns. Unitholders who have voted against the Say-on-Pay Resolution will be encouraged to contact the Compensation Committee to discuss their specific concerns.

Following the review by the Compensation Committee, the REIT will disclose to its unitholders as soon as is practicable, a summary of the significant comments relating to compensation received from unitholders in the process, a description of the process undertaken and a description of any resulting changes to executive compensation or why no changes will be made. The REIT will endeavor to provide this disclosure within six months of voting on the Say-on-Pay Resolution, and no later than in the management information circular for the next annual meeting of unitholders.

The Board recognizes that Say-on-Pay is an evolving area in Canada and globally and will review this policy annually to ensure that it is effective in achieving its objectives.

*Management and the Board recommend that you vote **for** the non-binding advisory resolution to accept the approach to executive compensation disclosed in this Circular.*

The management representatives designated in the form of proxy (or voting instruction form, as applicable) will vote the units in respect of which they are appointed by proxy **for** or **against** the non-binding advisory resolution accepting the approach to executive compensation disclosed in this Circular in accordance with the instructions of the unitholder as indicated on the proxy (or voting instruction form, as applicable). **In the absence of such instructions, such units will be voted FOR the non-binding advisory resolution to accept the approach to executive compensation disclosed in this Circular.**

## **Unitholder Rights Plan Agreement**

At the Meeting, unitholders will be asked to approve the Unitholder Rights Plan (the “Rights Plan”). The terms and conditions of the Rights Plan are set out in the Unitholder Rights Plan Agreement attached as Schedule B to this Circular. If approved, it is to be dated as of September 29, 2020 and entered into between the Trust and Computershare Investor Services Inc. The material terms of the Rights Plan are summarized below.

Under the provisions of the Rights Plan, the Rights Plan will not come into effect if it is not approved by unitholders at the Meeting. See “Unitholder Approval” below.

### ***Purpose of the Rights Plan***

A rights plan is a common mechanism used by public entities to encourage the fair and equal treatment of all unitholders in the event of a take-over initiative. Rights plans have been adopted and reconfirmed by a number of publicly held corporations and real estate investment trusts in Canada. The terms of the Rights Plan are substantially similar to those plans.

Under a rights plan, rights to purchase units are issued to all unitholders. Initially, the rights are not exercisable. However, if a person or group proceeds with a take-over bid for 20% or more of the target company’s units that does not meet the “permitted bid” criteria contained in the rights plan and the rights plan is triggered, the rights (other than those owned by the person or group making the bid) become exercisable for units at half the market price at the time of exercise, causing substantial dilution and making the take-over bid uneconomical.

The trustees believe the Rights Plan will encourage persons seeking to acquire control of the Trust to do so by means of public take-over bids available to all unitholders. The Rights Plan will deter acquisitions by means that may deny some unitholders the opportunity to share in the premium that an acquiror is likely to pay upon an acquisition of control. By motivating would-be acquirors to make public take-over bids, unitholders will have the best opportunity of being assured that they will participate on an equal basis, regardless of the size of their holdings, in any acquisition of control of the Trust.

The trustees believe that the Rights Plan will not adversely limit the opportunity for unitholders to dispose of their units through a take-over bid for the Trust which provides fair value to all unitholders. The trustees will continue to be obligated to consider fully and fairly any bona fide take-over bid for the units and to discharge their responsibilities with a view to the best interests of the unitholders.

The proposal to approve the Rights Plan is not being made in response to or in anticipation of any pending or threatened take-over bid for the units. The trustees do not have any current intention to implement any other proposal which could deter or impede a takeover bid.

### ***Recommendation of the Board of Trustees***

In recommending the approval of the Rights Plan, the Board considered the appropriateness of implementing a unitholder rights plan and concluded, for the reasons discussed above, that it is in the best interests of the Trust and its unitholders to do so. The Toronto Stock Exchange has accepted notice of filing of the Rights Plan, subject to its approval by unitholders.

The Board unanimously recommends that unitholders approve the Rights Plan by voting for the resolution to be submitted to the Meeting.

The complete text of the applicable resolution approving the Rights Plan that unitholders will be asked to consider at the Meeting is set forth as Schedule A hereto.

### ***Unitholder Approval***

In order for the Rights Plan to become effective, it must be approved by the affirmative vote of a majority of the unitholders present or represented by proxy at the Meeting. As of the date of this Circular, to the knowledge of the trustees, all outstanding Trust Units and Special Voting Units are eligible to be voted in respect of this resolution.

**Unless a unitholder specifies in his or her proxy that the units represented by such proxy are to be voted against the approval of the Rights Plan, the persons named in the proxy shall vote the units in favour of the approval of the Rights Plan.**

### ***Summary of Material Terms of the Rights Plan***

The material terms of the Rights Plan are summarized below. The summary is qualified in its entirety by reference to the actual provisions of the Rights Plan, attached as Schedule B to this Circular. Copies of the Rights Plan are available to unitholders upon request.

Capitalized terms used in this section but not defined herein have the meanings attributed to them in the Rights Plan. The below summary reflects the terms of the Rights Plan, established in accordance with National Instrument 62-104 – *Take-Over Bids and Issuer Bids*.

*General.* Each Right entitles the registered holder to purchase from the Trust, upon the occurrence of a Flip-in Event, and pursuant to the terms set out in the Rights Plan, the number of Trust Units that have, at the date of the Flip-in Event, a Market Price equal to twice the Exercise Price, for an amount in cash equal to the Exercise Price. The Rights are not exercisable until the Separation Time. If the Rights Plan is approved, the Rights will expire, in accordance with the terms of the Rights Plan, on the termination of the Trust's annual meeting in 2023, unless terminated or redeemed before that time.

*Flip-in Event.* A Flip-in Event means a transaction that causes a person to become an Acquiring Person. On the occurrence of a Flip-in Event, any Rights beneficially owned by an Acquiring Person (including any affiliate or associate thereof or any person acting jointly or in concert with the Acquiring Person) will become void and any such holder will not have any right to exercise Rights under the Rights Plan.

*Acquiring Person.* An "Acquiring Person" is, generally, a person who beneficially owns 20% or more of the outstanding Trust Units or the Trust. Under the Rights Plan, there are various exceptions, including: (i) the Trust and any subsidiary of the Trust, (ii) a person who acquired 20% or more of the outstanding Trust Units through a Permitted Bid or a Competing Permitted Bid, or as a result of the Trust acquiring or redeeming Trust Units, (iii) a person who acquired 20% or more of the outstanding Trust Units (but does not thereafter beneficially own a number of Units that is more than 25% of the Trust Units outstanding immediately prior to the acquisition) pursuant to an acquisition transaction described in a securities exchange take-over bid circular issued by the Trust or in a management proxy circular in respect of a merger pursuant to which the Trust acquires all or substantially all of the assets of another real estate investment trust in exchange for Trust Units on terms approved by the Trustees, or by way of private placement, (iv) a person who beneficially owned 20% or more of the outstanding Trust Units at the Record Time, provided however, that this exception will not apply in the event such Person shall, after the Record Time, become the beneficial owner of an additional 1% or more of the Trust Units of the Trust other than through one or any combination of Voting Unit Reductions, Permitted Bid Acquisitions, Exempt Acquisitions, Pro Rata Acquisitions or Convertible Security Acquisitions, and (v) an underwriter or selling group member during the course of a public distribution.

*Beneficial Ownership.* A person is deemed to be the beneficial owner of Trust Units in circumstances where that person or any of its affiliates or associates (i) is the owner of Trust Units at law or in equity or (ii) has the right to acquire Trust Units within 60 days, and includes any Trust Units beneficially owned by any other person acting jointly or in concert with such person. Under the Rights Plan, there are various exceptions, including where:



- (a) a holder of Trust Units has agreed to deposit or tender Trust Units to a Take-Over Bid made by such person pursuant to a Permitted Lock-up Agreement; or
- (b) such person, or any of its affiliates or associates or any persons with which any of them is acting jointly or in concert, is an investment or fund manager holding securities that are in non-discretionary accounts held on behalf of a client by a broker or dealer registered under applicable laws, a trust company acting as trustee or administrator, an administrator or trustee of a registered pension fund or plan established by statute to manage investment funds for employee benefit plans, pension plans and/or insurance plans or a crown agent or agency, provided that such person is not making or has not announced a current intention to make a Take-Over Bid alone or jointly or in concert with any other person.

*Permitted Bid.* A Flip-in Event will not occur if a Take-Over Bid is structured as a Permitted Bid. A Permitted Bid is a Take-Over Bid made by means of a Take-Over Bid circular that also complies with the following provisions:

- (a) the Take-Over Bid is made to all registered unitholders, wherever resident, other than the person making the bid;
- (b) the Take-Over Bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, irrevocable and unqualified conditions that:
  - (i) no Trust Units will be taken up or paid for pursuant to the Take-Over Bid (A) before the close of business on a date that is not less than 105 days following the date of the Take-Over Bid or such shorter period that a take-over bid (that is not exempt from the general take-over bid requirements of NI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104 and (B) unless, at the close of business on such date, the Trust Units deposited or tendered pursuant to the Take-Over Bid and not withdrawn constitute more than 50% of the Trust Units outstanding which are held by independent unitholders;
  - (ii) unless the Take-Over Bid is withdrawn, Trust Units may be deposited pursuant to the Take-Over Bid at any time during the period described in subsection (b)(i)(A) above;
  - (iii) any Trust Units deposited pursuant to the Take-Over Bid may be withdrawn until taken up and paid for; and
  - (iv) if the requirement in clause (b)(i)(B) is satisfied, the person making the bid will make a public announcement of that fact and the Take-Over Bid will remain open for deposits and tenders of Trust Units for not less than 10 days from the date of such public announcement.

*Trading of Rights.* Until the Separation Time, the Rights will be evidenced by Unit certificates. The Rights Plan provides that until the Separation Time, the Rights will be transferred only with the associated Trust Units. Until the Separation Time, or earlier termination or expiration of the Rights, each new Unit certificate issued after the Record Time will display a legend incorporating the terms of the Rights Plan by reference. As soon as practicable following the Separation Time, separate certificates evidencing the Rights ("Rights Certificates") will be mailed to registered unitholders as of the close of business at the Separation Time, and thereafter the Rights Certificate alone will evidence the Rights.

*Separation Time.* The Rights will separate and trade apart from the Trust Units after the Separation Time. The Separation Time means the close of business on the tenth Business Day after the earliest of (i) the first date of a public announcement of facts indicating that a person has become an Acquiring Person, (ii) the commencement of, or first public announcement of the intent of any person to commence, a Take-Over Bid other than a Permitted Bid or a Competing Permitted Bid and (iii) the date upon which a Permitted Bid ceases to be a Permitted Bid or a Competing Permitted Bid, as applicable.

*Waiver.* Without the consent of unitholders, or, if applicable, holders of Rights, the Trustees may waive a Flip-in Event that would occur by reason of a Take-Over Bid made by means of a take-over bid circular to all unitholders provided that, if the Trustees waive such Flip-in Event, they will be deemed to have waived any other Flip-in Event occurring by reason of a Take-Over Bid made by means of a take-over bid circular to all unitholders which is made prior to the expiry of any Take-Over Bid in respect of which a waiver has been granted by the Trustees. The Trustees may also waive the application of the Flip-in Event provisions to a Flip-in Event triggered by inadvertence.

*Power to Amend.* The Trustees may make amendments to the Rights Plan without the approval of the holders of Rights to cure ambiguities or correct provisions which may be inconsistent or defective, to correct clerical or typographical errors, or to preserve the validity of the Rights Plan in the event of any change in applicable legislation. In other circumstances, amendments may require approval of the unitholders or, in certain circumstances, the holders of Rights.



## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Named Executive Officers in 2019*

This section discusses our compensation program and the key compensation decisions for our *named executive officers* or *NEOs* in 2019. The titles listed below and throughout this section of the Circular apply to 2019 and, except as otherwise noted below, reflect the title the named executive officer held on December 31, 2019:

|                 |  |
|-----------------|--|
| Adam E. Paul    | President and Chief Executive Officer                |
| Kay Brekken     | Executive Vice President and Chief Financial Officer |
| Jordan Robins   | Executive Vice President and Chief Operating Officer |
| Jodi M. Shpigel | Senior Vice President, Development                   |
| Dori J. Segal   | Former Chair of the Board of the Company             |




Except as noted, the following discussion applies to each of our NEOs other than Mr. Segal, the former Chair of the Board of the Company as his compensation was determined by the terms of his engagement agreement with the Company (see *Executive Compensation – Termination and Change of Control Benefits*).

#### HIGHLIGHTS OF EXECUTIVE COMPENSATION


- The objectives of First Capital REIT's executive compensation programs are to attract, retain and motivate outstanding executives who are committed to improving the REIT's performance and creating value for its unitholders.
- Structured to align executive compensation with the long-term financial performance of the REIT, with the long-term performance of its Trust Units and, ultimately, to align the long-term interests of the executives with those of our unitholders.
- The President and CEO, the members of the executive leadership team and all trustees are subject to equity ownership requirements.
- Equity ownership requirements continue to apply to the President and CEO for a period of one year following him ceasing to hold the office of President and CEO, subject to limited exceptions.
- The REIT has a compensation claw-back policy for the executive leadership team and directors.
- Vesting timeframe of "at-risk" compensation is designed to expose a material portion of executive compensation to the risks associated with the REIT's business, including property development and stabilization timelines and financing strategy.
- Say-on-Pay vote.

## Named Executive Officers

The following presents basic biographical information for each of the Company's (and now REIT's) Named Executive Officers.

|   |   |  |
|---|---|--|
|                                        | <b>ADAM E. PAUL</b><br><b>President and Chief Executive Officer</b>   |  |
| <p>Toronto<br/>Ontario, Canada</p> <p>Service: 5 years</p> <p>Industry Experience:<br/>&gt;15 years</p> <p>Age: 45</p>  | <p>Mr. Paul joined the Company in 2015. As President and Chief Executive Officer, he is responsible for the overall leadership, strategy, operations and performance of First Capital REIT. Prior to joining the Company in February 2015, Mr. Paul was a senior executive at Canadian Real Estate Investment Trust ("CREIT") (now Choice Properties Real Estate Investment Trust) where he had direct responsibility for various aspects of CREIT's business. Mr. Paul is a Chartered Professional Accountant, Chartered Accountant, a member of the Young Presidents' Organization and a director of Real Property Association of Canada (REALpac).</p> |  |
|                                       | <b>KAY BREKKEN</b><br><b>Executive Vice President and Chief Financial Officer</b>   |  |
| <p>Toronto<br/>Ontario, Canada</p> <p>Service: 6 years</p> <p>Industry Experience:<br/>6 years</p> <p>Age: 51</p>       | <p>Ms. Brekken joined the Company in 2014. As Chief Financial Officer, she is responsible for managing First Capital REIT's financial reporting, accounting, treasury, taxation, investor relations, internal audit and information systems and technology. Previously, she was the Executive Vice President and Chief Financial Officer of Indigo Books &amp; Music, Inc. Ms. Brekken has over 20 years of North American financial leadership experience including public company reporting, strategic and operational planning, and debt and equity financing. Ms. Brekken is a Certified Public Accountant.</p>                                       |  |
|                                      | <b>JORDAN ROBINS</b><br><b>Executive Vice President and Chief Operating Officer</b>   |  |
| <p>Toronto,<br/>Ontario, Canada</p> <p>Service: 4 years</p> <p>Industry Experience:<br/>&gt;20 years</p> <p>Age: 50</p> | <p>Mr. Robins joined the Company in 2016. As Chief Operating Officer, he is responsible for overseeing various aspects of First Capital REIT's activities, including leasing, acquisitions, dispositions, development, design and construction. Previously, he was the Senior Vice President, Planning and Development of RioCan Real Estate Investment Trust. Mr. Robins brings over 20 years of extensive experience and a proven track record in many facets of retail real estate to First Capital REIT including development, leasing and acquisitions.</p>  |  |

|   |  |  |
|---|--|--|
|  | <b>JODI M. SHPIGEL</b><br><b>Senior Vice President, Development</b>  |  |
|   | <p>Richmond Hill,<br/>Ontario, Canada</p> <p>Service: 12 years</p> <p>Industry Experience:<br/>&gt;15 years</p> <p>Age: 44</p> | <p>Ms. Shpigel joined the Company in 2008. As Senior Vice President, Development, she is primarily responsible for First Capital REIT's national development program, including development strategy, entitlements, planning and execution. Prior to her current role, she held various positions with the Company and most recently, Senior Vice President, Central Canada. Prior to joining the Company, Ms. Shpigel was a Real Estate Manager at Sobeys Inc. Ms. Shpigel has over 15 years of real estate experience, including retail and mixed-use development, acquisitions and leasing.</p> |

|   |   |  |
|---|---|--|
|  | <b>DORI J. SEGAL</b><br><b>Former Chair of the Board</b>  |  |
|   | <p>Toronto<br/>Ontario, Canada</p> <p>Service: 20 years</p> <p>Industry Experience:<br/>&gt;25 years</p> <p>Age: 58</p> | <p>Mr. Segal was the Chair of the Board of the Company from May 2015 to May 2019. He is the President of Gazit TripLLLe Canada and a director of Norstar. Previously, Mr. Segal was the Vice Chairman and Chief Executive Officer of Gazit-Globe and Vice Chairman of Norstar. He was the President and Chief Executive Officer of the Company from 2000 to February 2015.</p> |

## Compensation Governance

### ***Composition and Mandate of the Compensation Committee***

The mandate of the Compensation Committee is described under *Our Corporate Governance Practices — Committees of the Board — Compensation Committee*.

The Compensation Committee is directly responsible for reviewing and approving the corporate goals and objectives that are relevant to the President and Chief Executive Officer's compensation, for evaluating his performance in meeting those goals and objectives, and for determining his compensation. The Compensation Committee reviews and provides input to the President and Chief Executive Officer regarding the compensation of the executives who report directly to him.

The current members of the Compensation Committee have direct experience that is relevant to their responsibilities in respect of executive compensation. Their experience and skills enable the Compensation Committee to make sound decisions on the suitability of the REIT's compensation policies and practices. The following discussion provides some background on the current members of the Compensation Committee that is relevant to the performance of their duties as members of the Compensation Committee.

Andrea Stephen has been the Chair of the Compensation Committee since June 2019 and a member of the former Compensation and Corporate Governance Committee since May 2014. This committee split into two committees in 2019, the Compensation Committee and the Corporate Governance Committee. Currently, she is also Chair of the compensation committee of The Macerich Company and of Slate Retail Real Estate Investment Trust. Previously, Ms. Stephen was Executive Vice President, Investments for The Cadillac Fairview Corporation where she led the investment team on sourcing and executing many significant global investments.

Ms. Stephen served as a member of the board of Multiplan Empreendimentos Imobiliarios, a Brazilian public real estate company, Pension Real Estate Association, Canada's Walk of Fame, and was previously a member of National Association of Real Estate Investment Trust's Investor Committee.

As an industry executive, she participated in the creation of new executive compensation plans and has had significant experience in developing corporate goals and objectives and incorporating those into compensation programs. Ms. Stephen is a Chartered Professional Accountant, Chartered Accountant.

Mr. Abramsky is a real estate investor and advisor. He has over 35 years of experience in the commercial real estate industry. Mr. Abramsky is currently the President of The Dunloe Group Inc., a Toronto-based real estate investment company. In his current role, he actively oversees investments in private equity, real estate assets and private debt. Along with founding The Dunloe Group Inc., Mr. Abramsky was Managing Partner of Brookfield Financial Corp. ("BFIN"). From 2005 to 2018, he held positions of increasing responsibility with BFIN in a number of areas including the active trading and financing of all forms of commercial property (with a particular focus on retail assets) and overseeing the global expansion of the firm to 9 countries and 15 offices. During this time he also served on the board of directors of Rouse Properties Inc., a US public retail company which was privatized by Brookfield in 2016.

Mr. Abramsky presently serves on the Board of Trustees and the Investment Committee of the Jewish Foundation of Greater Toronto. He is currently a member of the board of the UJA of Greater Toronto and the Co-Chair of the 2020 UJA Campaign.

#### **Members:**

- Andrea Stephen (Chair)
- Leonard Abramsky
- Al Mawani
- Bernard McDonell

Each committee member is independent within the meaning of applicable securities laws. No committee member is an officer, employee or former officer or employee of the REIT or its affiliates or is (or will be) eligible to participate in its executive compensation programs.

Mr. Mawani is a principal of Exponent Capital Partners Inc., a private equity investor and real estate advisory firm. He has over 35 years of experience in the commercial real estate industry. Mr. Mawani is currently a member of the board of trustees of Granite Real Estate Investment Trust (“Granite”) and a director of Extendicare Inc. He is a member of the audit committee of both boards, Chair of the Compensation, Governance & Nominating Committee of the board of Granite and a member of the Human Resources Committee of the board of Extendicare Inc. Previously, Mr. Mawani served on multiple boards of TSX-listed companies including, as the independent lead trustee and Chair of the Compensation, Governance & Nominating Committee of Boardwalk Real Estate Investment Trust., trustee and member of the Compensation, Governance & Nominating Committee of the board of Slate Office Real Estate Investment Trust, trustee of SmartCentres Real Estate Investment Trust, trustee of IPC US Real Estate Investment Trust, and also served as a director of Amica Mature Lifestyle Inc. Mr. Mawani has held several executive officer positions with public companies in his career and was involved with executive compensation matters. He was President and Chief Executive Officer of Rodenbury Investments Limited, a private real estate owner-operator, and President and Chief Executive Officer of SmartCentres Real Estate Investment Trust. In addition, he spent 23 years at Oxford Properties Group, Inc., including over 11 years as Chief Financial Officer.

Mr. Mawani is a Chartered Professional Accountant, Chartered Accountant and has earned Master of Business Administration and Master of Laws degrees. He has also attended various executive compensation seminars and education sessions.

Mr. McDonell was the Chair of the former Compensation and Corporate Governance Committee from May 2014 to June 2019 and a member of this committee since 2010. He is currently the Chair of the Board of Trustees of First Capital REIT. Before becoming Chair of the Board, Mr. McDonell was the Lead Director of the Company from 2011 to 2019. Previously, he was the Chairman of Old PSG Wind-down Ltd. (formerly Performance Sports Group Ltd.), a director of The Commonwell Mutual Insurance Company and a director of Investus Real Estate Inc., a publicly traded industrial real estate company, and, prior thereto, served as Vice-Chairman and Chief Executive Officer of the same company. Mr. McDonell was the Vice-Chairman and President of Provigo Inc. from 1999 to 2006, at which time it was Quebec’s grocery market unit leader and a Top 10 employer with 24,000 employees in the Province. In addition to his executive compensation related experience with the Company and the REIT, he was involved with executive compensation at Performance Sports Group Ltd. in his capacity as Chairman of its board and at the Commonwealth Mutual Insurance Company in his capacity as a member of its boards and its executive committee.

### **Executive Compensation Philosophy**

The objectives of our executive compensation programs are to attract, retain and motivate outstanding executives who are committed to improving our performance and creating value for our unitholders.

Four core principles underlie our executive compensation programs:

1. Pay for Performance
2. Competitive Compensation
3. Alignment with Long-term Unitholder Interest
4. Effective Risk Management

#### **1. Pay for Performance**

We structure our executive compensation programs to align executive compensation with our financial performance and with the performance of our Trust Units. A significant portion of executive compensation is in the form of at-risk pay and the REIT’s leadership team receives PTUs that are subject to the REIT’s relative performance (see *Elements of Compensation – RTU Plan - PTUs*). This creates a performance-based corporate culture that rewards individual and team-based contributions to the achievement of our goals and to the increase in unitholder value.

## Fixed and At-Risk Compensation

The following table illustrates the portions of compensation that are fixed and at-risk for each NEO.

| Named Executive Officer      | PAY COMPONENTS<br>(as % of Total Compensation Earned) |                        |                     |           |
|------------------------------|---|------------------------|---------------------|-----------|
|                              | Fixed   | At Risk                |                     | Total (%) |
|                              | Base Salary and Other Compensation                    | Annual Incentive Bonus | Equity Compensation |           |
| Adam E. Paul                 |   |                        |                     |           |
| 2019                         | 20  | 22                     | 58                  | 100       |
| 2018                         | 23  | 25                     | 52                  | 100       |
| 2017                         | 24  | 29                     | 47                  | 100       |
| Kay Brekken                  |   |                        |                     |           |
| 2019                         | 31  | 28                     | 41                  | 100       |
| 2018                         | 34  | 30                     | 36                  | 100       |
| 2017                         | 33  | 33                     | 34                  | 100       |
| Jordan Robins                |   |                        |                     |           |
| 2019                         | 32  | 27                     | 41                  | 100       |
| 2018                         | 35  | 29                     | 36                  | 100       |
| 2017                         | 35  | 28                     | 37                  | 100       |
| Jodi M. Shpigel              |   |                        |                     |           |
| 2019                         | 45  | 19                     | 36                  | 100       |
| 2018                         | 46  | 18                     | 36                  | 100       |
| 2017                         | 43  | 27                     | 30                  | 100       |
| Dori J. Segal <sup>(1)</sup> |   |                        |                     |           |
| 2019                         | 53  | N/A                    | 47                  | 100       |
| 2018                         | 51  | N/A                    | 49                  | 100       |
| 2017                         | 50  | N/A                    | 50                  | 100       |

(1) Mr. Segal was not entitled to an annual incentive bonus as per his engagement agreement with the Company.

## 2. Competitive Compensation

Competitive compensation is important as it enables us to attract and retain talented and qualified individuals to lead the business. We have developed processes to ensure that our executive compensation programs are competitive with market and industry practices and support the attraction, development and retention of high-quality executives.

## 3. Alignment of Executive Compensation Programs with Long-Term Unitholder Interests

We structure our executive compensation programs to align the interests of our executives with those of our unitholders. A significant portion of executive compensation takes the form of long-term equity-based awards. Structuring executive compensation in this manner ensures that our executives are properly motivated to increase long-term unitholder value.

## 4. Effective Risk Management

The compensation program must not encourage management to take excessive or inappropriate risks. Within this philosophy, compensation for our individual executives reflects the functions they perform, the short-term and long-term risks associated with their responsibilities, their contributions, their ability to improve our financial performance, their commitment to achieving corporate objectives and their ability to create unitholder value.

### *Safeguards to Mitigate Compensation Risks*

The Board and the Compensation Committee believe that our executive compensation program should serve to mitigate risk by effectively aligning the short-term and long-term interests of each executive with those of First Capital REIT. Risk mitigation is a core principle of our compensation and corporate governance practices and the Compensation Committee considers risk implications in its annual review and recommendation of actual executive compensation and in its regular review of our compensation plans and practices. Accordingly, our compensation program includes numerous safeguards to mitigate compensation risks. The following measures have been implemented to avoid excessive or inappropriate risk-taking by NEOs:

- The Compensation Committee is made up of entirely independent trustees and the committee regularly holds in-camera sessions where management is not present.
- Risk oversight function involves the Board and its committees.
- Short-term incentive compensation (annual incentive cash bonus) is capped as a percentage of base salary (125% for the President and Chief Executive Officer, 100% for the Executive Vice President and Chief Financial Officer, 100% for the Executive Vice President and Chief Operating Officer and 50% for the Senior Vice President, Development. The former Chair of the Board was not entitled to an annual incentive award).
- A substantial portion of our NEO compensation is “at-risk”, with variable “vesting” periods (annual, 3-year and 5-year), which serves to align the interests of NEOs with those of unitholders as a substantial portion of their compensation is directly affected by our performance over a varied time horizon.
- Short-term and long-term incentives are based on a mix of corporate and individual performance measures.
- All trustees, the President and Chief Executive Officer and all other NEOs are subject to equity ownership requirements, which serve to further align their interests with our unitholders.
- The President and Chief Executive Officer continues to be subject to the applicable equity ownership requirements for one year following him ceasing to hold the office of President and Chief Executive Officer of the REIT for any reason, subject to certain exceptions, as described below and under *Our Corporate Governance Practices – Equity Ownership Guidelines*. This serves to align the longer-term interests of the President and Chief Executive Officer with the longer-term interests of our unitholders.
- An annual review of our compensation practices and targets is undertaken by the Compensation Committee to ensure continued appropriateness.
- Adjustments can be made by the Compensation Committee where the application of the policies has unintended results.
- We have a formal compensation “claw-back” policy as described under *Compensation Discussion and Analysis – Compensation Claw-Back Policy* which applies to all of our trustees and members of our executive leadership team.
- We have a formal anti-hedging policy as described under *Our Corporate Governance Practices – Hedging* which applies to, among others, all of our trustees, officers and employees.

Other elements of our executive compensation plans and practices which the Board and the Compensation Committee believe help to deter excessive risk-taking behaviour include:

- a. generally consistent structure of compensation policies across roles and regions within the organization, all with a significant overall performance component;



- b. the vesting timeframe of “at-risk” compensation is designed to expose a material portion of executive compensation to the risks associated with our business, including property development and stabilization timelines and an overall financing strategy; and
- c. performance goals heavily based on financial metrics that are fundamental to long-term unitholder value appreciation.

As a result of these and other practices, the Board and the Compensation Committee believe that our executive compensation program does not encourage NEOs to take unreasonable risks relating to our business and stated objectives and consequently does not raise our risk profile.

In the design of our executive compensation plans and practices, the Board and the Compensation Committee have considered the implications of the risks associated therewith and with our business. As a general rule, our executive compensation plans are designed to ensure that management is not encouraged to take excessive risks.

### ***Compensation Consultant and Executive Compensation-Related Fees***

In establishing appropriate compensation policies, practices and levels, the Compensation Committee may request and receive advice from outside experts, who have expertise in executive compensation or who conduct surveys and provide competitive data, as well as recommendations from management.

To assist the Compensation Committee in fulfilling its duties, the committee periodically retains the services of independent compensation advisors. An independent compensation advisor was not retained by the Compensation Committee either in 2018 or 2017. In 2016, Willis Towers Watson (“WTW”) was retained to provide independent executive compensation advice to the former Compensation and Corporate Governance Committee of the Company. WTW provided reports, analysis and recommendations in respect of our long-term incentive programs, director compensation, Chief Executive Officer compensation, and comparator groups for each of director and executive officer compensation purposes. WTW received aggregate fees of \$103,000 for performing such services. Other than the services described above, WTW has not provided any services to the REIT or to its affiliated or subsidiary entities, or to any of the Company’s directors or officers. An independent compensation advisor was retained by the Compensation Committee at the end of 2019. Hugessen Consulting (“Hugessen”) was retained to provide independent executive compensation advice to the Compensation Committee. Pursuant to Hugessen’s ongoing engagement, Hugessen has provided reports, analysis and recommendations to the Compensation Committee in respect of the REIT’s long-term incentive programs, trustee compensation and executive compensation. Hugessen received aggregate fees of \$5,300 in 2019 for performing such services. Hugessen was not retained before 2019 by the Company or the REIT, did not provide any services to the Company or the REIT or any of its directors or trustees, other than or in addition to compensation services for any of the directors, trustees or executive officers.

### ***Compensation Claw-Back Policy***

Our compensation claw-back policy provides that the Compensation Committee will require members of the executive leadership team, including NEOs, and trustees to reimburse, in all appropriate cases, any bonus, short-term incentive award or amount, or long-term incentive award or amount, awarded to the executive or trustee and to forfeit any non-vested equity-based awards previously granted to the executive or trustee (collectively, “Incentive Compensation”) if:

- (a) the amount of the Incentive Compensation was calculated based upon the achievement of certain financial results that were subsequently the subject of a restatement or the correction of a material error;
- (b) the executive or trustee engaged in intentional misconduct that caused or partially caused the need for the restatement or caused or partially caused the material error; and

- (c) the amount of the Incentive Compensation that would have been awarded to the executive or trustee, had the financial results been properly reported, would have been lower than the amount actually awarded.

## Elements of Compensation

Our executive compensation program is comprised of salary, short-term, mid-term and long-term compensation incentives based on the achievement of corporate and individual objectives, and benefits. The key components of the short-term compensation program are base salary and the short-term annual incentive cash bonus plan. The mid-term compensation program is comprised of RTUs and PTUs and our long-term compensation program is comprised of stock options.

The Compensation Committee reviews the executive compensation program annually with a view to aligning our NEO compensation with long-term growth for unitholders. For more information, see *Elements of Compensation – Equity Compensation Plans*.

The following components made up our 2019 compensation for executives, including NEOs. For more information, see *Executive Compensation – Termination and Change of Control Benefits*.

| Compensation Components  | Program Objectives  |
|--|---|
| <b>Fixed Compensation</b>  |   |
| <b>1. Base Salary</b>  |   |
| Cash   | <ul style="list-style-type: none"> <li>to generally pay the executives a base salary that is in line and competitive with positions with relatively equivalent responsibilities and scope within a peer comparator group</li> <li>to align with the executive's scope of responsibility and individual performance</li> <li>to attract and retain key talent</li> </ul>   |
| <b>At Risk Compensation</b>  |   |
| <b>2. Short-Term Incentive</b>   |   |
| <b>Annual Incentive Cash Bonus</b><br>Cash   | <ul style="list-style-type: none"> <li>to motivate and reward individual executives for the direct contribution they make to the Company and for success in achieving the annual business plan</li> <li>to retain key talent</li> <li>annual incentive cash bonus is based on predetermined performance measures and payment of a cash bonus is not guaranteed. For more information, see <i>Executive Compensation – Short-term Incentives</i>.</li> </ul> |
| <b>3. Medium and Long-Term Incentives</b>  |   |
| <b>Restricted Trust Units<sup>(1)</sup></b><br>RTUs awarded with vesting criteria                            | <ul style="list-style-type: none"> <li>an equity-based incentive to foster retention of key executives and long-term accumulation of Trust Units</li> <li>to align long-term unitholder interests with key executives</li> <li>to assist in recruitment of key executives</li> </ul>  |
| <b>Performance Trust Units<sup>(1)</sup></b><br>PTUs awarded with pre-set performance-based vesting criteria | <ul style="list-style-type: none"> <li>an equity-based incentive to foster retention of key executives and long-term accumulation of Trust Units</li> <li>to provide a performance-based component to executive compensation</li> <li>to align long-term unitholder interests with key executives</li> <li>to assist in recruitment of key executives</li> </ul>  |
| <b>Stock Options</b><br>Options granted with pre-set term and vesting criteria                               | <ul style="list-style-type: none"> <li>an equity-based incentive to foster retention of key executives and long-term accumulation of Trust Units</li> <li>to provide a performance-based component to executive compensation</li> <li>to align long-term unitholder interests with key executives</li> <li>to assist in recruitment of key executives</li> </ul>  |

| Compensation Components   | Program Objectives  |
|---|---|
| <b>Other Compensation</b>   |   |
| <b>4. Other Benefits</b>  |   |
| Medical and dental benefits fully funded by the Company with executives responsible for co-payments under the benefits plan. The Company also contributes to RRSPs for members of the executive leadership team | <ul style="list-style-type: none"> <li>• to provide competitive benefits to protect the well-being of key executives</li> <li>• to attract and retain executives</li> </ul> |
| Indirect Compensation (fitness expense benefit, life insurance coverage and a car allowance)  | <ul style="list-style-type: none"> <li>• to provide competitive benefits to protect the well-being of key executives</li> <li>• to attract and retain executives</li> </ul> |

(1) In 2019, Mr. Segal received RTUs and all other NEOs received PTUs and stock options.

## 1. Base Salary

Base salaries and total compensation for executives are determined relative to positions with relatively equivalent responsibilities and scope within a peer comparator group. The executive compensation comparator group for 2019 was:

| 2019 Executive Compensation Peer Comparator Group   |   |
|---|---|
| Choice Properties Real Estate Investment Trust<br>SmartCentres Real Estate Investment Trust<br>Canadian Apartment Properties Real Estate Investment Trust | Allied Properties Real Estate Investment Trust<br>H&R Real Estate Investment Trust<br>RioCan Real Estate Investment Trust |

The comparator group did not change in 2019 as compared to the prior year. The peer comparator group was initially recommended by WTW in 2016. The Compensation Committee also reviews the comparator group periodically. In determining the compensation comparator group, companies that are in the same industry and that are comparable based on annual revenues, total assets, market capitalization, enterprise value, funds from operations, characteristics of assets, geography of operations and corporate ownership structure are considered.

The comparator group and other market analysis were used to ensure that executive compensation was substantially in line with the comparator group. Generally, we consider total compensation to be the most relevant basis for comparison of executive compensation since incentive compensation comprises an important portion of total compensation that can be subject to large fluctuations from year to year based on specific and sometimes subjective criteria.

The Compensation Committee reviewed benchmarking reports provided by Huggessen with respect to 2020 compensation where the executive compensation for the REIT was compared with the peer comparators group and other Canadian and US issuers in other industries that are comparable based on annual revenues, total assets, market capitalization, enterprise value, funds from operations, characteristics of assets, geography of operations and corporate ownership structure.

For our executive leadership team, a substantial portion of compensation will be variable, with a heavier weighting on long-term opportunities, consistent with market practice and to mitigate risks relating to compensation practices.

The Compensation Committee reviews annually and approves any changes in base salary for the President and Chief Executive Officer and considers and, if thought fit, approves changes in base salaries recommended by the President and Chief Executive Officer for his direct reports.

## 2. Short-Term Incentives

### *Annual Incentive Cash Bonus*

|                      |   |
|----------------------|---|
| <b>Purpose</b>       | To motivate and reward individual executives for the direct contribution they make to First Capital REIT and to the overall achievement of the REIT's annual business plan and to retain key executives.  |
| <b>Form of award</b> | Cash based on quantitative performance and qualitative measurements within performance measurement categories. Targets are set for each performance measurement category based on the annual business plan and other individual factors for the year. Annual incentive cash bonus is based on such performance measures and payment of a cash bonus is not guaranteed for any of the eligible NEOs. |
| <b>Payout</b>        | Paid in cash, generally in February or March of the following year, based on corporate and individual performance in the previous year.   |

### *Setting Objectives*

The Board holds a meeting in the fourth quarter of every year to review, discuss and approve First Capital REIT's annual business plan for the following year.

Annual performance objectives for the REIT's executives are designed to align the interests of executives with its business objectives as well as each executive's ability to attain these objectives. As in the prior year, emphasis was placed on the Financial Growth performance measurement category in 2019 to enhance alignment of the interests of the REIT's executive officers with the long-term interests of unitholders.

### *Assessing Performance*

The Compensation Committee is responsible for evaluating performance and determining the achievement of the annual business plan for the year.

The tables below reflect the 2019 performance measurement categories, weightings and results for Mr. Paul, Ms. Brekken, Mr. Robins and Ms. Shpigel. Mr. Segal did not have any performance measures set in 2019 as the position of Chair of the Board was not entitled to an annual incentive award.

**Adam Paul, President and Chief Executive Officer:**

| PERFORMANCE MEASUREMENT CATEGORY              | WEIGHTING                               |  | SPECIFIC PERFORMANCE MEASURES  | ACTUAL ACHIEVED   | LEVEL ACHIEVED |
|---|---|--|--|---|----------------|
| CORPORATE PERFORMANCE MEASUREMENT             |   |  |  |   |                |
| Financial Growth                              | 20%                                     | 3%   | Operating FFO <sup>(1)</sup> per unit target of \$1.24                           | \$1.245   | Above Target   |
|   |   | 4%   | Total Same Property ("SP") NOI <sup>(1)</sup> growth target of 4.0%              | 3.3%  | Mid Threshold  |
|   |   | 3%   | Development NOI <sup>(1)</sup> (excluding SP development) target of \$70 million | \$63 million  | Mid Threshold  |
|   |   | 3%   | Total Occupancy target of 97%  | 96.9%   | Mid Target     |
|   | High Performance Organizational Culture | 7%   | Specific Corporate Projects  | Target  |                |
| PLATFORM AND STRATEGIC MATTERS                |   |  |  |   |                |
| Strategic Initiatives                         | 40%                                     | Strategic Initiatives  |  | The Compensation Committee considered these specific performance measures and determined that the President and CEO's targets were met or exceeded in 2019. |                |
|   |   | Strategic Corporate Projects   |  |   |                |
| Investment Activities and Development Program | 20%                                     | Acquisitions   |  | The Compensation Committee considered these specific performance measures and determined that the President and CEO's targets were met or exceeded in 2019. |                |
|   |   | Dispositions   |  |   |                |
|   |   | Development  |  |   |                |
|   |   | Investments  |  |   |                |
| Qualitative Component                         | 20%                                     | Performance of the CEO and other factors to be considered for this component (which may include Risk Management, Corporate Governance, Investor Relations, Public Presentations, Organizational Improvements and Executive Succession Planning) are at the discretion of the Compensation Committee and the Board. |  | The Compensation Committee determined that the President and CEO provided great leadership and performed well in 2019.                                      |                |
| Total Potential                               | 100%                                    |  |  | Achieved 97.2% of eligible bonus (121.5% of base salary)  |                |

- (1) Operating FFO and NOI are measures of operating performance not defined by International Financial Reporting Standards ("IFRS"). These non-IFRS measures are further defined and discussed in the Company's management's discussion and analysis for the three months and year ended December 31, 2019. Since these non-IFRS measures do not have standardized meanings prescribed by IFRS, they may not be comparable to similar measures reported by other issuers.

**Kay Brekken, Executive Vice President and Chief Financial Officer:**

| Performance Measurement Category            | Weighting |     | Specific Performance Measures   | Actual Achieved   | Level Achieved |
|---|-----------|-----|---|---|----------------|
| Corporate Performance Measurement           |           |     |   |   |                |
| Financial Growth                            | 20%       | 3%  | Operating FFO <sup>(1)</sup> per unit target of \$1.24  | \$1.245   | Above Target   |
|   |           | 4%  | Total Same Property (“SP”) NOI <sup>(1)</sup> growth target of 4.0%   | 3.3%  | Mid Threshold  |
|   |           | 3%  | Development NOI <sup>(1)</sup> (excluding SP development) target of \$70 million  | \$63 million  | Mid Threshold  |
|   |           | 3%  | Total Occupancy target of 97%   | 96.9%   | Mid Target     |
| High Performance Organizational Culture     |           | 7%  | Specific Corporate Projects   | Target  |                |
| Platform and Strategic Matters              |           |     |   |   |                |
| Strategic Initiatives                       | 20%       | 10% | Strategic initiative, dispositions target of \$700 million  | \$842 million   | Above Target   |
|   |           | 10% | Complete REIT Conversion  | Target  |                |
| Individual Performance Measurement          |           |     |   |   |                |
| Financial Growth                            | 40%       | 5%  | ACFO <sup>(1)</sup> (less dividends) target of \$70 million   | \$66.2 million  | Mid Target     |
| Investor Relations and Financial Management |           | 8%  | Communication and relationship with stakeholders  | Target  |                |
|   |           | 7%  | Capital structure and access to capital   | Target  |                |
|   |           | 20% | Tax planning  | Target  |                |
| Qualitative Component                       | 20%       |     | Performance of the CFO and other factors to be considered for this component are at the discretion of the CEO and the Audit Committee | The CEO and the Audit Committee Chair determined that the CFO performed well in 2019. |                |
| Total Potential                             | 100%      |     |   | Achieved 96.3% of eligible bonus (96.3% of base salary)                               |                |

- (1) Operating FFO, NOI and ACFO are measures of operating performance not defined by IFRS. These non-IFRS measures are further defined and discussed in the Company's management's discussion and analysis for the three months and year ended December 31, 2019. Since these non-IFRS measures do not have standardized meanings prescribed by IFRS, they may not be comparable to similar measures reported by other issuers.

**Jordan Robins, Executive Vice President and Chief Operating Officer:**

| Performance Measurement Category                                | Weighting |     | Specific Performance Measures   | Actual Achieved   | Level Achieved |
|---|-----------|-----|---|---|----------------|
| Corporate Performance Measurement                               |           |     |   |   |                |
| Financial Growth  | 20%       | 3%  | Operating FFO <sup>(1)</sup> per unit target of \$1.24  | \$1.245   | Above Target   |
|   |           | 4%  | Total Same Property (“SP”) NOI <sup>(1)</sup> growth target of 4.0%   | 3.3%  | Mid Threshold  |
|   |           | 3%  | Development NOI <sup>(1)</sup> (excluding SP development) target of \$70 million                              | \$63 million  | Mid Threshold  |
|   |           | 3%  | Total Occupancy target of 97%   | 96.9%   | Mid Target     |
| High Performance Organizational Culture                         |           | 7%  | Specific Corporate Projects   | Target  |                |
| Platform and Strategic Matters                                  |           |     |   |   |                |
| Strategic Initiatives   | 20%       | 10% | Strategic initiatives, dispositions target of \$700 million   | \$842 million   | Above Target   |
|   |           | 10% | Complete REIT Conversion  | Target  |                |
| Individual Performance Measurement                              |           |     |   |   |                |
| Operations (Investments, Leasing, Construction and Development) | 40%       | 15% | Dispositions target of \$700 million  | \$840   | Above Target   |
|   |           | 5%  | Investments qualitative component   | Target  |                |
|   |           | 8%  | Leasing targets   | Threshold   |                |
|   |           | 12% | Construction and development  | Target  |                |
| Qualitative Component   | 20%       |     | Performance of the COO and other factors to be considered for this component are at the discretion of the CEO | The CEO determined that the COO performed well in 2019. |                |
| Total Potential   | 100%      |     |   | Achieved 91.2% of eligible bonus (91.2% of base salary) |                |

- (1) Operating FFO, NOI and ACFO are measures of operating performance not defined by IFRS. These non-IFRS measures are further defined and discussed in the Company's management's discussion and analysis for the three months and year ended December 31, 2019. Since these non-IFRS measures do not have standardized meanings prescribed by IFRS, they may not be comparable to similar measures reported by other issuers.



**Jodi M. Shpigel, Senior Vice President, Development:**

| Performance Measurement Category          | Weighting |     | Specific Performance Measures  | Actual Achieved  | Level Achieved |
|---|-----------|-----|--|--|----------------|
| Corporate Performance Measurement         |           |     |  |  |                |
| Financial Growth                          | 20%       | 3%  | Operating FFO <sup>(1)</sup> per unit target of \$1.24   | \$1.245  | Above Target   |
|   |           | 4%  | Total Same Property ("SP") NOI <sup>(1)</sup> growth target of 4.0%  | 3.3%   | Mid Threshold  |
|   |           | 3%  | Development NOI <sup>(1)</sup> (excluding SP development) target of \$70 million   | \$63 million   | Mid Threshold  |
|   |           | 3%  | Total Occupancy target of 97%  | 96.9%  | Mid Target     |
| High Performance Organizational Culture   |           | 7%  | Specific Corporate Projects  | Target   |                |
| Platform and Strategic Matters            |           |     |  |  |                |
| Strategic Initiatives                     | 20%       | 10% | Strategic initiatives, dispositions target of \$700 million  | \$842 million  | Above Target   |
|   |           | 10% | Complete REIT Conversion   | Target   |                |
| Individual Performance Measurement        |           |     |  |  |                |
| Financial Growth                          | 40%       | 12% | Development projects targets   | Mid Target   |                |
| Standardized Reporting & Team Development |           | 3%  | Review, update, standardize and implement various development reports  | Target   |                |
| Growth Plan                               |           | 13% | Development strategy, development plans for specific projects and completion of comprehensive analysis of development pipeline     | Target   |                |
| Development Project Success               |           | 12% | Development and redevelopment objectives on specific projects  | Mid Target   |                |
| Qualitative Component                     | 20%       |     | Performance of the SVP, Development and other factors to be considered for this component are at the discretion of the CEO and COO | The CEO and the COO determined that the SVP, Development performed well in 2019. |                |
| Total Potential                           | 100%      |     |  | Achieved 95.4% of eligible bonus (47.7% of base salary)                          |                |

- (1) Operating FFO, NOI and ACFO are measures of operating performance not defined by IFRS. These non-IFRS measures are further defined and discussed in the Company's management's discussion and analysis for the three months and year ended December 31, 2019. Since these non-IFRS measures do not have standardized meanings prescribed by IFRS, they may not be comparable to similar measures reported by other issuers.

### *Target bonus*

Participants are assigned a performance-based incentive award target, expressed as a percentage of base salary. The annual incentive awards are based on actual achievements relative to the established performance measurement targets, as described in the preceding tables.

The table below summarizes the 2019 threshold, mid and target levels approved by the Compensation Committee:

| <i>Executive</i>                                     | <b>2019 threshold<br/>performance as a % of<br/>base salary</b> | <b>2019 mid<br/>performance as a % of base<br/>salary</b> | <b>2019 target<br/>performance as a % of base<br/>salary</b> |
|--|---|---|--|
| President and Chief Executive Officer                | 62.5%   | 93.75%  | 125%   |
| Executive Vice President and Chief Financial Officer | 50%   | 75%   | 100%   |
| Executive Vice President and Chief Operating Officer | 50%   | 75%   | 100%   |
| Senior Vice President, Development                   | 25%   | 37.5%   | 50%  |

As indicated above, a portion of the overall bonus of all of First Capital REIT's NEOs is left to the discretion of the Compensation Committee, in the case of the President and Chief Executive Officer, and to the President and Chief Executive Officer, in the case of the other NEOs (other than the Chair of the Board who does not receive a bonus).

In administering the annual incentive bonus plan, the Compensation Committee may, in its judgment, vary incentive awards payable to executives if the application of the REIT's incentive formula has unintended results, to reward exceptional performance or for other reasons determined by the Compensation Committee. The Compensation Committee did not vary the threshold, mid and target levels applicable to executives in 2019.

### **3. Medium and Long-Term Incentives**

#### ***Equity Compensation Plans***

The Compensation Committee administers our equity compensation plans. These plans have two components, (i) PTUs or RTUs and (ii) stock options, each of which reward management based on increases in the value of the Trust Units. These plans are designed to foster the long-term retention of key employees of First Capital REIT and to demonstrably align the long-term interests of key employees with the long-term interests of its unitholders.

Pursuant to the Arrangement, the former restricted share unit plan ("RSU Plan") was replaced by the RTU Plan, effective December 30, 2019, to provide for the issuance of Trust Units (among other housekeeping changes) and in connection therewith, each outstanding restricted share unit ("RSU") and performance share unit ("PSU") was exchanged for one RTU and PTU, respectively, and each such RSU and PSU was cancelled. The material terms and conditions of the replacement RTUs and PTUs are substantially the same as the RSUs or PSUs for which they were exchanged and such RTUs and PTUs will be governed by the terms of the RTU Plan.

Additionally, pursuant to the Arrangement, the former stock option plan was replaced by the Stock Option Plan, effective December 30, 2019, to provide for the issuance of Trust Units (among other housekeeping changes) and in connection therewith, each outstanding stock option was exchanged for a replacement

stock option with the same exercise price, vesting dates and otherwise with substantially the same terms as the stock option for which it was exchanged.

Allocations under these plans are intended to provide strong incentives for superior long-term performance. A principal attraction of these plans is that they link compensation to unitholders' interests because the value of the awards to the executives is directly linked to our stock price plus dividends/distributions.

Generally, the Compensation Committee makes option and PTU grants with a view to providing competitive total target compensation packages. All option and PTU awards for NEOs are approved by the Compensation Committee.

In 2016, the former Compensation and Corporate Governance Committee created and began to issue PSUs (now PTUs) to the members of the executive leadership team as an alternative to time-based RSUs (now RTUs). PTUs are adjusted by a performance factor at the time of vesting that is based on the relative performance of the Trust Units against the TSX Capped REIT Index (see – *Performance Trust Units*). As a result, PTUs more deeply align the long-term interests of the REIT's key executives with the long-term interests of its unitholders. The Compensation Committee did not grant any RSUs (now RTUs) to the executive leadership team in 2017, 2018 and 2019.

In administering the equity compensation plans, the Compensation Committee may, in its judgment, vary incentive awards payable to executives if the application of the REIT's formula has unintended results, to reward exceptional performance or for other reasons determined by the Compensation Committee. The Compensation Committee has retained Hugessen to analyze the REIT's equity compensation practices and plan design with a view to assessing whether the current plans remain the optimal vehicles for achieving compensation design objectives in the future. Accordingly, updates to the REIT's long-term incentive plans are anticipated in 2020.

As the Arrangement was effective on December 30, 2019, information presented in this Circular for the period prior to December 30, 2019 is in respect of the Company and information provided on or after December 30, 2019 is in respect of First Capital REIT. Accordingly, references herein to RTUs and PTUs prior to December 30, 2019 refer to RSUs and PSUs, respectively, and references herein to units or Trust Units prior to December 30, 2019 refer to Common Shares.

The following is a summary of the main features of each of our equity compensation plans.

#### ***Stock Option Plan***

|                                       |  |
|---------------------------------------|--|
| <b>Form of award</b>                  | Options to buy Trust Units whereby each stock option represents the right to purchase from the REIT one Trust Unit in consideration for payment of the exercise price described below.   |
| <b>Who participates</b>               | The Stock Option Plan provides that trustees, officers, employees or consultants of First Capital REIT or any affiliate may be eligible participants. However, it is the intention of the Compensation Committee to grant stock options primarily to members of the executive leadership team. |
| <b>Administration</b>                 | The Board has delegated to the Compensation Committee responsibility for administering the Stock Option Plan and approving all stock options granted thereunder, including the entitlement, vesting, exercise price and all other matters relating to the Stock Option Plan.                   |
| <b>Determination of Option Grants</b> | Option grants are determined based on a percentage of each participant's total targeted long term incentive plan awards and are subject to discretionary adjustments based on merit and performance criteria similar to those used in establishing annual cash incentive bonuses.              |
| <b>Vesting</b>                        | Options typically vest in equal annual amounts over a five-year period commencing on the first anniversary of the grant date. The Compensation Committee determines the time at which options vest when making a grant. Subsequent to the time of granting options, the Compensation           |

|                                |  |
|--------------------------------|--|
|                                | Committee may, in its discretion, permit an option holder to exercise any or all of such holder's unvested options then outstanding.   |
| <b>Exercise Price</b>          | The exercise price of an option may not be lower than the closing price of the Trust Units on the TSX on the trading day immediately preceding the date of the grant.  |
| <b>Term</b>                    | The term of an option may not exceed 10 years from the date of the grant; however, if an option would otherwise expire during a blackout period, the term of such option shall automatically be extended until 10 business days after the end of the blackout period.  |
| <b>Payout</b>                  | <p>Value is based on the difference between the market price of a Trust Unit when the options are exercised and the exercise price.</p> <p>An option holder may elect to surrender his/her options in exchange for an amount equal to the aggregate market price of the underlying Trust Units, minus (i) the aggregate exercise price of options being surrendered, and (ii) any applicable withholding taxes (together, the "Net Surrender Consideration"). The REIT shall satisfy the payment of such Net Surrender Consideration by issuing to the option holder such number of Trust Units with an aggregate market value equal to the Net Surrender Consideration.</p> |
| <b>Cessation of Employment</b> | Unless otherwise determined by the Compensation Committee, options cease to be exercisable if an option holder ceases to be a trustee, officer, employee or consultant of the REIT or one of its affiliates. At the time of granting options, the Compensation Committee may, in its discretion, determine the provisions relating to the expiry of an option upon the bankruptcy, death, disability, retirement, termination of employment or trusteeship of an option holder.  |
| <b>Assignment</b>              | Options are not assignable or transferable other than to an RRSP controlled by the grantee established for the sole benefit of the grantee; a personal holding company controlled by the grantee, the sole unitholders of which are the grantee or the spouse, minor children or minor grandchildren of the grantee; or a family trust, a trustee of which is the grantee and the sole beneficiaries of which are the grantee or the spouse, minor children or minor grandchildren of the grantee, in each case, subject to approval of the Compensation Committee and any applicable regulatory approval.   |
| <b>Change of Control</b>       | All issued and outstanding options vest immediately upon a change of control in accordance with the terms of the Stock Option Plan.  |

The full text of the Stock Option Plan was publicly filed on December 30, 2019 and is available on SEDAR under First Capital REIT's issuer profile at [www.sedar.com](http://www.sedar.com).

### *2019 Stock Option Grants*

The following table outlines the stock options granted during fiscal 2019 for each of the Company's NEOs:

| STOCK OPTIONS   |   |                            |                        |
|-----------------|---|----------------------------|------------------------|
| Name            | Number of Securities Underlying Stock Options | Option Exercise Price (\$) | Option Expiration Date |
| Adam E. Paul    | 619,072                                       | 21.14                      | March 6, 2029          |
| Kay Brekken     | 167,150                                       | 21.14                      | March 6, 2029          |
| Jordan Robins   | 174,578                                       | 21.14                      | March 6, 2029          |
| Jodi M. Shpigel | 70,574  | 21.14                      | March 6, 2029          |
| Dori J. Segal   | NIL   | N/A                        | N/A                    |

### *Limits*

Subject to the overall limit on the number of Trust Units issuable under the Stock Option Plan, the maximum number of Trust Units available for issuance under the Stock Option Plan to:

- (i) any one participant is 5% of the then issued and outstanding Trust Units; and
- (ii) insiders of the REIT is 10% of the then issued and outstanding Trust Units.

Under no circumstances may more than 10% of the REIT's total issued and outstanding securities be issued within a one-year period or be issuable at any time to insiders of the REIT under the Stock Option Plan and all of the REIT's other security-based compensation arrangements. In addition, non-employee trustee participation in the Stock Option Plan is limited such that options cannot be granted on a discretionary basis to a non-employee trustee in any year if, when taken together with all other equity grants to that non-employee trustee made under any equity compensation plan (other than equity granted or received in lieu of cash fees) to that trustee, the grants exceed an annual value of \$100,000 per non-employee trustee.

The following table sets out the number of Trust Units previously issued and available for future issuance under the Stock Option Plan.

| As at December 31, 2019   | Number of Trust Units |                     |
|---|-----------------------|---------------------|
|   | Number                | As % of Outstanding |
| Maximum number of Trust Units approved for issuance under the Stock Option Plan                             | 19,740,000            | 8.61%               |
| Number of stock options previously granted under the Stock Option Plan but not yet exercised <sup>(1)</sup> | 5,583,885             | 2.43%               |
| Number of Trust Units that remain available for future grants of stock options under the Stock Option Plan  | 6,138,617             | 2.68%               |

(1) Excludes stock options which have expired or been cancelled.

### *Annual Burn Rate under the Stock Option Plan as of December 31, 2019*

| Year | Number of Stock Options Granted | Burn rate (as % of weighted average number of Trust Units outstanding during the applicable fiscal year) | Weighted average number of Trust Units outstanding during the applicable fiscal year |
|------|---------------------------------|--|--|
| 2019 | 1,201,000                       | 0.52%  | 229,399,779  |
| 2018 | 1,197,013                       | 0.48%  | 249,348,569  |
| 2017 | 869,050                         | 0.36%  | 243,868,547  |

### *Amending, Suspending or Terminating the Stock Option Plan*

The Compensation Committee may amend, suspend or terminate the Stock Option Plan at any time in accordance with applicable laws, regulations, stock exchange rules or accounting/auditing requirements, and subject to any required unitholder or regulatory approval, as long as it obtains the participant's consent to any material adverse change to such participant's outstanding options.

Unitholder approval is required to make the following amendments to the Stock Option Plan:

- increasing the number of Trust Units that can be issued under the Stock Option Plan, including an increase to a fixed number of Trust Units or a change from a fixed maximum number of Trust Units to a fixed percentage;
- extending awards beyond a term of 10 years from the date of grant;
- increasing the period after a blackout period during which an award may be exercised;

- repricing, cancelling or reissuing an option;
- permitting the transfer of an option, except by testate or intestate succession;
- broadening or increasing insider participation in the Stock Option Plan;
- any amendments permitting transfer or assignment of an option other than for normal estate settlement purposes;
- the addition of a deferred or restricted unit which results in optionees receiving Trust Units while no cash consideration is received by the REIT;
- increasing the participation of non-employee trustees in the Stock Option Plan on a discretionary basis;
- changing the provisions for amending, suspending or terminating the Stock Option Plan; and
- any amendment required to be approved by unitholders under applicable law.

## RTU Plan

### RTUs

|                                    |  |
|------------------------------------|--|
| <b>Form of award</b>               | Each RTU represents the right of a participant to receive, on a deferred basis and at the option of the REIT, an award of one Trust Unit issued from treasury or purchased on the open market, or the equivalent cash value, or a combination thereof.   |
| <b>Who participates</b>            | The RTU Plan provides that any employee of First Capital REIT or its affiliates and the Chair of the Board may be an eligible participant. RTUs are typically granted to the REIT's senior management level employees and certain other high performing employees.   |
| <b>Administration</b>              | The Board has delegated to the Compensation Committee responsibility for administering the RTU Plan and approving all RTUs granted thereunder, including the entitlement, vesting, and all other matters relating to the RTU Plan.   |
| <b>Determination of RTU Grants</b> | The number of RTUs granted to a participant in respect of a fiscal year is determined based on a percentage of each participant's total targeted long term incentive plan awards and are subject to discretionary adjustments based on merit and performance criteria similar to those used in establishing annual cash incentive bonuses. When cash distributions are paid on Trust Units, additional RTUs are credited to a participant in respect of the RTUs credited to the participant's account as of the record date for payment of distributions. The number of additional RTUs (including fractional RTUs) to be credited to the participant on a distribution payment date is determined by multiplying the aggregate number of RTUs held on the applicable distribution record date by the amount of distributions paid by the REIT on each Trust Unit, and dividing the result by the market price per Trust Unit on the distribution payment date. |
| <b>Vesting</b>                     | RTUs vest on the third anniversary following the date on which such RTUs were granted or such other date that the Compensation Committee may determine from time to time. A distribution RTU vests on the same day as the RTU in respect of which the distribution was granted and is redeemed by the REIT on such vesting date.   |
| <b>Payout</b>                      | <p>The REIT may elect to settle vested RTUs by delivering Trust Units issued from treasury, cash or Trust Units purchased in the open market. If the REIT elects to settle RTUs with Trust Units purchased in the open market, it will provide funds to an independent custodian to purchase Trust Units in the open market. These open market Trust Units will be held in an employee benefit plan trust and will be delivered to participants in settlement of vested RTUs.</p> <p>If the REIT elects to settle RTUs by delivering cash, the amount of cash will be equal to the weighted average trading price of the Trust Units on the TSX for the five trading days ending on the last trading day preceding the vesting date multiplied by the number of RTUs being settled.</p>  |
| <b>Cessation of Employment</b>     | If the employment of a participant ceases for any reason, the participant will forfeit all rights, title and interest with respect to all RTUs which have not vested on or prior to the participant's termination date, unless otherwise set forth in the participant's RTU grant agreement or employment agreement, or unless otherwise expressly determined by the Compensation Committee in writing.  |
| <b>Assignment</b>                  | RTUs are not assignable or transferable other than by will or the laws of descent and distribution.  |



## PTUs

| <b>Form of award</b>   | Each PTU, granted under the RTU Plan, represents the right of a participant to receive, on a deferred basis and at the option of the REIT, an award of one Trust Unit issued from treasury or purchased on the open market, or the equivalent cash value or a combination thereof.   |  |  |                             |     |                    |      |                             |      |
|--|--|--|--|-----------------------------|-----|--------------------|------|-----------------------------|------|
| <b>Who participates</b>  | PTUs may be awarded to any employee of First Capital REIT or its affiliates and the Chair of the Board. It is the intention of the Compensation Committee that only the REIT's executive leadership team will receive PTU grants. New participants may be eligible to participate at the time of hire or promotion subject to the approval of the Compensation Committee.  |  |  |                             |     |                    |      |                             |      |
| <b>Administration</b>  | The Board has delegated to the Compensation Committee responsibility for administering the RTU Plan (under which the PTUs are granted) and approving all PTUs granted thereunder, including the entitlement, vesting, and all other matters relating to the RTU Plan.  |  |  |                             |     |                    |      |                             |      |
| <b>Determination of PTU Grants</b>   | The number of PTUs granted to a participant will be established at the sole discretion of the Compensation Committee. Grants will generally be considered on an annual basis. A grant of PTUs with specific terms and conditions attached will be evidenced by a grant agreement, signed on behalf of the REIT and acknowledged (signed) by the participant. The terms and conditions of the grant agreement will set out the applicable performance adjustment factor. When cash distributions are paid on Trust Units, additional PTUs are credited to a participant in respect of the PTUs credited to the participant's account as of the record date for payment of distributions. The number of additional PTUs (including fractional PTUs) to be credited to the participant on a distribution payment date is determined by multiplying the aggregate number of PTUs held on the applicable distribution record date by the amount of distributions paid by the REIT on each Trust Unit, and dividing the result by the market price per Trust Unit on the distribution payment date.  |  |  |                             |     |                    |      |                             |      |
| <b>Performance Adjustment Factor</b>   | The performance adjustment factor used to determine PTU vesting is dependent on the REIT's performance relative to the standard(s) determined at the grant date. Performance standards and associated adjustment factors are determined at the sole discretion of the Compensation Committee. The performance adjustment factor is from a minimum of 50% to a maximum of 150%.   |  |  |                             |     |                    |      |                             |      |
| <b>Performance Period</b>  | PTUs are subject to a performance period over which performance is measured to determine the number of PTUs which will vest and may reflect: (i) a three-year period beginning with the start of the REIT's fiscal year in the year of the grant; or (ii) such other time period that the Compensation Committee may determine.  |  |  |                             |     |                    |      |                             |      |
| <b>Performance Measure</b>   | <p>The type, number and weighting of performance measures used for the PTUs will be determined at the sole discretion of the Compensation Committee.</p> <p>The 2017, 2018 and 2019 PTU grants were made on the following basis:</p> <table data-bbox="555 1365 1276 1617"> <tr> <th>Three-year Performance of Trust Units Relative to S&amp;P/TSX Capped REIT Index<sup>(1)</sup></th><th>Performance Adjustment Factor (% of Grant)</th></tr> <tr> <td>At or below 25th percentile</td><td>50%</td></tr> <tr> <td>At 50th percentile</td><td>100%</td></tr> <tr> <td>At or above 75th percentile</td><td>150%</td></tr> </table> <p>(1) The S&amp;P/TSX Capped REIT Index was selected as the performance-related benchmark index because it is a sector-based index of Canadian real estate issuers and generally represents the primary group of issuers against which the Company competes for capital.</p> <p>On the applicable vesting date, a minimum of 50% and a maximum of 150% performance adjustment factor will be applied to the PTUs granted in 2017, 2018 and 2019 (a performance adjustment factor below 50% or above 150% is not applicable).</p> | Three-year Performance of Trust Units Relative to S&P/TSX Capped REIT Index <sup>(1)</sup> | Performance Adjustment Factor (% of Grant) | At or below 25th percentile | 50% | At 50th percentile | 100% | At or above 75th percentile | 150% |
| Three-year Performance of Trust Units Relative to S&P/TSX Capped REIT Index <sup>(1)</sup> | Performance Adjustment Factor (% of Grant)   |  |  |                             |     |                    |      |                             |      |
| At or below 25th percentile  | 50%  |  |  |                             |     |                    |      |                             |      |
| At 50th percentile   | 100%   |  |  |                             |     |                    |      |                             |      |
| At or above 75th percentile  | 150%   |  |  |                             |     |                    |      |                             |      |

|                                |   |
|--------------------------------|---|
|                                | For the performance between the above levels, the performance adjustment factor will be interpolated on a linear basis based on the actual percentile ranking. The Compensation Committee may apply additional adjustments to the adjustment factor in circumstances where the outcome is inconsistent with the intent of the RTU Plan.   |
| <b>Vesting Period</b>          | PTUs vest on the date that is: (i) the third anniversary following the date on which the PTUs were granted; or (ii) such other date that the Compensation Committee may determine from time to time, provided that such other date shall be expressly set forth in an award agreement. The number of PTUs vesting will equal the number of PTUs granted (plus distribution equivalents) multiplied by the performance adjustment factor.  |
| <b>Payout</b>                  | <p>The REIT may elect to settle vested PTUs by delivering Trust Units issued from treasury, cash or Trust Units purchased in the open market. The redemption date may not be later than December 15 of the year that is three years from the year in respect of which the PTUs were granted.</p> <p>If the REIT elects to settle PTUs with Trust Units purchased in the open market, it will provide funds to an independent custodian to purchase Trust Units in the open market. These open market Trust Units will be held in an employee benefit plan trust and will be delivered to participants in settlement of vested PTUs.</p> <p>If the REIT elects to settle PTUs by delivering cash, the amount of cash will be equal to the weighted average trading price of the Trust Units on the TSX for the five trading days ending on the last trading day preceding the vesting date multiplied by the number of PTUs being settled.</p> |
| <b>Cessation of Employment</b> | If the employment of a participant ceases for any other reason or if the Chair of the Board ceases to be a trustee of the REIT, the participant will forfeit all rights, title and interest with respect to all PTUs which have not vested on or prior to the participant's termination date, unless otherwise set forth in the participant's PTU grant agreement or employment agreement, or unless otherwise expressly determined by the Compensation Committee in writing.   |
| <b>Assignment</b>              | PTUs are not assignable or transferable other than by will or the laws of descent and distribution.   |

The full text of the RTU Plan was publicly filed on December 30, 2019 and is available on SEDAR under First Capital REIT's issuer profile at [www.sedar.com](http://www.sedar.com).

### *2019 RTU and PTU Grants*

The following table outlines the RTUs and PTUs granted during fiscal 2019 to each of the Company's NEOs:

| <b>Name</b>     | <b>RTUs Granted</b> | <b>PTUs Granted</b> | <b>Vesting Date</b> |
|-----------------|---------------------|---------------------|---------------------|
| Adam E. Paul    | Nil                 | 79,273              | March 6, 2022       |
| Kay Brekken     | Nil                 | 21,404              | March 6, 2022       |
| Jordan Robins   | Nil                 | 22,355              | March 6, 2022       |
| Jodi M. Shpigel | Nil                 | 9,037               | March 6, 2022       |
| Dori J. Segal   | 23,782              | Nil                 | March 6, 2022       |

(1) The number of RTUs and PTUs does not include dividends accumulated from date of grant until the end of fiscal 2019.

### *Limits*

Subject to the overall limit on the number of Trust Units issuable under the RTU Plan, the maximum number of Trust Units available for issuance under the RTU Plan to:

- (i) any one participant is 5% of the then issued and outstanding Trust Units; and
- (ii) insiders of the REIT is 10% of the then issued and outstanding Trust Units.

Under no circumstances may more than 10% of the REIT's total issued and outstanding securities be issued within a one-year period or be issuable at any time to insiders of the REIT under the RTU Plan and all of the REIT's other security-based compensation arrangements.

The following table sets out the number of Trust Units previously issued and available for future issuance under the RTU Plan.

| As at December 31, 2019   | Number of Trust Units |                     |
|---|-----------------------|---------------------|
|   | Number                | As % of Outstanding |
| Maximum number of Trust Units approved for issuance under the RTU Plan                            | 2,430,554             | 1.06%               |
| Number of RTUs and PTUs previously granted under the RTU Plan but not yet redeemed <sup>(1)</sup> | 662,707               | 0.29%               |
| Number of Trust Units that remain available for future grants of RTUs and PTUs under the RTU Plan | 635,753               | 0.28%               |

(1) Excludes RTUs and PTUs which have been cancelled.

#### *Annual Burn Rate under the RTU Plan as of December 31, 2019*

| Fiscal Year | Number of RTUs and PTUs <sup>(1)</sup> Granted | Burn rate (as % of weighted average number of Trust Units outstanding during the applicable fiscal year) | Weighted average number of Trust Units outstanding during the applicable fiscal year |
|-------------|--|--|--|
| 2019        | 244,172  | 0.11%  | 229,399,779  |
| 2018        | 220,843  | 0.09%  | 249,348,569  |
| 2017        | 191,452  | 0.08%  | 243,868,547  |

(1) 153,790 PTUs were granted in 2019, 139,579 PTUs were granted in 2018 and 111,680 PTUs were granted in 2017. The performance adjustment factor for PTUs is between 50% and 150%.

#### *Amending, Suspending or Terminating the RTU Plan*

The Compensation Committee may amend, suspend or terminate the RTU Plan at any time in accordance with applicable laws, regulations, stock exchange rules or accounting/auditing requirements, and subject to any required unitholder or regulatory approval, as long as it has the participant's consent to any material adverse change to such participant's outstanding RTUs.

Unitholder approval is required to make the following changes to the RTU Plan:

- increasing the number of Trust Units that can be issued under the RTU Plan, including an increase to a fixed number of Trust Units or a change from a fixed maximum number of Trust Units to a fixed percentage;
- expanding the categories of eligible participants;
- extending the term of any rights granted under the plan beyond its original expiry date;
- permitting the transfer of a Trust Unit, except by testate or intestate succession;
- any amendment to remove or exceed the insider participation limit;
- changing the provisions for amending, suspending or terminating the RTU Plan; and
- any amendment required to be approved by unitholders under applicable law.

We do not require unitholder approval to make other amendments to the RTU Plan, including without limitation amendments that:

- are administrative or "housekeeping" in nature;
- are required to comply with the law;

- qualify for favourable tax treatment;
- relate to early termination; and
- are necessary to suspend or terminate the RTU Plan.

### ***Employee Unit Purchase Plan***

The former Employee Share Purchase Plan of the Company was implemented in 2016 in order to attract, retain and motivate persons who were employed by the Company and its affiliates to invest in Common Shares of the Company in a convenient and systematic manner, so as to encourage continued employee interest in the operation, growth and development of the Company, as well as to provide an additional investment savings opportunity to employees. The Company converted into a REIT effective December 30, 2019 and, as a result, a new Employee Unit Purchase Plan for the REIT (the “EUPP”) was approved effective the same date, which replaced the Employee Share Purchase Plan.

|  |   |
|--|---|
| <b>Form of award</b>                         | The REIT contributes one hundred percent of the participant’s contributions, up to a maximum contribution for each participant for each calendar year of \$1,500.   |
| <b>Who participates</b>                      | All regular permanent full-time employees of the REIT or an affiliate having completed at least three months of continuous service are eligible participants, excluding any member of the REIT’s executive leadership team.   |
| <b>Administration</b>                        | The EUPP is administered by the REIT. The REIT may, from time to time, establish, amend or repeal administrative rules and regulations relating to the operation of the EUPP as it may deem necessary. An independent third party has been appointed by the REIT as a trustee to maintain employee accounts and to acquire, hold and sell Trust Units for and on behalf of all participants.  |
| <b>Determination of Trust Unit Purchases</b> | Participants may elect to contribute by way of regular payroll deductions or, no more than four times per calendar year, elect to make lump sum contributions, the total contributions of which may not exceed the greater of \$1,500 and 5% of the participant’s eligible earnings for that calendar year.<br><br>The REIT will contribute an amount equal to 100% of a participant’s contribution, up to a maximum contribution of \$1,500 for each participant for each calendar year. |
| <b>Vesting</b>                               | Trust Units purchased using REIT contributions (“FCR Units”) are subject to a 12-month vesting period.  |
| <b>Payout</b>                                | After expiry of the vesting period applicable to FCR Units, and at any time with respect to other Trust Units, a participant may elect to withdraw or sell all or any portion of his/her Trust Units held in the EUPP.  |
| <b>Cessation of Employment</b>               | In the event a participant ceases to be employed by the REIT or a participating affiliate for any reason, including death, disability, retirement, resignation or termination with or without cause, the participant may elect to withdraw from the plan or sell all whole Trust Units other than the unvested Trust Units. Unvested FCR Units are immediately forfeited on the participant’s termination date and no amount is payable to the participant in respect thereof.            |
| <b>Assignment</b>                            | The interest of any participant in the EUPP is not assignable either by voluntary assignment or by operation of law except upon death or upon mental incompetency.  |
| <b>Change of Control</b>                     | All unvested FCR Units credited to a participant’s account vest at the effective time of a change of control of the REIT in accordance with the terms of the EUPP.  |

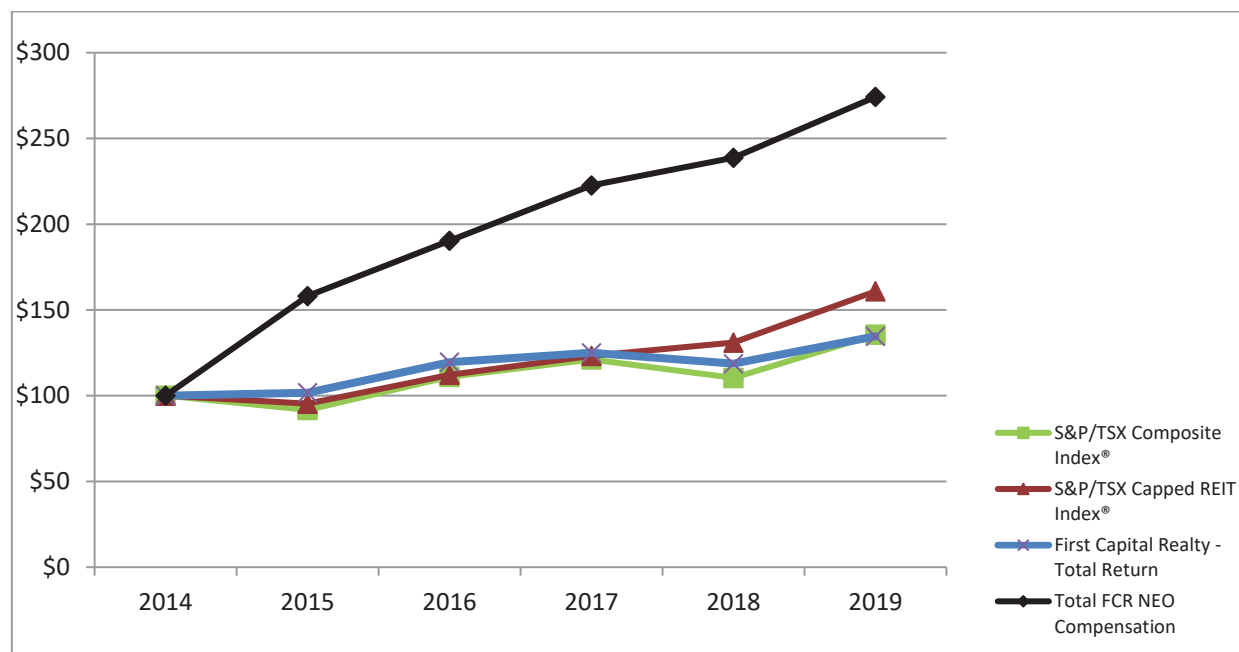
## **4. Benefits**

We provide a comprehensive benefit program to our executives similar to those typically found in Canadian companies of a similar size. Our benefit program provides all employees (including the executive leadership team) with additional medical and dental benefits, life insurance coverage and a fitness expense benefit. The benefit program is fully funded by the REIT with executives responsible for co-

payments under the benefits plan. The REIT also contributes to RRSPs for all executives, including each of the NEOs.

### Performance Graph

The graph below shows a comparison over the same period of the yearly change in the REIT's cumulative total unitholder return on a \$100 investment in Common Shares of the Company on December 31, 2014, assuming reinvestment of dividends with (i) the cumulative total returns of the S&P/TSX Composite Index®, (ii) the S&P/TSX Capped Real Estate Investment Trust Index®, and (iii) the yearly change in total compensation for the REIT's NEOs from time to time assuming compensation of \$100 in the year preceding the comparison period.



| Table Showing Relative Cumulative Total Return Data Used In Performance Graph<br>(As at December 31) |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|
|  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  |
| FCR – Total Return   | \$100 | \$102 | \$120 | \$125 | \$119 | \$135 |
| S&P/TSX Capped REIT Index®   | 100   | 95    | 112   | 123   | 131   | 161   |
| S&P/TSX Composite Index®   | 100   | 92    | 111   | 121   | 110   | 136   |
| Total FCR NEO Compensation   | 100   | 158   | 190   | 223   | 239   | 274   |

Sources: TSX; Bloomberg

Based on the timing and structure of the REIT's compensation plans and review process, executive compensation levels are determined when the actual performance of the REIT in the prior year is known. As a result, REIT performance is reflected (i) in the annual incentive cash bonus amounts in the same year (since these are made in respect of the prior year) and (ii) in the medium and long-term incentive equity grants in the following year (since these are made in respect of the year in which they are granted). This causes executive compensation impacts to partially lag our performance. Moreover, for the purposes of the analysis below, total compensation is valued only on the date of grant or payment, as applicable, and does not reflect the fact that a substantial portion of the NEOs' past compensation has been in the form of stock options, RTUs and PTUs that have a value that is directly tied to the trading price of the Trust Units and fluctuates with unitholder returns. See *Executive Compensation – Compensation Discussion and*

*Analysis* for a discussion of the factors considered in the determination of the REIT's executive compensation levels.

Analysis of the total compensation trend for the REIT's NEOs from time to time (excluding the Chair in each year since he had a fixed fee arrangement during the period) for the five years ended December 31, 2019 demonstrates that the total compensation for these individuals as a group: (i) increased in 2015 at a faster pace than the positive total return of the Common Shares of the Company in 2015, reflecting the Company's overall performance relative to its performance measurement targets for 2014 and primarily due to the lower level of total compensation in 2014 which augmented the relative amount of the total compensation increase in 2015; (ii) increased in 2016 at a pace consistent with the positive total return of the Common Shares of the Company in 2016 primarily due to the Company's performance relative to its performance measurement targets for 2015, and due in part to newly created roles and market adjustments made to NEO compensation levels based on the advice of the independent compensation consultants, WTW, engaged by the former Compensation and Corporate Governance Committee; (iii) increased in 2017 at a faster pace than the positive total return of the Common Shares of the Company in 2017, reflecting the Company's overall performance relative to its performance measurement targets for 2016 and primarily due to the lower level of total compensation in 2016 which augmented the relative amount of the total compensation increase in 2017; (iv) increased in 2018 despite the slightly negative total return of the Common Shares of the Company which was primarily due to a decline of real estate stocks and of the stock market in general in 2018, and also lower level of total compensation in 2017; and (v) increased in 2019 at a faster pace than the positive total return of the Common Shares of the Company and of the Trust Units of the REIT in 2019, reflecting the REIT's overall performance relative to its performance measurement targets for 2019 and primarily due to the lower level of total compensation in 2018 which augmented the relative amount of the total compensation increase in 2018.

Mr. Paul's original compensation package was determined at the time of his hire in 2015 and was initially set below the market median for comparable roles at peer companies given that Mr. Paul was new to this role and to the Company and given the structure of the Company's senior management team. His compensation package was originally set with the understanding that his total compensation opportunity would increase over time to reflect the market median in the Company's compensation comparator group. Mr. Paul's increase in total compensation over the past five years reflects this gradual alignment with the market median as well as his performance with the Company over time.

#### Cost of Management Ratio

The following information is for the REIT's NEOs from time to time (excluding the Chair in each year since he had a fixed fee arrangement during the period) and represents the total compensation as presented in the Summary Compensation Table in each year for the five-year period from January 1, 2015 through December 31, 2019, presented as a percentage of each of FFO and revenues.

|  | 2015  | 2016  | 2017  | 2018  | 2019  |
|--|-------|-------|-------|-------|-------|
| <b>Total NEO compensation (\$millions)<sup>(1)</sup></b> | 4.9   | 5.8   | 6.9   | 7.4   | 8.4   |
| <b>FFO (\$millions)</b>                                  | 221   | 263   | 284   | 303   | 285   |
| <b>As a % of FFO</b>                                     | 2.2%  | 2.2%  | 2.5%  | 2.4%  | 2.9%  |
| <b>Revenues (\$millions)</b>                             | 680   | 684   | 704   | 738   | 756   |
| <b>As a % of revenues</b>                                | 0.72% | 0.85% | 0.99% | 1.00% | 1.11% |

(1) Total NEO compensation excludes transition payments made to any NEOs during the period.

## CEO Compensation Look-Back Table

The following table provides a summary of compensation earned by the CEO of the Company from 2015 to 2019. The current CEO of First Capital REIT, Adam E. Paul, became President and Chief Executive Officer of the Company on February 16, 2015. See also *Executive Compensation – Summary Compensation Table for NEOs* below.

| Name  | 2015<br>(\$) | 2016<br>(\$) | 2017<br>(\$) | 2018<br>(\$) | 2019<br>(\$) |
|---|--------------|--------------|--------------|--------------|--------------|
| Adam E. Paul<br>President and Chief Executive Officer |              |              |              |              |              |
| Salary  | 687,500      | 750,000      | 800,000      | 800,000      | 800,000      |
| Unit Based Awards <sup>(1)</sup>                      | 663,495      | 1,000,000    | 1,066,666    | 1,300,000    | 1,666,666    |
| Option Based Awards <sup>(2)</sup>                    | 293,000      | 500,000      | 533,333      | 650,000      | 833,333      |
| Annual Incentive Plan                                 | 673,750      | 734,250      | 973,000      | 926,000      | 972,000      |
| All Other Compensation                                | 51,800       | 47,300       | 48,100       | 48,800       | 55,600       |
| Total Compensation                                    | 2,369,545    | 3,031,550    | 3,421,099    | 3,724,800    | 4,327,599    |

- (1) The amount represents the dollar value of RTUs and PTUs granted, based on the weighted average closing price of the Trust Units on the TSX for the five trading days ending on the trading day immediately prior to the date of grant (which was \$18.69 for 2015, \$20.45 for 2016, \$20.14 for 2017, \$19.98 for 2018 and \$21.02 for 2019) multiplied by the number of RTUs or PTUs granted. In 2017, 2018 and 2019 all unit-based awards were made in the form of PTUs for Mr. Paul.
- (2) The value of the option-based awards represents the compensation value of options granted on June 8, 2015 in respect of 2015 grant, February 19, 2016 in respect of 2016 grant, March 17, 2017 in respect of 2017 grant, March 2, 2018 in respect of 2018 grant and March 6, 2019 in respect of 2019 grant. The 2015, 2016, 2017, 2018 and 2019 option grant values are based on the closing price of the Trust Units on the TSX on the day immediately preceding the date of grant being \$18.40 for the 2015 grant, \$19.60 for the 2016 grant, \$20.07 for the 2017 grant, \$20.03 for the 2018 grant and \$21.14 for the 2019 grant. The option grant compensation value is determined using the Black-Scholes option pricing model for option valuation and reflects the estimated expected life of the options as well as assumptions for volatility, risk-free interest rate and dividend yield. The weighted average assumptions used to determine the Black-Scholes value of \$1.03 per option for 2015 were as follows: risk-free interest rate of 1.20%, expected unit price volatility of 15%, expected option life of 6 years, and dividend yield of 4.56%. The weighted average assumptions used to determine the Black-Scholes value of \$1.09 per option for 2016 were as follows: risk-free interest rate of 0.78%, expected unit price volatility of 15%, expected option life of 6 years, and dividend yield of 4.35%. The weighted average assumptions used to determine the Black-Scholes value of \$1.29 per option for 2017 were as follows: risk-free interest rate of 1.31%, expected unit price volatility of 15%, expected option life of 6 years, and dividend yield of 4.26%. The weighted average assumptions used to determine the Black-Scholes value of \$1.17 per option for 2018 were as follows: risk-free interest rate of 2.00%, expected unit price volatility of 13.50%, expected option life of 5.5 years, and dividend yield of 4.33%. The weighted average assumptions used to determine the Black-Scholes value of \$1.35 per option for 2019 were as follows: risk-free interest rate of 1.71%, expected unit price volatility of 14.00%, expected option life of 5.8 years, and distribution yield of 4.08%.



### Summary Compensation Table for NEOs

The following table provides a summary of compensation earned by our NEOs in respect of 2019, 2018 and 2017, as determined in accordance with applicable securities laws.

| Name and Principal Position   | Year | Salary (\$) | Unit-Based Awards <sup>(1)</sup> (\$) | Option-Based Awards <sup>(2)</sup> (\$) | Non-Equity Incentive Plan Compensation (\$) |  | All Other Compensation <sup>(4)</sup> (\$) | Total Compensation (\$) |
|---|------|-------------|---------------------------------------|---|---|--|--|-------------------------|
|   |      |             |                                       |   | Annual Incentive Plans                      | Long-Term Incentive Plans <sup>(3)</sup> |  |                         |
| Adam E. Paul<br>President and<br>Chief Executive<br>Officer                                   | 2019 | 800,000     | 1,666,666                             | 833,333                                 | 972,000                                     | N/A                                      | 55,600                                     | 4,327,599               |
|   | 2018 | 800,000     | 1,300,000                             | 650,000                                 | 926,000                                     | N/A                                      | 48,800                                     | 3,724,800               |
|   | 2017 | 800,000     | 1,066,666                             | 533,333                                 | 973,000                                     | N/A                                      | 48,100                                     | 3,421,099               |
| Kay Brekken<br>Executive Vice<br>President and<br>Chief Financial<br>Officer                  | 2019 | 465,000     | 450,000                               | 225,000                                 | 447,795                                     | N/A                                      | 48,700                                     | 1,636,495               |
|   | 2018 | 450,000     | 350,000                               | 175,000                                 | 428,400                                     | N/A                                      | 42,900                                     | 1,446,300               |
|   | 2017 | 440,000     | 300,000                               | 150,000                                 | 430,320                                     | N/A                                      | 42,600                                     | 1,362,920               |
| Jordan Robins <sup>(5)</sup><br>Executive Vice<br>President and<br>Chief Operating<br>Officer | 2019 | 500,000     | 470,000                               | 235,000                                 | 456,000                                     | N/A                                      | 49,100                                     | 1,710,100               |
|   | 2018 | 475,000     | 350,000                               | 175,000                                 | 423,700                                     | N/A                                      | 42,400                                     | 1,466,100               |
|   | 2017 | 475,000     | 333,000                               | 167,000                                 | 336,006                                     | N/A                                      | 42,100                                     | 1,353,106               |
| Jodi M. Shpigel<br>Senior Vice<br>President,<br>Development                                   | 2019 | 310,000     | 190,000                               | 95,000                                  | 147,870                                     | N/A                                      | 49,100                                     | 791,970                 |
|   | 2018 | 310,000     | 190,000                               | 95,000                                  | 135,625                                     | N/A                                      | 42,400                                     | 773,025                 |
|   | 2017 | 290,000     | 150,000                               | 75,000                                  | 208,365                                     | N/A                                      | 42,200                                     | 765,565                 |
| Dori J. Segal <sup>(6) (7)</sup><br>Chair of the Board  | 2019 | 541,667     | 500,000                               | N/A                                     | N/A   | N/A                                      | 25,400                                     | 1,067,067               |
|   | 2018 | 500,000     | 500,000                               | N/A                                     | N/A   | N/A                                      | 13,500                                     | 1,013,500               |
|   | 2017 | 500,000     | 500,000                               | N/A                                     | N/A   | N/A                                      | 5,500                                      | 1,005,500               |

(1) The amount represents the dollar value of RTUs and PTUs granted, based on the weighted average closing price of the Trust Units on the TSX for the five trading days ending on the trading day immediately prior to the date of grant (which was \$20.14 for 2017, \$19.98 in 2018 and \$21.02 for 2019 for all NEOs) multiplied by the number of RTUs or PTUs granted. In 2017, 2018 and 2019, all NEOs received unit-based awards in the form of PTUs, with the exception of Mr. Segal who received RTUs.

(2) The value of the option-based awards represents the compensation value of options granted on March 17, 2017 in respect of 2017 grants, March 2, 2018 in respect of 2018 grants and March 6, 2019 in respect of 2019 grants. The 2017, 2018 and 2019 option grant values are based on the closing price of the Trust Units on the TSX on the day immediately preceding the date of grant being \$20.07 for the 2017 grants, \$20.03 for the 2018 grants and \$21.14 for the 2019 grants. The option grant compensation value is determined using the Black-Scholes option pricing model for option valuation and reflects the estimated expected life of the options as well as assumptions for volatility, risk-free interest rate and dividend yield. The weighted average assumptions used to determine the Black-Scholes value of \$1.29 per option for 2017 were as follows: risk-free interest rate of 1.31%, expected unit price volatility of 15%, expected option life of 6 years, and dividend yield of 4.26%. The weighted average assumptions used to determine the Black-Scholes value of \$1.17 per option for 2018 were as follows: risk-free interest rate of 2.00%, expected unit price volatility of 13.50%, expected option life of 5.5 years, and dividend yield of 4.33%. The weighted average assumptions used to determine the Black-Scholes value of \$1.35 per option for 2019 were as follows: risk-free interest rate of 1.71%, expected unit price volatility of 14.00%, expected option life of 5.8 years, and distribution yield of 4.08%.

(3) The REIT does not provide non-equity long-term incentives to its executives.

(4) These amounts represent REIT contributions to RRSPs on behalf of the NEOs, car allowances, group life insurance and other benefits.

(5) Mr. Robins' annual bonus for 2017 included a one time bonus of \$25,000 in respect of specific achievements relating to leasing (in addition to the eligible bonus achieved).

(6) Mr. Segal did not receive an annual bonus for his services as Chair of the Board of the Company.

- (7) Mr. Segal's amended and restated engagement agreement expired on January 31, 2020. In 2019, he received an advance cash payment for the month of January 2020 in the amount of \$41,667.

## Outstanding Unit-Based Awards and Option-Based Awards

The following table sets forth information concerning options, RTUs and PTUs outstanding under each of the Stock Option Plan and RTU Plan, as applicable, held by the NEOs of the Company as at December 31, 2019.

| Name            | Option-Based Awards  |  |   |   | Unit-Based Awards (RTUs and PTUs)   |  |   |
|-----------------|--|--|---|---|---|--|---|
|                 | Number of Securities Underlying Unexercised Options (#)        | Option Exercise Price (\$)                         | Option Expiration Date  | Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup> | Number of Units or Units of Units That Have Not Vested (#) <sup>(2)</sup> | Market or Payout Value of Unit-Based Awards That Have Not Vested (\$) <sup>(3)</sup> | Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed (\$) |
| Adam E. Paul    | 240,000<br>285,000<br>467,000<br>411,872<br>557,748<br>619,072 | 18.41<br>18.40<br>19.60<br>20.07<br>20.03<br>21.14 | November 3, 2024<br>June 8, 2025<br>February 19, 2026<br>March 17, 2027<br>March 2, 2028<br>March 6, 2029 | 2,293,122   | 210,995   | 4,361,267  | N/A   |
| Kay Brekken     | 50,000<br>74,000<br>112,000<br>115,839<br>150,163<br>167,150   | 19.02<br>18.40<br>19.60<br>20.07<br>20.03<br>21.14 | August 5, 2024<br>June 8, 2025<br>February 19, 2026<br>March 17, 2027<br>March 2, 2028<br>March 6, 2029   | 535,928   | 57,583  | 1,190,241  | N/A   |
| Jordan Robins   | 145,000<br>128,967<br>150,163<br>174,578                       | 20.24<br>20.07<br>20.03<br>21.14                   | April 11, 2026<br>March 17, 2027<br>March 2, 2028<br>March 6, 2029  | 235,835   | 60,401  | 1,248,489  | N/A   |
| Jodi M. Shpigel | 11,000<br>43,500<br>57,920<br>81,517<br>70,574                 | 18.40<br>19.60<br>20.07<br>20.03<br>21.14          | June 8, 2025<br>February 19, 2026<br>March 17, 2027<br>March 2, 2028<br>March 6, 2029                     | 158,438   | 27,883  | 576,342  | N/A   |
| Dori J. Segal   | 130,000<br>65,000  | 18.97<br>17.77                                     | March 1, 2023<br>March 7, 2024  | 409,500   | 79,243  | 1,637,953  | N/A   |

- (1) Value represents the difference between the closing price of the Trust Units on the TSX on December 31, 2019, \$20.67 and the exercise price of the applicable option, multiplied by the number of such options.
- (2) The RTUs and PTUs held by the NEOs will vest according to the following schedule, subject to the terms of the RTU Plan described under *Executive Compensation – Elements of Compensation – Medium and Long-Term Incentives – Equity Compensation Plans – RTU Plan*. In 2017, 2018 and 2019, all NEOs received unit-based awards in the form of PTUs, with the exception of Mr. Segal who received RTUs.

| NEO             | 2020   |         | 2021   |         | 2022   |         |
|-----------------|--------|---------|--------|---------|--------|---------|
|                 | RTUs   | PTUs    | RTUs   | PTUs    | RTUs   | PTUs    |
| Adam E. Paul    | Nil    | 59,420  | Nil    | 69,930  | Nil    | 81,645  |
| Kay Brekken     | Nil    | 16,712  | Nil    | 18,827  | Nil    | 22,044  |
| Jordan Robins   | Nil    | 18,550  | Nil    | 18,827  | Nil    | 23,024  |
| Jodi M. Shpigel | Nil    | 8,355   | Nil    | 10,221  | Nil    | 9,308   |
| Dori J. Segal   | 27,853 | Nil     | 26,896 | Nil     | 24,493 | Nil     |
| Total           | 27,853 | 103,037 | 26,896 | 117,805 | 24,493 | 136,020 |

- (3) Value represents the number of unit-based awards that have not vested multiplied by the closing price of the Trust Units on the TSX on December 31, 2019, \$20.67. In the case of PTUs, the performance adjustment factor of 100% is applied in order to determine the value of the award.

## Incentive Plan Awards - Value Vested, Realized or Earned During 2019

The following table sets forth information concerning the value of option-based awards and unit-based awards of the NEOs that vested or was realized upon exercise or redemption (as applicable) during 2019, as well as the value of non-equity incentive plan compensation earned during 2019.

| Name            | Option-Based Awards – Value Vested During 2019 <sup>(1)</sup><br>(\$) | Option-Based Awards – Value Realized Upon Exercise During 2019 <sup>(2)</sup><br>(\$) | Unit-Based Awards – Value Vested During 2019 <sup>(3)</sup><br>RTUs<br>(\$) | Unit-Based Awards – Value Vested During 2019 <sup>(3)</sup><br>PTUs<br>(\$) | Non-Equity Incentive Plan Compensation – Value Earned During 2019<br>(\$) |
|-----------------|---|---|---|---|---|
| Adam E. Paul    | 715,256   | -   | -   | 1,004,309   | 972,000   |
| Kay Brekken     | 175,500   | -   | -   | 241,031   | 447,795   |
| Jordan Robins   | 61,897  | -   | -   | 334,441   | 456,000   |
| Jodi M. Shpigel | 47,496  | 130,312   | -   | 150,639   | 147,870   |
| Dori J. Segal   | 224,900   | -   | 344,735   | -   | N/A   |

- (1) Value represents the difference between the closing price of the Trust Units on the TSX on the day immediately preceding the date of vesting and the exercise price of the applicable option on the vesting date, multiplied by the number of such options that vested in 2019.
- (2) Value represents the difference between the closing price of the Trust Units on the TSX on the day immediately preceding the date of exercise and the exercise price of the applicable option, multiplied by the number of such options exercised.
- (3) Value represents the number of unit-based awards that vested in 2019 multiplied by the five-day weighted average closing price of the Trust Units on the TSX ending on the trading day immediately prior to the applicable vesting date.

## Termination and Change of Control Benefits

Mr. Paul, the President and Chief Executive Officer of First Capital REIT, has an employment contract with the REIT pursuant to which he is paid an annual base salary, is entitled to receive a bonus under the REIT's annual incentive cash bonus plan and is eligible to participate in the REIT's long-term incentive programs based on his performance and commensurate with awards to other members of the REIT's executive leadership team as determined by the Compensation Committee. His employment contract also provides that if his employment is terminated without cause, or if he resigns for "good reason" (defined below) within 24 months following a change of control, he will be paid an amount equivalent to two years' base salary, bonus, benefits and perquisites and all RTUs, PTUs (performance adjustment factor determined in the sole and absolute discretion of the Compensation Committee for PTUs) and options vest immediately with RTUs and PTUs being redeemed immediately and options being exercisable until the earlier of: (a) 60 days after his date of termination; and (b) the original expiry of the awards. Mr. Paul is subject to one year post-termination non-competition and non-solicitation in respect of employees obligations and a confidentiality obligation. If he breaches any of these obligations, the REIT is entitled to injunctive relief and any further legal relief as may be applicable. Under the terms of Mr. Paul's employment contract, "good reason" means: (a) a reduction of his salary by the REIT; (b) any action by the REIT which would materially adversely affect the participation in or materially reduce the aggregate incentive compensation, pension, life insurance, health, accident, or other benefits under plans which Mr. Paul participates in; (c) any failure by the REIT to make any payments to Mr. Paul when due; (d) any breach by the REIT of any of its material obligations under Mr. Paul's employment contract; (e) the relocation of the principal office at which Mr. Paul's services are performed by more than 50 kilometres; (f) Mr. Paul involuntarily ceases to be CEO and a trustee of the REIT; (g) a material adverse change in Mr. Paul's role, responsibilities or reporting relationship; (h) a change in control and more than 50% of the trustees of the REIT voluntarily resign as a consequence of the change in control; and (i) any other reason which would be considered to constitute constructive dismissal by a court of competent jurisdiction.

Ms. Brekken, the Executive Vice President and Chief Financial Officer of First Capital REIT, has an employment contract with the REIT pursuant to which she is paid an annual base salary, is entitled to receive a bonus under the REIT's annual incentive cash bonus plan and is eligible to participate in the REIT's long-term incentive programs based on her performance and commensurate with awards to other members of the REIT's executive leadership team as determined by the Compensation Committee. Her employment contract also provides that if her employment is terminated without cause, or if she resigns for "good reason" (defined below) within 12 months following a change of control, she will be paid an amount equivalent to two years' base salary, bonus, benefits and perquisites and all RTUs, PTUs (performance adjustment factor determined in the sole and absolute discretion of the Compensation Committee for PTUs) and options vest immediately with RTUs and PTUs being redeemed immediately and options being exercisable until the earlier of: (a) 60 days after her date of termination; and (b) the original expiry of the awards. Ms. Brekken is subject to one year post-termination non-competition and non-solicitation in respect of employees obligations and a confidentiality obligation. If she breaches any of these obligations, the REIT is entitled to injunctive relief and any further legal relief as may be applicable. Under the terms of Ms. Brekken's employment contract, "good reason" means: (a) a reduction of her salary by the REIT; (b) any action by the REIT which would materially adversely affect the participation in or materially reduce the aggregate incentive compensation, pension, life insurance, health, accident, or other benefits under plans which Ms. Brekken participates in; (c) any failure by the REIT to make any payments to Ms. Brekken when due; (d) any breach by the REIT of any of its material obligations under Ms. Brekken's employment contract; (e) the relocation of the principal office at which Ms. Brekken's services are performed by more than 50 kilometres; (f) a material adverse change in Ms. Brekken's role, responsibilities or reporting relationship; and (g) any other reason which would be considered to constitute constructive dismissal by a court of competent jurisdiction.

Mr. Robins, the Executive Vice President and Chief Operating Officer of First Capital REIT, has an employment contract with the REIT pursuant to which he is paid an annual base salary, is entitled to receive a bonus under the REIT's annual incentive cash bonus plan and is eligible to participate in the REIT's long-term incentive programs based on his performance and commensurate with awards to other members of the REIT's executive leadership team as determined by the Compensation Committee. His employment contract also provides that if his employment is terminated without cause, or if he resigns for "good reason" (defined below) within 12 months following a change of control, he will be paid an amount equivalent to one year's base salary, bonus, benefits and perquisites and all RTUs, PTUs (performance adjustment factor determined in the sole and absolute discretion of the Compensation Committee for PTUs) and options vest immediately with RTUs and PTUs being redeemed immediately and options being exercisable until the earlier of: (a) 60 days after his date of termination; and (b) the original expiry of the awards. Mr. Robins is subject to one year post-termination non-competition and non-solicitation in respect of employees obligations and a confidentiality obligation. If he breaches any of these obligations, the REIT is entitled to injunctive relief and any further legal relief as may be applicable. Under the terms of Mr. Robins' employment contract, "good reason" means: (a) a reduction of his salary by the REIT; (b) any action by the REIT which would materially adversely affect the participation in or materially reduce the aggregate incentive compensation, pension, life insurance, health, accident, or other benefits under plans which Mr. Robins participates in; (c) any failure by the REIT to make any payments to Mr. Robins when due; (d) any breach by the REIT of any of its material obligations under Mr. Robins' employment contract; (e) the relocation of the principal office at which Mr. Robins' services are performed by more than 50 kilometres; (f) a material adverse change in Mr. Robins' role, responsibilities or reporting relationship; and (g) any other reason which would be considered to constitute constructive dismissal by a court of competent jurisdiction.

Ms. Shpigel, the Senior Vice President, Development of First Capital REIT, has an employment contract with the REIT pursuant to which she is paid an annual base salary, is entitled to receive a bonus under the

REIT's annual incentive cash bonus plan and is eligible to participate in the REIT's long-term incentive programs based on her performance and commensurate with awards to other members of the REIT's Executive Leadership Team as determined by the Compensation Committee. Her employment contract also provides that if her employment is terminated without cause, or if she resigns for "good reason" (defined below) within 12 months following a change of control, she will be paid an amount equivalent to one year's base salary, bonus, benefits and perquisites and all RTUs, PTUs (performance adjustment factor determined in the sole and absolute discretion of the Compensation Committee for PTUs) and options vest immediately with RTUs and PTUs being redeemed immediately and options being exercisable until the earlier of: (a) 60 days after her date of termination; and (b) the original expiry of the awards. Ms. Shpigel is subject to one year post-termination non-competition and non-solicitation in respect of employees obligations and a confidentiality obligation. If she breaches any of these obligations, the REIT is entitled to injunctive relief and any further legal relief as may be applicable. Under the terms of Ms. Shpigel's employment contract, "good reason" means: (a) a reduction of her salary by the REIT; (b) any action by the REIT which would materially adversely affect the participation in or materially reduce the aggregate incentive compensation, pension, life insurance, health, accident, or other benefits under plans which Ms. Shpigel participates in; (c) any failure by the REIT to make any payments to Ms. Shpigel when due; (d) any breach by the REIT of any of its material obligations under Ms. Shpigel's employment contract; (e) the relocation of the principal office at which Ms. Shpigel's services are performed by more than 50 kilometres; (f) a material adverse change in Ms. Shpigel's role, responsibilities or reporting relationship; and (g) any other reason which would be considered to constitute constructive dismissal by a court of competent jurisdiction.

Mr. Segal entered into an amended and restated engagement agreement with the Company effective February 1, 2017 for a three-year term expiring on January 31, 2020; however, Mr. Segal stepped down as Chair on May 28, 2019 at which time his engagement agreement was terminated in accordance with its terms. Pursuant to this agreement he was entitled to (i) annual cash compensation in the amount of \$500,000; and (ii) RTUs representing \$500,000 (calculated in accordance with the RTU Plan) annually. Upon the termination of the engagement agreement, Mr. Segal received an accelerated cash payment for the remainder of the term (which would have expired January 31, 2020) in accordance with the agreement, including a payment of \$41,667 in respect of January 2020. As Mr. Segal continues to act as a Trustee, his RTUs and options will continue to vest in accordance with their terms and were not accelerated. As of February 1, 2020, he is compensated in accordance with the REIT's Trustee Compensation Policy. Mr. Segal is subject to a one-year post termination non-competition and non-solicitation obligation in respect of employees, customers and suppliers of the REIT, as well as a confidentiality obligation. If he breaches any of these obligations, the REIT is entitled to injunctive relief and any further legal relief as may be applicable.

As of February 2019, the employment contracts for Ms. Brekken and Shpigel were amended to add change of control payments if they resign for "good reason" within 12 months following a change of control, consistent with the payments to which they are entitled to upon termination without cause. The definition of "good reason" is consistent with the way that term is defined in other employment contracts with executive officers. These amendments were made to align the terms of the employment contracts for Ms. Brekken and Shpigel with those of other executive officers.

### **Termination and Change of Control Payments**

The following table presents the termination and change of control payments that would be paid by the Company if a termination or change of control occurred on December 31, 2019. These amounts are determined pursuant to each NEOs employment contract or engagement agreement as applicable. For more information regarding the circumstances, including termination, that trigger payments and provision of benefits, please see *Executive Compensation — Termination and Change of Control Benefits* above.

#### **Adam E. Paul**

| <b>Name</b>  | <b>Termination Without Cause, Resignation for Good Reason<sup>(1)</sup> within 24 months following a Change of Control, or Disability</b>  | <b>Change of Control</b>  | <b>Death or Retirement</b>   |
|--|--|---|--|
| Adam E. Paul,<br>President and<br>Chief Executive<br>Officer | <p>\$8,720,128 comprised of:</p> <ul style="list-style-type: none"> <li>• \$1,600,000 (2 x base salary)</li> <li>• \$1,898,000 (2 x average bonus paid to employee for two most recently completed fiscal years)</li> <li>• \$8,755 (2 x annual cost of benefit plans premiums for employee)</li> <li>• \$89,000 (cost of perquisites for 24 months, including RRSP contributions and car allowance)</li> <li>• \$4,361,267 (dollar value of all accelerated PTUs - all PTUs (and related distribution units) are accelerated and vest immediately prior to the date of termination of employment)</li> <li>• \$763,107 (the in the money amount as at December 31, 2019 of all options which were unvested on December 31, 2019)</li> </ul> | \$763,107 (the in the money amount as at December 31, 2019 of all options which were unvested on December 31, 2019) | <p>In case of death \$4,361,267 (dollar value of accelerated PTUs – all PTUs (and related distribution units) are accelerated and vest immediately prior to the date of death).</p> <p>In case of retirement, PTUs granted continue to vest in accordance with the terms of the RTU Plan as if Mr. Paul continued to be actively employed by First Capital REIT.</p> |

(1) See *Executive Compensation – Termination and Change of Control Benefits* for the definition of “good reason”.

## Kay Brekken

| Name  | Termination Without Cause, Resignation for Good Reason <sup>(1)</sup> within 12 months following a Change of Control, or Disability  | Change of Control   | Death or Retirement   |
|---|--|---|---|
| Kay Brekken, Executive Vice President and Chief Financial Officer | <p>\$3,287,765 comprised of:</p> <ul style="list-style-type: none"> <li>\$930,000 (2 x base salary)</li> <li>\$876,195 (2 x average bonus paid to employee for two most recently completed fiscal years)</li> <li>\$9,219 (cost of benefit plans premiums for 24 months)</li> <li>\$77,000 (cost of perquisites for 24 months, including RRSP contributions and car allowance)</li> <li>\$1,190,241 (dollar value of accelerated PTUs - all PTUs (and related distribution units) are accelerated and vest immediately prior to the date of termination of employment)</li> <li>\$205,111 (the in the money amount as at December 31, 2019 of all options which were unvested on December 31, 2019)</li> </ul> | \$205,111 (the in the money amount as at December 31, 2019 of all options which were unvested on December 31, 2019) | <p>In case of death \$1,190,241 (dollar value of accelerated PTUs – all PTUs (and related distribution units) are accelerated and vest immediately prior to the date of termination of employment).</p> <p>In case of retirement, PTUs granted continue to vest in accordance with the terms of the RTU Plan as if Ms. Brekken continued to be actively employed by First Capital REIT.</p> |

## Jordan Robins

| Name  | Termination Without Cause, Resignation for Good Reason <sup>(1)</sup> within 12 months following a Change of Control, or Disability  | Change of Control   | Death or Retirement  |
|---|--|---|--|
| Jordan Robins, Executive Vice President and Chief Operating Officer | <p>\$2,379,542 comprised of:</p> <ul style="list-style-type: none"> <li>\$500,000 (1 x base salary)</li> <li>\$439,850 (1 x average bonus paid to employee for two most recently completed fiscal years)</li> <li>\$4,452 (cost of benefit plans premiums for 12 months)</li> <li>\$38,500 (cost of perquisites for 12 months, including RRSP contributions and car allowance)</li> <li>\$1,248,489 (dollar value of accelerated PTUs - all PTUs (and related distribution units) are accelerated and vest immediately prior to the date of termination of employment)</li> <li>\$148,251 (the in the money amount as at December 31, 2019 of all options which were unvested on December 31, 2019)</li> </ul> | \$148,251 (the in the money amount as at December 31, 2019 of all options which were unvested on December 31, 2019) | <p>In case of death \$1,248,489 (dollar value of accelerated PTUs – all PTUs (and related distribution units) are accelerated and vest immediately prior to the date of termination of employment).</p> <p>In case of retirement, PTUs granted continue to vest in accordance with the terms of the RTU Plan as if Mr. Robins continued to be actively employed by First Capital REIT.</p> |

(1) See *Executive Compensation – Termination and Change of Control Benefits* for the definition of “good reason”.



**Jodi M. Shpigel**

| Name   | Termination Without Cause, Resignation for Good Reason <sup>(1)</sup> within 12 months following a Change of Control, or Disability  | Change of Control   | Death or Retirement  |
|--|--|---|--|
| Jodi M. Shpigel,<br>Senior Vice<br>President,<br>Development | \$1,149,915 comprised of: <ul style="list-style-type: none"> <li>• \$310,000 (1 x base salary)</li> <li>• \$141,748 (1 x bonus paid to employee for the most recently completed fiscal year)</li> <li>• \$4,308 (cost of benefit plans premiums for 12 months)</li> <li>• \$576,342 (dollar value of accelerated PTUs - all PTUs (and related distribution units) are accelerated and vest immediately prior to the date of termination of employment)</li> <li>• \$117,518 (the in the money amount as at December 31, 2019 of all options which were unvested on December 31, 2019)</li> </ul> | \$117,518 (the in the money amount as at December 31, 2019 of all options which were unvested on December 31, 2019) | In case of death \$576,342 (dollar value of accelerated PTUs - all PTUs (and related distribution units) are accelerated and vest immediately prior to the date of termination of employment).<br><br>In case of retirement, PTUs granted continue to vest in accordance with the terms of the RTU Plan as if Ms. Shpigel continued to be actively employed by First Capital REIT. |

(1) See *Executive Compensation – Termination and Change of Control Benefits* for the definition of “good reason”.

**Dori J. Segal**

Mr. Segal’s engagement agreement was terminated in May 2019 in accordance with its terms as described above.

## TRUSTEE COMPENSATION AND MEETING INFORMATION

### Compensation Discussion and Analysis

#### Trustee Compensation

First Capital REIT's trustee compensation philosophy integrates the following objectives:

1. to align the interests of the trustees with the interests of the REIT's unitholders;
2. to attract, retain and motivate trustees who will contribute to the success of the REIT;
3. to provide fair and competitive compensation that takes into account the time commitment, risks and responsibilities of trustees; and
4. to provide the types of compensation and the amounts paid to trustees of comparable publicly-traded Canadian entities.

We review our trustee compensation program regularly to ensure we stay competitive and can attract quality trustees to our Board. For the purposes of the trustee compensation program described in the Circular, the last change took place in 2016, when the Company's former director compensation, comprising an annual base retainer plus meeting fees, was replaced with a fixed annual retainer. There are additional retainer amounts for the Lead Trustee, chairs of Board committees and members of the Audit Committee, in each case recognizing and proportionate to the additional responsibilities associated with such roles. The change to a fixed annual retainer was made since this structure of director compensation is viewed as a good practice.

The Compensation Committee annually reviews the adequacy and form of trustees' compensation. In 2019, trustee compensation was comprised of the following components:

- An annual retainer for outside trustees (consisting of a fixed amount of cash and DTUs); and
- Additional annual retainer amounts for the Lead Director (up to June 4, 2019 when Mr. McDonell ceased being the Lead Director of the Company and was appointed as Chair of the Board as a result of Mr. Segal stepping down as Chair of the Board), committee chairs (other than the Investment Committee Chair) and Audit Committee members (other than the Audit Committee Chair who receives an annual retainer in this capacity).

The Compensation Committee considers the compensation of trustees of a group of companies when reviewing the adequacy and form of our trustees' compensation. The companies in the comparator group for trustee compensation are set out in the table below. This is the same as the executive compensation comparator group.

| 2019 Trustee Compensation Peer Comparator Group   |   |
|---|---|
| Choice Properties Real Estate Investment Trust<br>SmartCentres Real Estate Investment Trust<br>Canadian Apartment Properties Real Estate Investment Trust | Allied Properties Real Estate Investment Trust<br>H&R Real Estate Investment Trust<br>RioCan Real Estate Investment Trust |

#### HIGHLIGHTS OF TRUSTEE COMPENSATION

- 69% of fees were paid in DTUs.
- Options have not formed part of director/trustee compensation since 2005.
- All trustees in 2019 met or exceeded equity ownership requirements, as applicable.
- The REIT has a compensation claw-back policy for senior management and trustees.
- Fixed annual retainer structure for trustee compensation.

The comparator group did not change in 2019 as compared to the prior year. The peer comparator group was initially recommended by WTW in 2016. The Compensation Committee also reviews the comparator group periodically. In determining the compensation comparator group, companies that are in the same industry and that are comparable based on annual revenues, total assets, market capitalization, enterprise value, funds from operations, characteristics of assets, geography of operations and corporate ownership structure are considered.

The comparator group and other market analysis were used to ensure that trustee compensation was substantially in line with the comparator group. The following table lists the fees our outside trustees (i.e., all trustees other than Messrs. Paul and Segal) were entitled to receive in 2019. For a summary of the compensation earned by Messrs. Segal and Paul for the year ended December 31, 2019, see *Executive Compensation – Summary Compensation Table for NEOs*.

| TRUSTEE FEES   | FEE AMOUNT                                    |
|--|---|
| Annual Retainer – Board Chair                                    | \$275,000                                     |
| Annual Retainer – Lead Trustee                                   | \$20,000                                      |
| Annual Retainer – Outside Trustees                               | \$65,000 in DTUs and \$50,000 in cash or DTUs |
| Annual Retainer – Audit Committee Chair                          | \$20,000                                      |
| Annual Retainer – Audit Committee Members (other than the Chair) | \$5,000                                       |
| Annual Retainer – Compensation Committee Chair                   | \$10,000                                      |
| Annual Retainer – Corporate Governance Committee Chair           | \$10,000                                      |

#### *Trustee Compensation Table*

The table below shows fees earned by each outside trustee of the REIT and former directors of the Company (i.e., all trustees and former directors other than Messrs. Paul and Segal) in 2019, based on the fee schedule. Of total compensation payable to outside trustees in 2019, 69% was paid in the form of DTUs.

For a summary of the compensation earned by Messrs. Paul and Segal for the year ended December 31, 2019, see *Executive Compensation – Summary Compensation Table for NEOs*.

| OUTSIDE DIRECTOR                     | ANNUAL CASH<br>RETAINER(\$) | QUARTERLY<br>DTU<br>RETAINER(\$) | COMMITTEE<br>CHAIR FEES(\$) | COMMITTEE<br>MEMBER<br>FEES(\$) | TOTAL<br>COMPENSATION(\$) | PERCENTAGE OF TOTAL<br>COMPENSATION |                     |
|--------------------------------------|-----------------------------|----------------------------------|-----------------------------|---------------------------------|---------------------------|-------------------------------------|---------------------|
|                                      |                             |                                  |                             |                                 |                           | CASH                                | DTUs <sup>(1)</sup> |
| Jon N. Hagan <sup>(2)</sup>          | 53,521                      | 69,161                           | -                           | 5,000                           | 127,682                   | 46%                                 | 54%                 |
| Chaim Katzman <sup>(3)</sup>         | 14,698                      | 19,107                           | -                           | -                               | 33,805                    | 43%                                 | 57%                 |
| Leonard Abramsky <sup>(4)</sup>      | 28,709                      | 37,321                           | -                           | -                               | 66,030                    | 43%                                 | 57%                 |
| Paul Douglas <sup>(4)</sup>          | 28,709                      | 37,321                           | -                           | 2,871                           | 68,901                    | 46%                                 | 54%                 |
| Annalisa King <sup>(5)</sup>         | 50,000                      | 72,682                           | 5,742                       | 5,000                           | 133,424                   | 0%                                  | 100%                |
| Al Mawani <sup>(2)</sup>             | 50,746                      | 71,936                           | 20,000                      | -                               | 142,682                   | 3%                                  | 97%                 |
| Bernard McDonnell <sup>(2) (6)</sup> | 120,254                     | 107,616                          | 12,198                      | -                               | 240,068                   | 55%                                 | 45%                 |
| Jeffrey Mooallem <sup>(3)</sup>      | 14,698                      | 19,107                           | -                           | -                               | 33,805                    | 13%                                 | 87%                 |
| Andrea Stephen <sup>(7)</sup>        | 53,201                      | 69,481                           | 5,742                       | 2,129                           | 130,553                   | 27%                                 | 73%                 |
| <b>Total</b>                         | <b>414,536</b>              | <b>503,732</b>                   | <b>43,682</b>               | <b>15,000</b>                   | <b>976,950</b>            | <b>31%</b>                          | <b>69%</b>          |

- (1) In 2019, trustees were entitled to elect to receive any portion (up to all) of their fees in the form of DTUs. The minimum amount of fees that was to be paid in the form of DTUs was \$65,000 per year.
- (2) Annual cash retainer and quarterly DTU retainer includes additional compensation for serving on the Special Committee of the Board. The compensation for the members of the Special Committee was \$7,000 per month for the Chair and \$3,000 per month for the members with the same allocation between cash and DTUs as with the other fees. Mr. McDonell was the Chair of the Special Committee, Messrs. Hagan, Mawani and Mses. King and Stephen were members. The Special Committee was dissolved on April 16, 2019. Additional compensation for serving on this committee was prorated.
- (3) Messrs. Katzman and Mooallem resigned from the Board on April 16, 2019. Their compensation earned in 2019 was prorated.
- (4) Messrs. Abramsky and Douglas were elected as directors of the Company at the 2019 Meeting. Their compensation earned in 2019 was prorated.
- (5) Ms. King became the Chair of the Corporate Governance Committee on June 4, 2019. Her compensation earned in 2019 for serving as Chair of the Corporate Governance Committee was prorated.
- (6) Mr. McDonell was the Lead Director until June 4, 2019 on which date he was appointed as Chair of the Board. His compensation earned in 2019 was prorated up to June 4, 2019 as Lead Director and from June 4, 2019 to December 31, 2019 as Chair of the Board.
- (7) Ms. Stephen became the Chair of the Compensation Committee on June 4, 2019 on which date she ceased being a member of the Audit Committee. Her compensation earned in 2019 was prorated up to June 4, 2019 as member of the Audit Committee and from June 4, 2019 to December 31, 2019 as Chair of the Compensation Committee.

### *Board Meetings Held and Attendance*

The table below provides a summary of the attendance of trustees at Board and committee meetings held during the year ended December 31, 2019. Attendance is a critical element for trustees to perform their duties and responsibilities. Trustees are expected to attend all meetings of the Board and its committees on which they sit, unless circumstances make it impossible to do so.

| SUMMARY OF ATTENDANCE AT BOARD AND COMMITTEE MEETINGS |                |      |                          |      |  |      |  |      |                               |      |            |      |
|---|----------------|------|--------------------------|------|--|------|--|------|-------------------------------|------|------------|------|
| TRUSTEE   | BOARD MEETINGS |      | AUDIT COMMITTEE MEETINGS |      | COMPENSATION COMMITTEE MEETINGS <sup>(1)</sup> |      | CORPORATE GOVERNANCE COMMITTEE MEETINGS <sup>(1)</sup> |      | INVESTMENT COMMITTEE MEETINGS |      | OVERALL    |      |
| Bernard McDonell <sup>(1) (9)</sup>                   | 21/21          | 100% | N/A                      | N/A  | 4/4  | 100% | N/A  | N/A  | 1/1                           | 100% | 26/26      | 100% |
| Adam E. Paul  | 21/21          | 100% | N/A                      | N/A  | N/A  | N/A  | N/A  | N/A  | 1/1                           | 100% | 22/22      | 100% |
| Leonard Abramsky <sup>(2)</sup>                       | 7/7            | 100% | N/A                      | N/A  | 1/1  | 100% | N/A  | N/A  | 1/1                           | 100% | 9/9        | 100% |
| Paul Douglas <sup>(3)</sup>                           | 7/7            | 100% | 2/2                      | 100% | N/A  | N/A  | 3/3  | 100% | N/A                           | N/A  | 12/12      | 100% |
| Jon N. Hagan <sup>(4) (9)</sup>                       | 21/21          | 100% | 5/5                      | 100% | N/A  | N/A  | 3/3  | 100% | 1/1                           | 100% | 30/30      | 100% |
| Chaim Katzman <sup>(5)</sup>                          | 3/3            | 100% | N/A                      | N/A  | N/A  | N/A  | N/A  | N/A  | N/A                           | N/A  | 3/3        | 100% |
| Annalisa King <sup>(1) (9)</sup>                      | 21/21          | 100% | 5/5                      | 100% | N/A  | N/A  | 6/6  | 100% | N/A                           | N/A  | 32/32      | 100% |
| Al Mawani <sup>(6) (9)</sup>                          | 21/21          | 100% | 4/5                      | 80%  | 1/1  | 100% | N/A  | N/A  | N/A                           | N/A  | 26/27      | 96%  |
| Jeffrey Mooallem <sup>(5)</sup>                       | 3/3            | 100% | N/A                      | N/A  | N/A  | N/A  | N/A  | N/A  | N/A                           | N/A  | 3/3        | 100% |
| Dori J. Segal <sup>(7)</sup>                          | 15/15          | 100% | N/A                      | N/A  | N/A  | N/A  | N/A  | N/A  | 1/1                           | 100% | 16/16      | 100% |
| Andrea Stephen <sup>(1) (8) (9)</sup>                 | 21/21          | 100% | 3/3                      | 100% | 4/4  | 100% | 3/3  | 100% | 1/1                           | 100% | 32/32      | 100% |
| <b>OVERALL ATTENDANCE RECORD</b>                      | <b>100%</b>    |      | <b>96%</b>               |      | <b>100%</b>                                    |      | <b>100%</b>  |      | <b>100%</b>                   |      | <b>99%</b> |      |

- (1) The former Compensation and Corporate Governance Committee split into two committees, the Compensation Committee and the Corporate Governance Committee effective June 4, 2019. Attendance includes meetings of the former Compensation and Corporate Governance Committee. Mr. McDonell was the Chair of the former Compensation and Corporate Governance Committee and Mses. King and Stephen were members of this committee. Effective June 4, 2019, Mr. McDonell became Chair of the Board, Ms. King became Chair of the Corporate Governance Committee and Ms. Stephen became Chair of the Compensation Committee.
- (2) Mr. Abramsky was elected as director of the Company at the 2019 Meeting. He joined the Compensation Committee and Investment Committee upon his election. Mr. Abramsky attended all Board and committee meetings held after his election.
- (3) Mr. Douglas was elected as director of the Company at the 2019 Meeting. He joined the Audit Committee and the Corporate Governance Committee upon his election. Mr. Douglas attended all Board and committee meetings held after his election.
- (4) After his re-election at the 2019 Meeting, Mr. Hagan became a member of the Corporate Governance Committee and ceased to be a member of the Investment Committee. In 2019, he attended all meetings of the Investment Committee while a member and all meetings of the Corporate Governance Committee after joining this committee.

- (5) Messrs. Katzman and Mooallem resigned from the Board on April 16, 2019. Because of their affiliation with Gazit-Globe, they recused themselves from seven meetings of the Board held in 2019 with respect to the transaction related to the share repurchase from Gazit. They attended all other applicable Board meetings.
- (6) After his re-election at the 2019 Meeting, Mr. Mawani became a member of the Compensation Committee. In 2019, he attended all meetings of this committee.
- (7) Because of his affiliation with Gazit-Globe, Mr. Segal recused himself from six meetings of the Board held in 2019 with respect to the transaction related to the share repurchase from Gazit and did not participate in any negotiations or discussions with respect to this transaction. Mr. Segal attended all other applicable Board meetings.
- (8) Ms. Stephen was a member of the former Compensation and Corporate Governance Committee which was split into two committees, the Compensation Committee and the Corporate Governance Committee. After her re-election at the 2019 Meeting, Ms. Stephen became the Chair of the Compensation Committee and ceased being a member of the Audit Committee. In 2019, she attended all meetings of the Compensation and Corporate Governance Committee and of the Audit Committee while a member and all meetings of the Compensation Committee after becoming the Chair of this committee.
- (9) In addition, Mr. McDonell was the Chair of the Special Committee, Messrs. Hagan and Mawani and Mses. King and Stephen were members of the Special Committee. Messrs. McDonell and Mawani and Ms. Stephen attended seven of seven meetings of the Special Committee held in 2019. Mr. Hagan and Ms. King attended six of seven meetings of the Special Committee held in 2019.

### ***Trustees' Deferred Trust Unit Plan***

Pursuant to the Arrangement, the former deferred share unit plan ("DSU Plan") was replaced by the Deferred Trust Unit Plan ("DTU Plan"), effective December 30, 2019, to provide for the issuance of Trust Units (among other housekeeping changes) and in connection therewith, each outstanding deferred share unit ("DSU") was exchanged for one deferred trust unit ("DTU") and each DSU was cancelled. The material terms and conditions of the replacement DTUs are substantially the same as the DSUs for which they were exchanged, except that DTUs must always be settled in Trust Units issued from treasury, and such DTUs will be governed by the terms of the DTU Plan. References herein to DTUs granted prior to December 30, 2019 refer to DSUs.

The Board has delegated to the Compensation Committee responsibility for administering the DTU Plan. The DTU Plan was implemented in order to align the long-term interests of the trustees with the long-term interests of the REIT's unitholders.

|  |   |
|--|---|
| <b>Form of award</b>                   | <p>A portion of all non-employee trustees' annual retainer is paid in the form of DTUs, and they may elect to receive up to 100% of their other trustees' compensation in the form of DTUs. Each DTU represents the right of the eligible trustee to receive, on a deferred basis, an award of one Trust Unit issued from treasury.</p> <p>DTUs are granted on the business day immediately following the last day of each fiscal quarter. The number of DTUs granted to each non-employee trustee who elects to receive DTUs is determined by dividing the amount of the trustee's quarterly remuneration to be provided in DTUs by the weighted average trading price of the Trust Units on the TSX for the five trading days ending on the trading day immediately preceding the date of grant of the DTUs. When a distribution is paid on the Trust Units, each non-employee trustee is allocated additional DTUs equal in value to the distribution paid on an equivalent number of Trust Units. DTUs are fully vested on the date of grant.</p> |
| <b>Who participates</b>                | All non-employee trustees.  |
| <b>Cessation as an Outside Trustee</b> | If a non-employee trustee ceases, for any reason except as a result of death, to be a trustee of the REIT or any subsidiary of the REIT, the DTUs held by such non-employee trustee will be credited upon the earlier of (i) the REIT's receipt of notice by the trustee of an intention to redeem such DTUs and (ii) December 15 of the first calendar year commencing after the date that the non-employee trustee retires from or otherwise ceases to hold such positions. Such credited DTUs shall be redeemed within seven days of the date the DTUs are credited. In the event of death of a non-employee trustee, the REIT will redeem all DTUs held by the non-employee trustee within 90 days of the death.  |
| <b>Payout</b>                          | Each DTU will be redeemed for one Trust Unit. Non-employee trustees pay a nil purchase price for Trust Units acquired on the redemption of DTUs. When a non-employee trustee ceases to be a member of the Board, DTUs can be redeemed.  |
| <b>Assignment</b>                      | DTUs are not assignable or transferable other than by will or the laws of descent and distribution.   |

The full text of the DTU Plan was publicly filed on December 30, 2019 and is available on SEDAR under First Capital REIT's issuer profile at [www.sedar.com](http://www.sedar.com).

### *Limits*

Subject to the overall limit on the number of Trust Units issuable under the DTU Plan, the maximum number of Trust Units available for issuance under the DTU Plan to:

- (i) any one participant is 5% of the then issued and outstanding Trust Units; and
- (ii) insiders of the REIT is 10% of the then issued and outstanding Trust Units.

Under no circumstances may more than 10% of the REIT's total issued and outstanding securities be issued within a one-year period or be issuable at any time to insiders of the REIT under the DTU Plan and all of the REIT's other security-based compensation arrangements.

The following table sets out the number of Trust Units previously issued and available for future issuance under the DTU Plan.

| As at December 31, 2019  | Number of Trust Units |                     |
|--|-----------------------|---------------------|
|  | Number                | As % of Outstanding |
| Maximum number of Trust Units approved for issuance under the DTU Plan                   | 815,000               | 0.36%               |
| Number of DTUs previously granted under the DTU Plan but not yet redeemed                | 289,454               | 0.13%               |
| Number of Trust Units that remain available for future grants of DTUs under the DTU Plan | 149,795               | 0.07%               |

### *Annual Burn Rate under the DTU Plan as of December 31, 2019*

| Year | Number of DTUs Granted | Burn rate (as % of weighted average number of Trust Units outstanding during the applicable fiscal year) | Weighted average number of Trust Units outstanding during the applicable fiscal year |
|------|------------------------|--|--|
| 2019 | 31,009                 | 0.01%  | 229,399,779  |
| 2018 | 27,645                 | 0.01%  | 249,348,569  |
| 2017 | 27,447                 | 0.01%  | 243,868,547  |

### *Amending, Suspending or Terminating the DTU Plan*

The Compensation Committee may amend, suspend or terminate the DTU Plan at any time in accordance with applicable laws, regulations, stock exchange rules or accounting/auditing requirements, and subject to any required unitholder or regulatory approval, as long as it has the participant's consent to any material adverse change to such participant's outstanding DTUs.

Unitholder approval is required to make the following amendments to the DTU Plan:

- increasing the number of Trust Units that can be issued under the DTU Plan, including an increase to a fixed number of Trust Units or a change from a fixed maximum number of Trust Units to a fixed maximum percentage;
- expanding the categories of eligible participants;
- extending the term of any rights granted under the plan beyond its original expiry date;
- permitting the transfer of a DTU, except by testate or intestate succession;
- any amendment to remove or exceed the insider participation limit;
- changing the provisions for amending, suspending or terminating the DTU Plan; and

- amendments required to be approved by unitholders under applicable law.

Unitholder approval is not required to make other amendments to the DTU Plan, including amendments that:

- are administrative or “housekeeping” in nature;
- are required to comply with the law;
- qualify for favourable tax treatment; and
- are necessary to suspend or terminate the DTU Plan.

#### Incentive Plan Awards - DTUs

The below table sets forth the following information concerning DTUs held by the non-employee trustees.

- *Unit-based awards – Value Vested during the Year* is the amount that non-employee trustees received in DTUs in 2019, valued as of the grant dates. It includes all of the DTUs that vested as of the grant date and DTUs granted as dividend equivalents in 2019.
- *Unit-based awards – Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed* are all of the trustees’ DTUs outstanding as at December 31, 2019. DTUs are not paid out until the trustee ceases to be a member of the Board. The DTUs were valued at \$20.67, the closing price of the Trust Units on the TSX on December 31, 2019.

| Name             | Unit-Based Awards (DTUs)                            |   |
|------------------|---|---|
|                  | Value Vested during the Year <sup>(1)</sup><br>(\$) | Market or Payout Value of Vested Unit-Based<br>Awards Not Paid Out or Distributed<br>(DTUs Outstanding)<br>(\$) |
| Jon N. Hagan     | 139,951   | 2,122,974   |
| Leonard Abramsky | 37,492  | 35,842  |
| Paul Douglas     | 39,766  | 38,095  |
| Annalisa King    | 143,276   | 364,722   |
| Al Mawani        | 141,233   | 179,312   |
| Bernard McDonell | 184,484   | 2,330,729   |
| Andrea Stephen   | 124,455   | 911,340   |

- (1) DTUs vest immediately upon grant and they are redeemable only upon retirement or other cessation from the Board. Includes all of the DTUs that vested as of the grant date and DTUs granted as dividend equivalents in 2019, in each case valued as of the grant dates.



## EQUITY COMPENSATION PLAN INFORMATION

The table below provides information as at December 31, 2019 regarding Trust Units that may be issued under the REIT's equity compensation plans.

|   | Number of securities to be issued upon exercise of outstanding options / redemption of outstanding units | Weighted-average exercise price of outstanding options/ units | Number of securities remaining available for future issuance under equity compensation plans (excluding securities which may be issued in connection with outstanding options / units) |
|---|--|---|--|
| <b>Equity compensation plans approved by security holders</b>     |  |   |  |
| Stock Option Plan   | 5,583,885  | \$19.70   | 6,138,617  |
| DTU Plan  | 289,454  | N/A   | 149,795  |
| RTU Plan (including PTUs)   | 662,707  | N/A   | 635,753.   |
| <b>Equity compensation plans not approved by security holders</b> | --   | --  | --   |
| Total   | 6,536,046  | \$19.70   | 6,924,164  |

## OUR CORPORATE GOVERNANCE PRACTICES

We believe that sound and effective corporate governance is essential to our performance. We have adopted a governance framework that reflects our values, ensures that effective corporate governance practices are followed and that the Board functions independently of management. The Corporate Governance Committee and the Board periodically review the various components of our overall approach to corporate governance, including corporate governance practices and procedures, to ensure that they adequately address the guidelines set forth in National Policy 58-201 – *Corporate Governance Guidelines* and other significant corporate governance matters. The following is a description of our corporate governance practices taking into account the requirements of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

### About the Board

#### *Independence of the Board*

The Board's composition and procedures are designed to permit it to function independently from management and to promote and protect the interests of all unitholders. The Board believes that, except during periods of temporary vacancies, a majority of its members should be "independent" as defined in section 1.4 of National Instrument 52-110 – *Audit Committees*, as the same may be amended from time to time ("NI 52-110").

The Board reviews the independence of all trustees on an annual basis. To facilitate this review, trustees are asked to provide the Board with full information regarding their business and other relationships with the REIT and our affiliates and with executives and their affiliates. Trustees have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence. Length of tenure is also considered when determining independence.

The Board has reviewed the independence of each trustee and determined that the majority of the Board nominees (eight out of nine) are independent. Mr. Paul, the President and Chief Executive Officer of the REIT is not considered independent. The independent trustees are Mses. King and Stephen and Messrs. Abramsky, Douglas, Hagan, Mawani, Segal and McDonell.

#### *Mandate of the Board of Trustees*

The Board has adopted a formal written mandate (the "Board Mandate") which reflects the REIT's commitment to high standards of corporate governance, to assist the Board in supervising the management of our business and affairs as required under applicable law and stock exchange rules and requirements. A copy of the Board Mandate is attached as Schedule C to this Circular and is also available on our website at [www.fcr.ca](http://www.fcr.ca). The Corporate Governance Committee reviews the Board Mandate

#### HIGHLIGHTS OF CORPORATE GOVERNANCE

- Entirely independent Audit, Compensation and Corporate Governance committees.
- Significant equity ownership requirements.
- Equity ownership requirements continue to apply to the President and Chief Executive Officer for a period of one year following him ceasing to hold the office of President and Chief Executive Officer, subject to certain exceptions.
- Compensation claw-back policy for executives and trustees.
- Anti-hedging policy.
- Succession planning for the President and Chief Executive Officer and other executives undertaken by the Board and the Corporate Governance Committee annually.
- All committees have a written charter.
- Board Diversity Policy.
- Board Conflicts of Interest Policy.
- Position descriptions for each of the Chair, Lead Director, Chief Executive Officer and Chief Financial Officer.

annually, or more often if warranted, and recommends to the Board such changes as it deems necessary and appropriate in light of the REIT's needs and legal and regulatory developments.

The Board supervises the conduct of the affairs of the REIT directly and through its committees. In so doing, the Board endeavours to act always in the best interest of the REIT. In addition, the Board recognizes the importance of enhancing value for all unitholders. In carrying out its responsibilities, the Board appoints executives of the REIT and meets with them on a regular basis to receive and consider reports on our business. The Board holds regularly scheduled meetings, with additional meetings being held as required to consider particular issues or conduct specific reviews between regularly scheduled meetings whenever appropriate. During 2019, the Board held a total of 21 meetings.

In discharging its duties and responsibilities, the Board's functions, either directly or through its committees, include: (a) overseeing our strategic planning process and overall business strategies and their implementation; (b) assessing and overseeing the management of the principal risks arising from or incidental to our operations, including financial, operational, regulatory and environmental risks; (c) electing or appointing our executives as deemed appropriate; (d) overseeing our executive compensation plans and policies and succession planning and reviewing the performance of the executive leadership team in line with corporate policies and applicable annual and long-term business strategies and our other objectives; (e) overseeing corporate culture, employee engagement; diversity and inclusion and health and safety; (f) overseeing unitholder, investor and public communication policies and their implementation, including timely disclosure of material information; and (f) monitoring and assessing the scope, implementation and integrity of our audit, internal accounting control and management information systems.

Along with those matters which must by law be approved by the Board, key strategic decisions are also submitted by management to the Board for approval. In addition to approving specific corporate actions, the Board reviews and approves the reports issued to unitholders, including annual and interim financial statements, as well as materials prepared for unitholders' meetings. The Board also approves our overall business strategies and annual business plans for achieving the REIT's objectives.

The quorum for the transaction of business at any meeting of the Board consists of a majority of the trustees of the Board (provided a majority of the trustees comprising such quorum are residents of Canada). At all meetings of the Board, every question is decided by a majority of the votes cast on the question and in case of an equality of votes, the chair of the meeting is not entitled to a second or casting vote.

### ***Position Descriptions***

The Board has adopted position descriptions for the Chair, the Committee Chairs (Audit Committee, Compensation Committee, Corporate Governance Committee and Investment Committee), the President and Chief Executive Officer and the Chief Financial Officer, which set out the duties and responsibilities of these trustees and officers. These position descriptions are reviewed by the Corporate Governance Committee from time to time.

### ***Board Succession and Renewal***

The Corporate Governance Committee is responsible for reviewing and implementing succession planning for the Board.

### ***Board Composition***

The Corporate Governance Committee is currently composed entirely of independent trustees. The Committee is responsible for reviewing and assessing the composition of the Board and will make recommendations to the Board on the appointment of new trustees. The Committee will identify, evaluate and recommend trustee nominees with the assistance of management, other trustees and

outside advisors, as appropriate. The Committee supports the appointment of independent trustees and trustees drawn from the executive leadership team. This combination leads to a healthy exchange in Board deliberations, resulting in objective, well-balanced and informed discussion and decision-making.

The names of our proposed trustees, together with their municipality and country of residence, year first elected or appointed as a trustee, principal occupation, other principal directorships and committee memberships, if applicable, are set out under *Business of the Meeting – Election of Trustees*. Also indicated for each proposed trustee is the number of Trust Units, DTUs and other securities of the REIT beneficially owned, directly or indirectly, or over which control or direction was exercised, by the trustees as at the close of business on August 14, 2020.

Nine trustees have been proposed for election to the Board at the Meeting. The Board considers this to be an appropriate size given the nature of our operations and our current ownership.

Of the nine trustees proposed for election to the Board, two, or 22%, of such trustees are women. Mr. Paul is currently considered non-independent trustee. The eight remaining trustees are considered independent and two, or 25% of the independent trustees are women.

The Board annually reviews its size and composition and those of its committees and makes recommendations on any proposed changes to the Board to complement our strategy, business and operations.

#### *Board and Management Diversity*

First Capital REIT endorses the principle that its Board and management should have a balance of skills, experience and diversity of perspectives appropriate to the business. The REIT believes that having a wide range of perspectives and being able to draw upon a diverse set of competencies and knowledge is essential to effectively address the evolving nature and complexity of its business. With this in mind, the Board has adopted a written diversity policy (the “Board Diversity Policy”) specifically geared towards ensuring that diversity, including gender diversity, is a key consideration when establishing recruitment priorities in advance of the trustee identification and selection process. Additionally, experiential attributes, such as functional and industry experiences, accomplishments and education as well as demographic, age and personal attributes are also regarded as important aspects to ensuring diversity pursuant to the Board Diversity Policy.

The REIT believes that a diverse Board will have enhanced decision-making abilities, lead to improved oversight and promote better overall corporate governance by utilizing differences in skills, experience and background, gender, ethnicity, age, geographical and industry experience, length of service, and other distinguishing qualities of its members. Diversity will be considered in connection with the trustee recruitment process described below to determine optimal Board composition. Notwithstanding the foregoing, all Board appointments will always be based on merit, having due regard to the overall effectiveness of the Board.

The Board has not adopted specific formal targets for board representation of women, Aboriginal peoples (being Indian, Inuit, Métis), persons with disabilities<sup>(1)</sup> and members of visible minorities (persons other than Aboriginal peoples who are non-Caucasian in race or non-white in colour) (together the “designated groups” as defined under Article 3 of the *Employment Equity Act* (Canada)), as diversity is already an important factor that is considered in the trustee identification process and ultimately because the Board believes its Board evaluation and nomination process, together with the implementation of its written Board Diversity Policy, is robust and, in fact, does consider and result in diversity on the Board. The Corporate Governance Committee reviews the structure and diversity of the Board annually and will set diversity, including gender diversity, aspirations regarding the Board’s optimum composition as part of the recruitment process.

(1) *“Persons with disabilities” is defined as meaning persons who have a long term or recurring physical, mental, sensory, psychiatric or learning impairment and who: (i) consider themselves to be disadvantaged in employment by reason of that impairment, or (ii) believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment. This definition also includes persons whose functional limitations owing to their impairment have been accommodated in their current job or workplace.*

The Trust is committed to an inclusive and diverse workplace and recognizes that diversity is an important consideration in creating and maintaining an effective senior management team. The Trust has not adopted a formal diversity policy or specific diversity targets for senior management as it feels that the skills, experience, expertise, character and behavioral qualities of an individual candidate are most important in determining the value that an individual could bring to the Trust as members of senior management.

In early 2020, the Trust surveyed the Board and senior management to determine the number and proportion of individuals that self-identified as belonging to one or more of the designated groups. Participation in the survey was voluntary and, as such, the results represent only those individuals who elected to participate and may not be entirely representative of the designated groups at the Board and senior management level.

The Trust has two trustee nominees that have identified as women and one trustee nominee that has identified as being a visible minority, together representing 33% of the Board’s composition. No trustee nominee has identified as an aboriginal person or a person with disabilities.

The Trust’s executive leadership team, which is comprised of eight senior-vice president level or higher positions includes: five individuals who have identified as women, representing approximately 63%. No member of the executive leadership has identified as a visible minority, an aboriginal person or as a person with disabilities. The Trust’s senior management team, which is comprised of 19 senior director, vice-president or higher positions, includes: nine individuals who have identified as women, representing approximately 47% of senior management; and four individuals who have identified as visible minorities, representing approximately 21% of senior management. No member of senior management has identified as an aboriginal person or as a person with disabilities. The Trust is committed to ensuring that it attracts and retains the most highly qualified and experienced trustees and senior management and recognizes that diversity is an important consideration in creating and maintaining an effective Board and senior management team.

#### *Board Conflicts of Interest Policy*

Trustees have a duty to ensure the integrity of the decision-making processes of the Board and that they and other members of the Board are free from conflict or potential conflict in their decision-making. It is also the fiduciary duty of the trustees that conflicts of interest be avoided. It is important that all trustees understand their obligations when a conflict of interest or potential conflict of interest arises.

To complement these obligations, the Board has adopted a specific Conflicts of Interest Policy which applies to all trustees of First Capital REIT and directors of its subsidiaries. Trustees shall disclose any conflicts or potential conflicts to the Chair of the Board and the Chair of the Corporate Governance Committee at the earliest possible time. In addition, given the nature of the REIT’s business, each trustee is required to provide the REIT with a list of properties located in Canada in which they may have an ownership interest, directly or indirectly, with the exception of their principal residence, or properties owned for personal use. If a trustee is considering acquiring any property other than a principal residence or properties owned for personal use, he/she shall disclose such intention to the REIT’s CEO on a confidential basis and obtain consent to proceed. If consent is not provided, the matter shall be referred to the Corporate Governance Committee for consideration at the request of the trustee and/or the CEO.

### *Recruitment of Trustees*

The Corporate Governance Committee, which is currently composed entirely of independent trustees, is responsible for identifying and recommending to the Board appropriate candidates to serve as a trustee to fill any vacancy. The Corporate Governance Committee has developed *Criteria and Procedures for Board Candidate Selection* to be used for identifying and selecting candidates. Before commencement of any recruitment process, the Corporate Governance Committee will set clear recruitment priorities. It will seek input from trustees annually on Board composition through its annual Board evaluation process, identify gaps in the skills and knowledge needed on the Board with reference to the skills matrix and set diversity aspirations to determine the Board's optimal composition.

The Corporate Governance Committee will initiate the search based on these recruiting priorities to arrive at a short-list identifying candidates matching the established criteria. The Corporate Governance Committee will discuss and evaluate the short-list of candidates with a view to recruiting and appointing the most qualified person for the role. The Board will select a candidate from those candidates recommended by the Committee and will have objective reasons to support its determination.

### *Retirement Policy and Term Limits*

The Board has not adopted a mandatory retirement policy or term limits for trustees. It believes that mandatory retirement and term limits are not the most effective means of ensuring Board renewal and age is not the optimal means of ensuring trustee effectiveness.

The Corporate Governance Committee believes that a mandatory retirement policy or term limits could result in a loss of trustees who have developed, over a period of time, valuable insight into our strategy, business and operations and who have an institutional memory from which the entire Board and management can benefit.

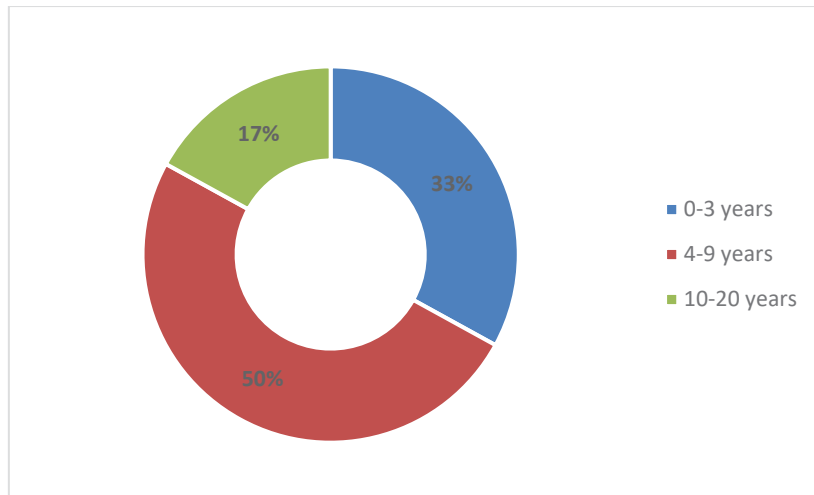
In order to ensure board renewal in the absence of a mandatory retirement policy or term limits, annual performance evaluations are conducted. Through its annual performance evaluations, the Corporate Governance Committee reviews each trustee's performance and tenure, and each trustee has the opportunity to confirm his or her desire to continue serving on the Board. This provides the Corporate Governance Committee with the opportunity to replace trustees who are no longer interested or effective with consideration to the changing needs, diversity and skill set of the Board.

In determining whether to recommend a trustee for re-election, the Corporate Governance Committee will consider:

- the trustee's performance as a trustee and his or her qualifications, experience and knowledge;
- the qualifications, experience, knowledge and diversity required on the Board and the extent to which those qualifications and that experience and knowledge are represented on the Board;
- whether the trustee has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the trustee's ability to act in the best interests of First Capital REIT and its unitholders
- the distribution of tenures on the Board to ensure a wide and well distributed range for optimal thought diversity;
- the independence of the trustee; and
- any other matter it considers appropriate.

## ***Board Tenure***

The chart below shows the tenure of our Board as of August 14, 2020:



## ***Board Leadership***

The Board Mandate provides that the Board will in each year elect from among its members a Chair who, except under exceptional circumstances, is not the Chief Executive Officer or otherwise a member of management. Mr. Segal was the Chair of the Board of the Company from May 2015 to May 2019 at which time Mr. McDonell was appointed as Chair of the Board. As Chair of the Board, Mr. McDonell is responsible for the management, development and effective performance of the Board, and for providing leadership to the trustees in carrying out their collective responsibilities to provide a Board oversight role regarding the management of the business and affairs of the REIT. The Board Mandate includes a position description of the Chair, which sets out his duties and responsibilities.

In addition, the Board Mandate provides that the Board will in each year, if the Chair is not an “independent trustee”, elect from among its independent members a Lead Trustee. Mr. McDonell held this position from March 2011 until his appointment as Chair of the Board in May 2019.

The Corporate Governance Committee is responsible for reviewing and recommending the implementation of structures and procedures to facilitate the Board’s independence from management and to avoid conflicts of interest. The Corporate Governance Committee monitors relationships between the executive leadership team and the Board and recommends procedures to allow trustees to have access to, and an effective relationship with, executives.

As part of his responsibilities, the Chair of the Board will meet periodically with the other trustees to ensure that the Board and its committees are able to discharge their respective responsibilities independently of management. The independent trustees also meet separately and such meetings are chaired by the Chair of the Board, who informs management of the substance of these meetings to the extent that action is required by them. The Corporate Governance Committee and the Chair of the Board are each available as a forum for addressing the concerns of individual trustees. Individual trustees are also free to engage outside advisors, at the expense of the REIT, with Corporate Governance Committee authorization.

## ***Attendance***

Each trustee is expected to attend all meetings of the Board and of committees on which they sit, unless circumstances make it impossible to do so. The attendance records of the REIT’s trustees for the year



ended December 31, 2019 are set out under *Executive Compensation — Board Meetings Held and Attendance*.

## Committees of the Board

The Board has established the following four standing committees:

- Audit Committee;
- Compensation Committee;
- Corporate Governance Committee; and
- Investment Committee.

The current membership and independence of these committees is summarized in the table below.

|  | Committees<br>(Number of Members) |                                    |   |                                  |
|--|-----------------------------------|------------------------------------|---|----------------------------------|
|  | Audit <sup>(1)</sup><br>(4)       | Compensation <sup>(2)</sup><br>(4) | Corporate<br>Governance <sup>(3)</sup><br>(4) | Investment <sup>(4)</sup><br>(5) |
| <b>Non-Independent Trustee</b>                 |                                   |                                    |   |                                  |
| Adam E. Paul                                   |                                   |                                    |   | √                                |
| <b>Outside Trustees - Independent Trustees</b> |                                   |                                    |   |                                  |
| Leonard Abramsky                               |                                   | √                                  |   | √                                |
| Paul Douglas                                   | √                                 |                                    | √   |                                  |
| Al Mawani                                      | Chair                             | √                                  |   |                                  |
| Jon Hagan                                      | √                                 |                                    | √   |                                  |
| Annalisa King                                  | √                                 |                                    | Chair   |                                  |
| Bernard McDonell <sup>(5)</sup>                |                                   | √                                  |   | Chair                            |
| Dori J. Segal                                  |                                   |                                    |   | √                                |
| Andrea Stephen                                 |                                   | Chair                              | √   | √                                |

(1) All members of the Audit Committee are independent and financially literate in accordance with applicable securities laws.

(2) All members of the Compensation Committee are independent.

(3) All members of the Corporate Governance Committee are independent.

(4) Other than Mr. Paul, all members of the Investment Committee are independent.

(5) Mr. McDonell is the Chair of the Board.

In 2018, a Special Committee was formally constituted to among other things, oversee, review and consider the terms of the Gazit Share Repurchase Transaction. Mr. McDonell was the Chair of the Special Committee, Mr. Mawani and Ms. Stephen were members. On January 25, 2019, the Special Committee was reconstituted. Mr. Hagan and Ms. King joined the Special Committee as members. The Special Committee was dissolved on April 16, 2019 upon closing of the Gazit Share Repurchase Transaction.

Each Board committee operates under a written charter. Copies of these charters are available on our website at [www.fcr.ca](http://www.fcr.ca). Each committee reviews its charter not less than annually and the Corporate Governance Committee recommends any changes to the Board. Below is a brief description of the responsibilities of each committee.

### ***Audit Committee***

The Audit Committee is currently composed of four trustees, all of whom are “independent” and “financially literate” as defined in NI 52-110.

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to:

- the integrity of the REIT’s financial statements;
- the REIT’s compliance with legal and regulatory requirements related to financial reporting;
- the internal audit function of the REIT;
- the qualifications, independence and performance of the REIT’s auditor;
- the design and implementation of internal controls and disclosure controls;
- risk management oversight; and
- any additional matters delegated to the Audit Committee by the Board.

A further description of matters relating to the Audit Committee as required by NI 52-110, including information regarding the fees paid to the auditors, is set forth under “Audit Committee” in the REIT’s annual information form dated March 17, 2020, which is available under our SEDAR profile at [www.sedar.com](http://www.sedar.com).

### ***Compensation Committee***

The Compensation Committee is currently composed of four trustees, all of whom are “independent”.

The Compensation Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to:

- selection and retention of senior management;
- evaluation and compensation of the chief executive officer;
- compensation of senior management;
- professional development for senior management;
- incentive compensation plans and equity-based plans;
- human resource strategies;
- employment agreements and severance arrangements;
- benefit plans and perquisites;
- reviewing, as appropriate, those risks in the enterprise risk management register, which have been assigned to the Compensation Committee and their trends, mitigations and impacts; and
- any additional matters delegated to the Compensation Committee by the Board.

See *Executive Compensation - Compensation Governance – Composition and Mandate of the Compensation Committee*.

### ***Corporate Governance Committee***

The Corporate Governance Committee is currently composed of four trustees, all of whom are “independent”.

The Corporate Governance Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to:

- overall approach to corporate governance by overseeing good governance at the organizational level and ensuring that policies and procedures are in place that foster the long-term success of First Capital REIT in an ethical, prudent and responsible manner;
- identifying qualified candidates and recommending nominees for trustee, Board committee appointments, the appointment of a Lead Trustee (if the Chair of the Board is not independent) and oversight of the size, composition and structure of the Board and its committees;
- orientation and continuing education for all trustees;
- evaluations of the Board, Board committees, all individual trustees, the Board Chair, all Board committee chairs and the Lead Trustee (if one is appointed);
- to assist the Board through annual reviews of environmental, social, governance programs and activities, or as needed;
- reviewing, as appropriate, those risks in the enterprise risk management register, which have been assigned to the Corporate Governance Committee and their trends, mitigations and impacts;
- related party transactions and other matters involving actual or potential conflicts of interest; and
- any additional matters delegated to the Corporate Governance Committee by the Board.

### ***Investment Committee***

The Investment Committee currently consists of five trustees, including the Chair of the Board, the President and Chief Executive Officer and three other trustees who are “independent”.

The Investment Committee has the authority, on behalf of the Board and subject to certain monetary limits determined by the Board, to:

- approve investments in and divestitures of real property assets, including:
  - acquisitions and dispositions of property;
  - development budgets (including the cost of land); and
  - acquisitions and dispositions of raw land;
- approve investments in and divestitures of marketable securities; and
- approve entering into derivatives for hedging purposes only.

### **Executive Compensation and Succession Planning**

The Compensation Committee is directly responsible for reviewing and approving the corporate goals and objectives that are relevant to the President and Chief Executive Officer’s compensation, for evaluating his performance in meeting those goals and objectives, and for determining his compensation. The Compensation Committee considers the recommendations of the President and Chief Executive Officer in approving the compensation of other members of the executive leadership team who report to the President and Chief Executive Officer. The Compensation Committee also annually reviews the adequacy and form of trustees’ compensation.

The Compensation Committee is also responsible for reviewing the REIT’s organizational structure, considering policies and principles for the selection and retention of executives and succession planning for the executive leadership team. The Compensation Committee reviews and discusses succession planning issues for executives of the REIT with the President and Chief Executive Officer on an annual

basis. Discussions include prospects for high performing executives, replacement scenarios for unexpected events and development opportunities for the executive leadership team. In addition, the Board and the Compensation Committee developed a procedure to manage succession planning for the position of Chief Executive Officer should that position become vacant for any reason. Pursuant to that succession planning procedure, it is contemplated that the Board will appoint an existing and duly qualified member of the Board or management to serve as interim Chief Executive Officer while an independent external executive management search firm is retained to canvass for qualified external candidates in addition to any qualified internal candidates that may be identified by the Board.

### ***Women in Executive Officer Positions***

We value gender diversity and believe that we have a strong record with respect to promoting women on our executive leadership team and throughout our organization. We publish employee statistics annually in our Corporate Responsibility and Sustainability (CRS) Report which can be located on our website at [www.fcr.ca](http://www.fcr.ca). As at December 31, 2019, the following are statistics derived from our operations which we believe demonstrate our positive record with respect to gender diversity:

- Women represented approximately 62% of our workforce (including full-time, part-time and contract employees);
- 5 out of 8, or 63%, of executives on our executive leadership team were women. 2 out of 5, or 40%, of our NEOs were women. Executive officer and director positions in respect of our major subsidiaries are drawn from the same executive leadership team; and
- 58% of professional/technical and middle management roles were held by women.

We consider the distinguishing qualities of all candidates during the executive officer recruitment process with regard to the overall composition of our executive leadership team, including the level of representation of women, and the final selection is always based on merit. We have not adopted a target regarding the number of women in executive officer positions because, as evidenced by the strong representation of women on our executive leadership team, we have an existing ingrained culture and strong record of promoting gender diversity at all levels throughout the organization.

### **Equity Ownership Guidelines**

The Board believes that meaningful unit ownership by members of the REIT's executive leadership team and the Board is a key element of strong corporate governance. The Board believes that long-term equity ownership further aligns the interests of trustees and executives with our unitholders and also enables them to share in the long-term growth and success of the REIT.

We have a Policy on Trustee and Executive Leadership Team Equity Ownership (the "Equity Ownership Policy") that applies to all trustees and to all members of the REIT's executive leadership team, including all NEOs.

- Trustees are required to acquire within five years of the date of their appointment or election and thereafter maintain an equity interest in the REIT with a value equal to six times their annual retainer (consisting of their annual cash retainer and DTU grant).
- The Chair of the Board is required to acquire and maintain an equity interest in the REIT with a value equal to six times his annual retainer (consisting of his annual cash retainer and DTU grant).
- Each member of the REIT's executive leadership team is required to accumulate, over time from grants under the REIT's RTU Plan and thereafter maintain RTUs, PTUs and Trust Units acquired through the vesting thereof (on an after-tax basis). The members of the executive leadership team who are NEOs must acquire and maintain such securities of the REIT with a value at least equal to the multiple set forth below (the "Salary Multiple") of his/her annual base salary (the "Ownership

Requirement”). Prior to achieving the Ownership Requirement, these individuals are prohibited from disposing of any Trust Units of the REIT acquired pursuant to the REIT’s RTU Plan, other than dispositions as they may wish solely for the purpose of paying taxes associated with the vesting of RTUs or PTUs.

| Title                                 | Salary Multiple    |
|---------------------------------------|--------------------|
| President and Chief Executive Officer | 6x annual salary   |
| Executive Vice President              | 3x annual salary   |
| Senior Vice President                 | 1.5x annual salary |

The value of DTUs, RTUs, PTUs (assuming performance adjustment factor of 100%) and Trust Units count towards meeting the Ownership Requirement. Unexercised options do not count toward the unit Ownership Requirement. The value of DTUs, RTUs, PTUs and Trust Units is deemed to be the market value at the relevant time.

### ***CEO Equity Retention Requirements***

The Equity Ownership Policy provides that the President and Chief Executive Officer continues to be subject to the applicable equity ownership requirements for a period of one year following the date he ceases to hold the office of President and Chief Executive Officer of the REIT, unless (i) the date he ceases to hold such office for any reason is within 12 months following a change of control (as defined in his employment agreement) or (ii) he ceases to hold such office following death, incapacity or disability.

### ***Current Trustee and Executive Unit Ownership***

The following table sets out the ownership of Trust Units, RTUs, PTUs and DTUs by the applicable NEOs, trustees and management’s nominees for trustees as at the close of business on August 14, 2020:

| Holdings <sup>(1)</sup>                                 |             |                       |                              | Minimum Requirements          |                              |                    |                       | Comparison                              |
|---|-------------|-----------------------|------------------------------|-------------------------------|------------------------------|--------------------|-----------------------|---|
| Name and Title  | Type        | Number <sup>(2)</sup> | Value <sup>(3)</sup><br>(\$) | Multiple                      | Value <sup>(4)</sup><br>(\$) | Deadline           | Meets<br>Requirements | Holdings vs.<br>Minimum<br>Requirements |
| Bernard McDonell  | DTUs        | 120,684               | 1,737,849                    | 6 times<br>annual<br>retainer | 1,650,000                    | May 23,<br>2012    | Yes                   | 108%<br>+\$125,519                      |
| Chair of the Board                                      | Trust Units | 2,616                 | 37,670                       |                               |                              |                    |                       |   |
|   | Total       | 123,300               | 1,775,519                    |                               |                              |                    |                       |   |
| Adam E. Paul  | PTUs        | 219,565               | 3,161,736                    | 6 times<br>annual salary      | 4,800,000                    | N/A <sup>(5)</sup> | Yes                   | 158%<br>+\$2,774,760                    |
| President and Chief<br>Executive Officer and<br>Trustee | RTUs        | 41,135                | 592,344                      |                               |                              |                    |                       |   |
|   | Trust Units | 265,325               | 3,820,680                    |                               |                              |                    |                       |   |
|   | Total       | 526,025               | 7,574,760                    |                               |                              |                    |                       |   |
| Kay Brekken   | PTUs        | 60,393                | 869,659                      | 3 times<br>annual salary      | 1,395,000                    | N/A <sup>(5)</sup> | Yes                   | 114%<br>+\$190,597                      |
| Executive Vice  | RTUs        | 17,472                | 251,596                      |                               |                              |                    |                       |   |
| President and Chief<br>Financial Officer                | Trust Units | 32,246                | 464,342                      |                               |                              |                    |                       |   |
|   | Total       | 110,111               | 1,585,597                    |                               |                              |                    |                       |   |
| Jordan Robins   | PTUs        | 63,833                | 919,195                      | 3 times<br>annual salary      | 1,500,000                    | N/A <sup>(5)</sup> | Yes                   | 139%<br>+\$589,772                      |
| Executive Vice  | RTUs        | 16,297                | 234,678                      |                               |                              |                    |                       |   |
| President and Chief<br>Operating Officer                | Trust Units | 64,993                | 935,899                      |                               |                              |                    |                       |   |
|   | Total       | 145,123               | 2,089,772                    |                               |                              |                    |                       |   |

| Holdings <sup>(1)</sup>                                  |             |           |            | Minimum Requirements          |         |                    |                                     | Comparison              |
|--|-------------|-----------|------------|-------------------------------|---------|--------------------|-------------------------------------|-------------------------|
| Jodi M. Shpigel<br>Senior Vice President,<br>Development | PTUs        | 27,073    | 389,851    | 1.5 times<br>annual salary    | 465,000 | N/A <sup>(5)</sup> | Yes                                 | 131%<br>+\$144,047      |
|  | RTUs        | 4,656     | 67,046     |                               |         |                    |                                     |                         |
|  | Trust Units | 10,566    | 152,150    |                               |         |                    |                                     |                         |
|  | Total       | 42,295    | 609,047    |                               |         |                    |                                     |                         |
| Leonard Abramsky<br>Trustee                              | DTUs        | 4,276     | 61,574     | 6 times<br>annual<br>retainer | 690,000 | June 4,<br>2024    | Yes                                 | 120%<br>+\$137,106      |
|  | Trust Units | 53,162    | 765,532    |                               |         |                    |                                     |                         |
|  | Total       | 57,438    | 827,106    |                               |         |                    |                                     |                         |
| Paul C. Douglas <sup>(6)</sup><br>Trustee                | DTUs        | 6,495     | 93,528     | 6 times<br>annual<br>retainer | 690,000 | June 4,<br>2024    | Yes as<br>applicable <sup>(7)</sup> | 74%<br>\$-178,872       |
|  | Trust Units | 29,000    | 417,600    |                               |         |                    |                                     |                         |
|  | Total       | 35,495    | 511,128    |                               |         |                    |                                     |                         |
| Jon N. Hagan<br>Trustee                                  | DTUs        | 108,111   | 1,556,798  | 6 times<br>annual<br>retainer | 690,000 | Oct. 11,<br>2011   | Yes                                 | 268%<br>+\$1,161,594    |
|  | Trust Units | 20,472    | 294,796    |                               |         |                    |                                     |                         |
|  | Total       | 128,583   | 1,851,594  |                               |         |                    |                                     |                         |
| Annalisa King <sup>(8)</sup><br>Trustee                  | DTUs        | 23,141    | 333,230    | 6 times<br>annual<br>retainer | 690,000 | Nov. 9,<br>2021    | Yes as<br>applicable <sup>(7)</sup> | 59%<br>-\$282,451       |
|  | Trust Units | 5,161     | 74,318     |                               |         |                    |                                     |                         |
|  | Total       | 28,302    | 407,548    |                               |         |                    |                                     |                         |
| Al Mawani <sup>(9)</sup><br>Trustee                      | DTUs        | 14,110    | 203,184    | 6 times<br>annual<br>retainer | 690,000 | May 29,<br>2023    | Yes as<br>applicable <sup>(7)</sup> | 61%<br>-\$270,816       |
|  | Trust Units | 15,000    | 216,000    |                               |         |                    |                                     |                         |
|  | Total       | 29,110    | 419,184    |                               |         |                    |                                     |                         |
| Dori J. Segal<br>Trustee                                 | DTUs        | 2,043     | 29,419     | 6 times<br>annual<br>retainer | 690,000 | Aug. 18,<br>2005   | Yes                                 | 5,063%<br>+\$34,245,004 |
|  | RTUs        | 53,029    | 763,617    |                               |         |                    |                                     |                         |
|  | Trust Units | 2,370,970 | 34,141,968 |                               |         |                    |                                     |                         |
|  | Total       | 2,426,042 | 34,935,004 |                               |         |                    |                                     |                         |
| Andrea Stephen<br>Trustee                                | DTUs        | 48,844    | 703,353    | 6 times<br>annual<br>retainer | 690,000 | Jan. 9,<br>2017    | Yes                                 | 148%<br>+\$331,924      |
|  | Trust Units | 22,123    | 318,571    |                               |         |                    |                                     |                         |
|  | Total       | 70,967    | 1,021,924  |                               |         |                    |                                     |                         |

- (1) Includes RTUs, DTUs, PTUs and Trust Units owned, controlled or directed, directly or indirectly by such person. For calculation purposes RTUs and PTUs are considered as vested and PTUs are deemed to have a 1.0x performance adjustment factor. See *Performance Trust Units* above.
- (2) For RTUs, DTUs and PTUs, includes accrued dividends and distributions.
- (3) Values are based on the closing price of the Trust Units on August 14, 2020 (\$14.40).
- (4) Values are based on 2019 salary or annual retainer, as applicable.
- (5) Officers of the REIT are required to acquire over time from grants under the RTU Plan and thereafter maintain RTUs, PTUs and Trust Units acquired (on an after-tax basis) through the vesting thereof with a value equal to the prescribed Salary Multiple.
- (6) Mr. Douglas was elected as a director of the Company on June 4, 2019. He is required to meet his unit ownership requirements by June 4, 2024.
- (7) Trustees are required to acquire within five years of the date of their appointment or election and thereafter maintain an equity interest with a value at least equal to six times their annual retainer (consisting of their annual cash retainer and DTU grant).
- (8) Ms. King was appointed as a director of the Company on November 9, 2016 and elected at the annual meeting of shareholders held on May 30, 2017. She is required to meet her unit ownership requirements by November 9, 2021.
- (9) Mr. Mawani was elected as a director of the Company on May 29, 2018. He is required to meet his unit ownership requirements by May 29, 2023.

### **Hedging**

No trustee, officer or employee of the REIT or its affiliates, or any other person (or their associates) in a special relationship with the REIT, may, at any time, purchase financial instruments, including, prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity

swaps, collars, or units of exchangeable funds, that are designed to or that may reasonably be expected to have the effect of hedging or offsetting a decrease in the market value of any securities of the REIT.

### **Board Evaluation**

The Corporate Governance Committee is responsible for developing and recommending to the Board a review process for assessing the competencies, skills and effectiveness of the Board, Board committees and individual Board members.

The Corporate Governance Committee assesses, on a periodic basis, the competencies, skills and effectiveness of the Board, Board committees and individual Board members as well as the operations of the Board and Board committees. In particular, at least annually, the Corporate Governance Committee reviews and assesses the Board's mandate, the charter of each committee and the position description of the Chair of the Board. The Corporate Governance Committee, on behalf of the Board, maintains a formal process for assessing the competencies, skills and effectiveness of the Board, Board committees and individual trustees. The assessment is conducted internally by written self-assessment and peer reviews of the Board, its committees and individual trustees. These written reviews are then considered by the Corporate Governance Committee. Following review, the results of the assessments are considered by the Board and changes, as required, are implemented to improve Board performance and effectiveness. The Corporate Governance Committee periodically reviews the effectiveness of this process and recommends changes to the process where applicable.

### **Orientation and Continuing Education**

We believe that well-informed trustees are essential for the effective performance of a board. Accordingly, all new trustees receive a comprehensive orientation, including an overview of First Capital REIT's business and strategy, its current year business plan, the role of the Board and its mandate, the roles of the committees and their respective charters, and the role of the Chair of the Board.

Upon appointment or election to the Board, each new trustee receives a package and is referred to convenient online sources containing up-to-date information on the REIT's corporate and organizational structure, recent filings and financial information, corporate governance documents and important policies. A formal orientation session is given to new trustees to familiarize them with the REIT, its business, industry, the executive leadership team and the contribution individual trustees are expected to make.

The Board recognizes the importance of ongoing trustee education and the need for each trustee to take personal responsibility for this process. To facilitate ongoing education:

- trustees are provided an opportunity to meet individually in work sessions with executives to obtain further insight into the operations of the REIT, and are involved on a regular basis in discussions with management;
- education is provided to trustees through presentations to the Board and committees by management and outside advisors when key business decisions are sought and at strategic planning meetings; and
- Board members are encouraged to attend conferences, seminars or courses at the REIT's expense. Conferences, seminars or courses can deal with any subject matter that is applicable to a trustee's role on the Board or a Board committee or to increase a trustee's knowledge of developments in the real estate industry.

During 2019, in addition to property tours attended by certain trustees at various times, the REIT organized the following presentations for its trustees:



| <b>Educational Presentations</b>                        | <b>Presented/ Hosted By</b> | <b>Date</b>       | <b>Audience</b>                |
|---|-----------------------------|-------------------|--------------------------------|
| Directors' and Officers' Insurance and Liability Trends | Marsh Canada                | November 5, 2019  | Corporate Governance Committee |
| Audit Committee Insight                                 | Ernst & Young LLP           | December 10, 2019 | Independent Trustees           |

In addition to participating in the internal educational presentations listed above, Board members also participated in conferences, seminars and courses during 2019 presented or hosted by persons other than the REIT, including the following:

| <b>Educational Presentations</b>                                 | <b>Presented/ Hosted By</b>                    | <b>Date</b>             | <b>Attended By</b>                       |
|--|--|-------------------------|--|
| 2019 Economic & Investment Outlook                               | CIBC   | February 11, 2019       | Al Mawani                                |
| Financial & Auditor Reporting Update                             | MNP LLP  | February 27, 2019       | Al Mawani                                |
| Board Oversight Strategy   | Institute of Corporate Directors               | February 28, 2019       | Andrea Stephen                           |
| ICD Panel – Strategic Planning in the Age of Disruption          | Institute of Corporate Directors               | March 5, 2019           | Annalisa King                            |
| 2019 Annual Real Estate Conference                               | CIBC   | April 11, 2019          | Al Mawani<br>Andrea Stephen<br>Jon Hagan |
| Change Management for Boards Webcast                             | National Association of Corporate Directors    | April 25, 2019          | Annalisa King                            |
| Diversity and Inclusion – How Boards Manage and Measure          | National Association of Corporate Directors    | May 2, 2019             | Annalisa King                            |
| ICD Panel - Purpose and Profit                                   | Institute of Corporate Directors               | May 8, 2019             | Annalisa King                            |
| Be Your Own Activist   | Deloitte                                       | May 15, 2019            | Al Mawani                                |
| Six Cases Every Leasing Professional Should Know                 | Blakes LLP                                     | May 28, 2019            | Al Mawani                                |
| GTA Audit Roundtable   | Ernst & Young LLP                              | May 30, 2019            | Al Mawani                                |
| ICD Conference   | Institute of Corporate Directors               | June 5 & 6, 2019        | Jon Hagan                                |
| NACD Future Trends Conference                                    | National Association of Corporate Directors    | June 18 & 19, 2019      | Annalisa King                            |
| Executive Pay Trends and Issues                                  | Hugessen Consulting                            | June 19, 2019           | Al Mawani<br>Andrea Stephen              |
| How Technology is Challenging and Changing Real Estate           | Ernst & Young LLP                              | June 27, 2019           | Andrea Stephen                           |
| A Primer on D&O Insurance  | Osler LLP                                      | September 17, 2019      | Al Mawani                                |
| NACD Global Leaders Summit                                       | National Association of Corporate Directors    | September 21–24, 2019   | Annalisa King                            |
| ICSC Conference  | International Council of Shopping Centres      | September 24 & 25, 2019 | Jon Hagan<br>Leonard Abramsky            |
| CPAB Inspections & Issues Facing Real Estate Companies in Canada | CPAB Real Estate Industry Forum                | September 26, 2019      | Al Mawani                                |
| Navigating Governance in a Complex Volatile Market               | Institute of Corporate Directors               | September 27, 2019      | Andrea Stephen                           |
| Board Oversight of Strategy – ICD one day course (professor)     | Institute of Corporate Directors               | September 30, 2019      | Annalisa King                            |
| Investor & Board Discussion on ESG                               | CFA Society & Institute of Corporate Directors | October 21, 2019        | Andrea Stephen                           |

| <b>Educational Presentations</b> | <b>Presented/ Hosted By</b> | <b>Date</b>          | <b>Attended By</b>                              |
|----------------------------------|-----------------------------|----------------------|---|
| Annual Disclosure and Governance | McCarthy LLP                | November 19, 2019    | Al Mawani                                       |
| Board Composition Strategies     | Meridian Consulting         | November 19, 2019    | Andrea Stephen                                  |
| Real Estate Forum                | Informa Canada              | December 4 & 5, 2019 | Andrea Stephen<br>Jon Hagan<br>Leonard Abramsky |

## **Ethical Conduct**

### *Employee Code of Conduct and Ethics*

The Board has adopted a Code of Conduct and Ethics (the “Code”) that governs the conduct of our employees, officers and trustees. The Code is based on our values, and the laws, regulations and rules that apply to our business. The purpose of the Code is to ensure that we maintain a high level of trust and integrity in accordance with the highest ethical standards. The Code addresses, among other things, compliance with laws, rules and regulations, conflicts of interest, corporate opportunities, protection and proper use of company assets, work environment, confidential and proprietary information, fraudulent activities, and integrity of records and compliance with accounting principles. The Code sets out procedures for reporting of violations and possible violations of the Code.

Our employees, officers and trustees are required to report any violation or possible violation of the Code, or any other policy or legal requirement. Each employee, officer and trustee is required to provide an annual statement of compliance.

We have also adopted an ethics reporting policy (the “Ethics Reporting Policy”) which sets out procedures for employees, officers and trustees to report any activity or omission or suspected activity or omission that may constitute a violation of the Code, relating to the integrity of our financial reporting or which might otherwise be considered sensitive in preserving our reputation, or relating to workplace health and safety. The Audit Committee is responsible for reviewing the procedures set out in the Ethics Reporting Policy.

The REIT has retained the services of an independent third party to provide a confidential, anonymous communication channel to report violations and possible violations of the Code. Through the third party, anonymous reporting may be reported online, through a toll-free number and by mail.

A copy of the Code of First Capital REIT can be found on our website at [www.fcr.ca](http://www.fcr.ca).

### *Supplier Code of Conduct and Ethics*

Similar to the Code, the REIT adopted a Supplier Code of Conduct and Ethics (the “Supplier Code”) which was designed to ensure that suppliers have a clear understanding of how the REIT expects to conduct its business with suppliers. The Supplier Code applies to all suppliers and contractors, subcontractors and their employees that supply goods and/or services to the REIT and its subsidiaries. The Supplier Code expectations are aligned with our values, principles and policies and cover such matters as the conduct of business at all times in an honest, fair and ethical manner; bribes, kickbacks and other forms of inappropriate payment; conflicts of interest; protection of confidential information; prevention of harassment and unlawful discrimination; and health and safety in the workplace.

The Supplier Code sets out procedures for reporting violations and possible violations of the Supplier Code. The REIT has retained the services of an independent third party to provide a confidential, anonymous communication channel to enable suppliers to report any activity or omission or suspected activity or omission that may constitute a violation of the Supplier Code. Through the third party, anonymous reports may be submitted online, through a toll-free number and by mail.

A copy of the Supplier Code can be found on our website at [www.fcr.ca](http://www.fcr.ca).

## **Related Party Transactions and Conflicts of Interest**

In the case of any transaction or agreement in respect of which a trustee or executive officer of the REIT has a material interest, the trustee or officer is required to disclose his or her interest. Where applicable, he or she is also generally required to exclude him or herself from any deliberations or votes relating to such transaction or agreement.

The Corporate Governance Committee reviews all proposed related party transactions and situations involving a potential conflict of interest that are not required to be dealt with by an “independent special committee” pursuant to applicable securities laws or that have not otherwise been considered by another committee of independent trustees, such as the Audit Committee or independent trustees acting without involvement of the “interested” member of the Board or management. Any member of the Corporate Governance Committee who is a party to or has a potential conflict of interest in a proposed transaction, or who has a material interest in any related party transaction or in a party to a related party transaction, must abstain from any vote on that transaction.

## **Disclosure and Insider Trading Policy**

The Board has adopted and periodically reviews and updates the REIT’s written Disclosure and Insider Trading Policy. This policy, among other things:

- establishes a process for the disclosure of material information;
- establishes a process for reviewing documents, including news releases and public oral statements that contain material information before they are issued or made by the REIT;
- sets out the obligations of the REIT’s employees, officers and trustees to preserve the confidentiality of undisclosed material information; and
- articulates the prohibitions applicable generally to the REIT’s subject employees, officers and trustees with respect to illegal insider trading and tipping.

A copy of the Disclosure and Insider Trading Policy can be found on our website at [www.fcr.ca](http://www.fcr.ca).

## **Unitholder/Investor Communications and Feedback**

We have in place procedures to effectively communicate with our stakeholders, including our unitholders, employees and the general public. Our objective is to ensure an open, accessible and timely exchange of information with unitholders, employees and other stakeholders concerning the business, affairs and performance of the REIT. We communicate with our unitholders in a number of ways, including through:

- quarterly conference calls open to investors, industry analysts and media representatives in conjunction with the release of the REIT’s financial results;
- regular presentations to or meetings with industry analysts and with institutional investors; and
- our corporate website through which unitholders and other stakeholders may access our most recent conference call recording and our most recent presentation made to the investment community.

We have in place procedures to ensure that inquiries or other communications from unitholders are answered by an appropriate person in the organization.

You may contact the independent trustees as a group by writing to them c/o the Assistant Corporate Secretary of First Capital REIT at King Liberty Village, 85 Hanna Avenue, Suite 400, Toronto, Ontario, Canada M6K 3S3.

## **TRUSTEES' AND OFFICERS' LIABILITY INSURANCE**

We have liability insurance for our trustees and officers to protect them against liabilities they may incur in their capacity as trustees and officers of First Capital REIT. In aggregate, our trustees' and officers' liability insurance provides coverage for liability of up to \$60 million subject to a \$100,000 deductible or, in the case of securities claims, a \$250,000 deductible. The aggregate annualized premiums amount to approximately \$160,000 in respect of the 2020 policy year. This insurance does not provide coverage for losses arising from the breach of fiduciary responsibilities under statutory or common law.

## **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than with respect to the Gazit Share Repurchase Transaction, management is not aware of any material interest in any matter to be acted upon or any material transaction, direct or indirect, of any trustee or senior officer of the REIT, or any person beneficially owning, directly or indirectly, more than 10% of the REIT's voting securities or any associate or affiliate thereof since the beginning of 2019. For further details regarding the Gazit Share Repurchase Transaction, see the Company's (i) material change report dated March 5, 2019; and (ii) management information circular dated March 11, 2019, each of which are available under our SEDAR profile at [www.sedar.com](http://www.sedar.com).

Our financial information is provided in our consolidated comparative financial statements and management's discussion and analysis for 2019. You may obtain copies of our financial statements and management's discussion and analysis by contacting the Assistant Corporate Secretary of First Capital REIT at King Liberty Village, 85 Hanna Avenue, Suite 400, Toronto, Ontario, Canada, M6K 3S3. These documents, certain of our governance documents and additional information about the REIT can also be found at [www.fcr.ca](http://www.fcr.ca).

Our other continuous disclosure documents are available on our website, [www.fcr.ca](http://www.fcr.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## **BOARD APPROVAL**

The contents and the delivery of this Circular have been approved by the Board of Trustees.

By Order of the Board of Trustees,



Adam E. Paul  
President and Chief Executive Officer

## **SCHEDULE A**

### **RESOLUTION APPROVING THE UNITHOLDER RIGHTS PLAN AGREEMENT**

#### **BE IT RESOLVED THAT:**

1. The Rights Plan, upon the terms and conditions set forth in the Unitholder Rights Plan Agreement between First Capital REIT and Computershare Investor Services Inc., as may be amended, substantially in the form available for inspection at the Meeting and as described in this Circular, is hereby approved; and
2. Any two of the Trustees or officers of the REIT, be and are hereby authorized and empowered to execute or cause to be executed in the name and on behalf of the REIT or to deliver or cause to be delivered all such documents, agreements and instruments and do or cause to be done all such acts and things as they shall determine to be necessary or desirable in order to carry out the intent of the resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**SCHEDULE B**

**FIRST CAPITAL REAL ESTATE INVESTMENT TRUST**

**- and -**

**COMPUTERSHARE INVESTOR SERVICES INC.**

**as Rights Agent**

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**UNITHOLDER RIGHTS PLAN AGREEMENT**

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Dated as of [September 29], 2020

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**THIS UNITHOLDER RIGHTS PLAN AGREEMENT** dated as of [■], 2020, is between **FIRST CAPITAL REAL ESTATE INVESTMENT TRUST**, a trust created under the laws of Ontario (the “**Trust**”) and **COMPUTERSHARE INVESTOR SERVICES INC.**, a company incorporated under the laws of Canada, as Rights Agent (the “**Rights Agent**”, which term will include any successor Rights Agent hereunder).

**WHEREAS** the Board of Trustees has determined that it is advisable and in the best interests of the Trust to implement a unitholder rights plan by adopting this unitholder rights plan agreement as provided herein (the “**Rights Plan**”). The Rights Plan will take effect on the Effective Date (as hereinafter defined) to prevent, to the extent possible, a creeping take-over of the Trust and to ensure, to the extent possible, that all unitholders of the Trust are treated fairly in connection with any Take-Over Bid (as hereinafter defined) and to ensure that the Board of Trustees is provided with sufficient time to identify, develop and negotiate value-enhancing alternatives, as appropriate to any unsolicited Take-Over Bids;

**AND WHEREAS** in order to implement the Rights Plan, the Board of Trustees has authorized the issuance of:

- (a) one right (a “**Right**”) in respect of each Unit (as hereinafter defined) outstanding at the close of business (Toronto time) on the Effective Date (the “**Record Time**”), such distribution to be made to unitholders of record at the Record Time;
- (b) one Right in respect of each Unit issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined); and
- (c) Rights Certificates (as hereinafter defined) to holder of Rights pursuant to the terms and subject to the conditions set forth herein;

**AND WHEREAS** each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Trust pursuant to the terms and subject to the conditions set forth herein;

**AND WHEREAS** the Trustees appointed the Rights Agent to act on behalf of the Trust in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein;

**NOW THEREFORE** in consideration of the premises and the respective agreements set forth herein, the parties hereby agree as follows:

## **ARTICLE 1**

### **CERTAIN DEFINITIONS**

#### **1.1 Certain Definitions**

For purposes of this Agreement, the following terms have the meanings indicated:

1.1.1 “**Acquiring Person**” means any Person who is the Beneficial Owner of 20% or more of the then outstanding Units of the Trust; provided, however, that the term “**Acquiring Person**” does not include:

1.1.1.1 the Trust and any Subsidiary of the Trust;

1.1.1.2 any Person who becomes the Beneficial Owner of 20% or more of the outstanding Units of the Trust as a result of one or any combination of:

(A) a Voting Unit Reduction;

(B) a Permitted Bid Acquisition;

- (C) an Exempt Acquisition;
- (D) a Pro Rata Acquisition; or
- (E) a Convertible Security Acquisition;

provided, however, that if a Person will become the Beneficial Owner of 20% or more of the Units of the Trust then outstanding by reason of any one or a combination of:

- (A) Voting Unit Reductions;
- (B) Permitted Bid Acquisitions;
- (C) Exempt Acquisitions;
- (D) Pro Rata Acquisitions; or
- (E) Convertible Security Acquisitions;

and, after such Voting Unit Reductions, Permitted Bid Acquisitions, Exempt Acquisitions, Pro Rata Acquisitions or Convertible Security Acquisitions becomes the Beneficial Owner of an additional 1% or more of the Units of the Trust other than pursuant to Voting Unit Reductions, Permitted Bid Acquisitions, Exempt Acquisitions, Pro Rata Acquisitions or Convertible Security Acquisitions, then as of the date such Person becomes the Beneficial Owner of such additional Units, such Person will become an “Acquiring Person”;

1.1.1.3 any Person (a “**Grandfathered Person**”) who is the Beneficial Owner of 20% or more of the outstanding Units of the Trust determined as at the Record Time provided, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of an additional 1% or more of the Units of the Trust other than through one or any combination of Voting Unit Reductions, Permitted Bid Acquisitions, Exempt Acquisitions, Pro Rata Acquisitions or Convertible Security Acquisitions, and provided, further, that a Person shall cease to be a Grandfathered Person in the event such Person ceases to Beneficially Own 20% or more of the outstanding Units after the Record Time; and

1.1.1.4 an underwriter or member of a banking or selling group that acquires 20% or more of the Units from the Trust acting in that capacity in connection with a distribution of securities.

1.1.2 “**Affiliate**”, when used to indicate a relationship with a specified Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person.

1.1.3 “**Associate**” of a specified Person means any Person to whom such specified Person is married or with whom such specified Person is living in a conjugal relationship outside marriage, or a child of such specified Person, or any relative of such specified Person, such spouse or other person who has the same home as such specified Person;

1.1.4 A Person will be deemed the “**Beneficial Owner**”, and to have “**Beneficial Ownership**” of, and to “**Beneficially Own**”:

1.1.4.1 any securities as to which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;

1.1.4.2 any securities as to which such Person or any of such Person's Affiliates or Associates has the right to acquire (where such right is exercisable within a period of 60 days thereafter and whether or not on the happening of any contingency) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities and other than pledges of securities in the ordinary course of business); and

1.1.4.3 any securities which are Beneficially Owned within the meaning of sections 1.1.4.1 or 1.1.4.2 above by any other Person with which such Person is acting jointly or in concert;

provided, however, that a Person will not be deemed the "Beneficial Owner", or to have "Beneficial Ownership" of, or to "Beneficially Own", any security because:

1.1.4.4 the holder of such security has agreed to deposit or tender such security to a Take-Over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in section 1.1.4.3 pursuant to a Permitted Lock-Up Agreement of such Person or such security has been deposited or tendered pursuant to a Take-Over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in section 1.1.4.3, until such deposited or tendered security has been accepted unconditionally for payment or taken up and paid for, whichever occurs first;

1.1.4.5 such Person or any of such Person's Affiliates or Associates or any other Person referred to in section 1.1.4.3 holds such security provided that:

- (A) the ordinary business of any such Person (the "**Investment Manager**") includes the management or administration of investment funds for others and such security is held by the Investment Manager in the ordinary course of its business in the performance of the Investment Manager's duties for the account of any other Person (a "**Client**") including a non-discretionary account held on behalf of a Client by a broker or dealer registered under applicable laws;
- (B) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons or in relation to other accounts and holds such security in the ordinary course of such duties for the estate of any deceased or incompetent Persons or for such other accounts;
- (C) such Person (the "**Plan Trustee**") is the administrator or trustee of one or more pension funds or plans (a "**Plan**") registered under applicable laws and holds such security for the purposes of its activity as administrator or trustee;
- (D) such Person is established by statute for purposes that include, and the ordinary business or activity of that Person (the "**Statutory Body**") includes, the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies) or various public bodies;
- (E) such Person is a Crown agent or agency; or
- (F) such Person is a Plan;

provided, in any of the above cases, that the Investment Manager, the Trust Company, the Plan Trustee, the Statutory Body, Crown agent or agency or Plan, as the case may be, is not making or has not announced a current intention to make a Take-Over Bid alone or by acting jointly or in concert with any other Person, other than pursuant to a Permitted Bid, an Offer to Acquire Units or other securities pursuant to a distribution by the Trust or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of that Person) executed through the facilities of a stock exchange or organized over-the-counter market;

1.1.4.6 such Person or any of such Person's Affiliates or Associates or any other Person referred to in section 1.1.4.3 is a Client of the same Investment Manager as another Person for whose account the Investment Manager holds such security, or because such Person has an account at the same Trust Company as another Person on whose account the Trust Company holds such security, or because such Person is a Plan and has a Plan Trustee who is also a Plan Trustee for another Plan on whose account the Plan Trustee holds such security;

1.1.4.7 such Person is:

- (A) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager;
- (B) an estate of a deceased or incompetent Person or other account of a Trust Company and such security is owned at law or in equity by the Trust Company; or
- (C) a Plan and such security is owned at law or in equity by the Plan Trustee; or

1.1.4.8 such Person is the registered holder of securities as a result of carrying on the business of, or acting as, a nominee of a securities depository.

For purposes of this Agreement, in determining the percentage of the outstanding Units with respect to which a Person is or is deemed to be the Beneficial Owner, any unissued Units as to which such Person is deemed the Beneficial Owner will be deemed outstanding.

1.1.5 **"Business Day"** means any day other than a Saturday, Sunday or a day that is treated as a holiday at the Trust's principal executive offices in Toronto, Canada.

1.1.6 **"close of business"** on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the office of the transfer agent for the Units in the City of Toronto (or, after the Separation Time, the offices of the Rights Agent in the City of Toronto) becomes closed to the public; provided, however, that for the purposes of the definitions of "Competing Permitted Bid" and "Permitted Bid", **"close of business"** on any day means 11:59 p.m. (local time at the place of deposit) on such date (or, if such date is not a Business Day, 11:59 p.m. (local time at the place of deposit) on the next succeeding Business Day).

1.1.7 **"Competing Permitted Bid"** means a Take-Over Bid that:

1.1.7.1 is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the termination, expiry or withdrawal of the Permitted Bid or another Competing Permitted Bid; and

1.1.7.2 complies with all the provisions of a Permitted Bid.

1.1.8 **“Convertible Security”** means, with respect to any security, a security convertible into or exchangeable for the first-mentioned security.

1.1.9 **“Convertible Security Acquisitions”** means the exercise of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or Pro Rata Acquisition.

1.1.10 **“Exempt Acquisition”** means a Unit acquisition in respect of which the Trustees of the Trust have waived the application of section 3.1 pursuant to section 5.1.2 or 5.1.5 or which was made pursuant to any distribution reinvestment plan of the Trust or pursuant to the receipt or exercise of rights issued by the Trust to all holders of Units to subscribe for or purchase Units or Convertible Securities, provided that such rights are acquired directly from the Trust and not from any other Person, or pursuant to a distribution by the Trust of Units or Convertible Securities (and the conversion or exchange of such securities) pursuant to a prospectus or similar document (provided that the purchaser does not thereby Beneficially Own a greater percentage of the Units or Convertible Securities so offered than the percentage of Units or Convertible Securities beneficially owned by the purchaser immediately prior to the receipt or exercise of rights or prior to that distribution), or pursuant to an acquisition transaction described in a securities exchange take-over bid circular issued by the Trust or in a management proxy circular in respect of an amalgamation, merger or arrangement pursuant to which the Trust acquires all or substantially all of the assets of another real estate investment trust in exchange for Units on terms approved by the Trustees or by way of private placement provided that, in the case of such acquisition transaction or private placement (i) all necessary stock exchange approvals for such acquisition transaction or private placement have been obtained and such acquisition transaction or private placement complies with the terms and conditions of such approvals and (ii) such Person does not become the Beneficial Owner of more than 25% of the Units of the Trust outstanding immediately prior to the completion of such acquisition transaction or private placement, and in making this determination, the Units or Convertible Securities to be issued to such Person shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Units immediately prior to the completion of such acquisition transaction or private placement.

1.1.11 **“Effective Date”** means [September 29, 2020].

1.1.12 **“Exercise Price”** means, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right, and until adjustment thereof in accordance with the terms hereof, the Exercise Price will be an amount equal to three times the Market Price.

1.1.13 **“Expiration Time”** means the earlier of:

1.1.13.1 the Termination Time; and

1.1.13.2 the termination of the annual meeting of unitholders of the Trust held in 2023;

provided, however, that if the resolution referred to in section 5.19 is approved by Independent Unitholders in accordance with section 5.19 at or prior to such annual meeting or at or prior to any subsequent annual meeting, **“Expiration Time”** means the earlier of (i) the Termination Time and (ii) the termination of the annual meeting of unitholders of the Trust in the year that is three years after the year in which such approval occurs.

1.1.14 A **“Flip-in Event”** means a transaction or event as a result of which any Person will become an Acquiring Person provided, however, that a Flip-in Event will be deemed to occur at the close of business on the 10th Business Day (or such later day as the Trustees may determine) after the Unit Acquisition Date.

1.1.15 **“Independent Unitholders”** means holders of Units excluding:

1.1.15.1 any Acquiring Person;

1.1.15.2 any Offeror, but excluding such Person if the Take-Over Bid so announced or made by such Person has been withdrawn or has terminated or expired and excluding any such Person who at the relevant time is deemed not to Beneficially Own Units pursuant to section 1.1.4.5;

1.1.15.3 any Person acting jointly or in concert with such Acquiring Person or Offeror;

1.1.15.4 any Affiliate or Associate of such Acquiring Person or Offeror; or

1.1.15.5 any Person who is a trustee or administrator of any employee benefit plan, unit purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of the Trust, unless the beneficiaries of the plan or trust direct the manner in which the Units are to be voted or direct whether the Units are to be tendered to a Take-Over Bid.

1.1.16 **"Market Price"** for any securities on any date of determination means the average of the daily Closing Prices Per Security of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in section 2.3 hereof will have caused the price used to determine the Closing Price Per Security on any Trading Day not to be fully comparable with the price used to determine the Closing Price Per Security on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such price so used will be appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 2.3 hereof in order to make it fully comparable with the price per security used to determine the Closing Price Per Security on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The **"Closing Price Per Security"** of any securities on any date will be:

1.1.16.1 the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for each security as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on The Toronto Stock Exchange;

1.1.16.2 if the securities are not listed or admitted to trading on The Toronto Stock Exchange, the average of the high bid and low asked prices for each security in the over-the-counter market if such prices are regularly published in a bona fide newspaper or business or financial publication of regular or paid circulation; or

1.1.16.3 if the securities are not listed or admitted to trading on The Toronto Stock Exchange or if on any such date the prices are not published as contemplated in section 1.1.16.2, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected in good faith by the Trustees;

provided, however, that if on any such date the Closing Price Per Security cannot be determined in accordance with the foregoing, the Closing Price Per Security of such securities on such date will mean the fair value per share or unit of such securities on such date as determined in good faith by a recognized investment dealer or investment banker with respect to the fair value per share or unit of such securities.

1.1.17 **"NI 62-104"** means National Instrument 62-104 – *Take-Over Bids and Issuer Bids* (referred to as *Regulation 62-104 respecting Take-Over Bids and Issuer Bids* in Quebec) and any comparable or successor laws, instruments or rules thereto.

1.1.18 **"Offer to Acquire"** includes:

1.1.18.1 an offer to purchase, or a solicitation of an offer to sell, Units; and

1.1.18.2 an acceptance of an offer to sell Units, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell will be deemed to be making an offer to acquire to the Person that made the offer to sell.

1.1.19 **“Offeror”** means a person who has announced a current intention to make, or who is making, a Take-Over Bid.

1.1.20 **“Offeror’s Securities”** means Units Beneficially Owned on the date of an Offer to Acquire by any Person who is making a Take-Over Bid and by such Person’s Affiliates and Associates and by any Person acting jointly or in concert with such Person or such Person’s Affiliates and Associates.

1.1.21 **“Permitted Bid”** means a Take-Over Bid made by way of a Take-Over Bid, pursuant to and in compliance with NI 62-104, and that is made to all holders of record of Units as registered on the books of the Trust, other than the Offeror, provided that, if a Take-Over Bid constitutes a Competing Permitted Bid, the term “Permitted Bid” will also include a Competing Permitted Bid.

1.1.22 **“Permitted Bid Acquisition”** means a Unit acquisition made pursuant to a Permitted Bid or Competing Bid.

1.1.23 **“Permitted Lock-Up Agreement”** means an agreement between an Offeror or any Affiliate or Associate of the Offeror or any other Person acting jointly or in concert with the Offeror and a Person who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror (the **“Locked-up Person”**), the terms of which are publicly disclosed not later than (i) the date the Lock-up Bid (as defined below) is publicly announced or, (ii) if the Lock-up Bid has been made prior to the date on which such agreement is entered into, forthwith and in any event not later than the date following the date of such agreement, pursuant to which each Locked-up Person agrees to deposit or tender Units held by it to the Offeror’s Take-Over Bid or to any Take-Over Bid made by any Affiliate or Associate of the Offeror or any Person acting jointly or in concert with the Offeror (the **“Lock-up Bid”**) where the agreement:

1.1.23.1 permits the Locked-up Person to withdraw the Units in order to tender or deposit the Units to another Take-Over Bid, or to support another transaction, that provides for a consideration for each Unit that is higher than the consideration contained in or proposed to be contained in the Lock-up Bid; or

1.1.23.2 (A) permits the Locked-up Person to withdraw the Units in order to tender or deposit the Units to another Take-Over Bid, or to support another transaction, that provides for a consideration for each Unit that exceeds by as much as or more than a specified amount (the **“Specified Amount”**) the consideration for each Unit contained in or proposed to be contained in the Lock-up Bid and (B) does not by its terms provide for a Specified Amount that is greater than 7% over the consideration for each Unit contained in or proposed to be contained in the Lock-up Bid;

and for greater certainty, the Permitted Lock-up Agreement may contain a right of first refusal or require a period of delay to give the Offeror an opportunity to at least match a higher consideration in another Take-Over Bid or transaction or other similar limitation on a Locked-up Person’s right to withdraw Units from the Permitted Lock-Up Agreement and not tender such Units to the Take-Over Bid to which the Locked-up Person has agreed to deposit or tender, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Units in sufficient time to tender to the other Take-Over Bid or participate in the other transaction; but



1.1.23.3 does not provide for any “break-up fees”, “top up fees”, penalties, expense reimbursement or other amounts that exceed in the aggregate the greater of (A) the cash equivalent of 2.5% of the consideration payable under the Take-Over Bid to the Locked-up Person and (B) 50% of the amount by which the consideration payable under another Take-Over Bid or transaction to a Locked-up Person exceeds the consideration that that Locked-up Person would have received under the Lock-up Bid to be paid by a Locked-up Person pursuant to the Permitted Lock-up Agreement if the Locked-up Person fails to deposit or tender Units to the Lock-up Bid or withdraws Units in order to tender to another Take-Over Bid or participate in another transaction.

1.1.24 “**Person**” means any individual, firm, partnership, association, trust, trustee, personal representative, estate, body corporate, corporation, unincorporated organization, syndicate, government or government agency or instrumentality, or other entity.

1.1.25 “**Pro Rata Acquisition**” means a Unit dividend, Unit split or other event pursuant to which such Person receives or acquires Units on the same proportionate basis as all other holders of Units

1.1.26 “**Securities Act (Ontario)**” means the *Securities Act*, R.S.O. 1990, c. S5, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto.

1.1.27 “**Separation Time**” means the close of business on the 10th Business Day after the earliest of:

1.1.27.1 the Unit Acquisition Date;

1.1.27.2 the date of the commencement of, or first public announcement of the intent of any Person (other than the Trust or any Subsidiary of the Trust) to commence, a Take-Over Bid (other than a Take-Over Bid which is a Permitted Bid or a Competing Permitted Bid), provided that, if any Take-Over Bid referred to in this section 1.1.27.2 expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-Over Bid will be deemed, for purposes of this section 1.1.27, never to have been made; and

1.1.27.3 the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be a Permitted Bid or a Competing Permitted Bid, as applicable;

or such later date as may be determined by the Trustees acting in good faith.

1.1.28 “**Subsidiary**” of any specified Person means any corporation or other Person controlled by that specified Person.

1.1.29 “**Take-Over Bid**” means an Offer to Acquire Units or securities convertible into Units, where the Units subject to the Offer to Acquire, together with the Units into which the securities subject to the Offer to Acquire are convertible, and the Offeror’s Securities, constitute in the aggregate 20% or more of the outstanding Units at the date of the Offer to Acquire.

1.1.30 “**Termination Time**” means the time at which the right to exercise Rights will terminate pursuant to section 5.1 or 5.19 hereof.

1.1.31 “**Trading Day**”, when used with respect to any securities, means a day on which the principal securities exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian securities exchange, a Business Day.

1.1.32 “**Trustees**” means the trustees of the Trust elected or appointed from time to time.

1.1.33 **“Units of the Trust”** and **“Units”** means the units in the Trust.

1.1.34 **“Unit Acquisition Date”** means the first date of public announcement (which, for purposes of this definition, includes, without limitation, a report filed pursuant to section 5.2 of NI 62-104) by the Trust or an Acquiring Person of facts indicating that a Person has become an Acquiring Person.

1.1.35 **“Voting Unit Reduction”** means an acquisition or redemption by the Trust of Units of the Trust which, by reducing the number of Units outstanding, increases the proportionate number of Units Beneficially Owned by such Person to 20% or more of the Units of the Trust then outstanding;

## **1.2 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

## **1.3 Control**

1.3.1 For the purpose of this Agreement:

1.3.1.1 a Person controls a body corporate if securities of the body corporate to which are attached more than 50% of the votes that may be cast to elect directors of the body corporate are Beneficially Owned by that Person and the votes attached to those securities are sufficient, if exercised, to elect the majority of the directors of the body corporate;

1.3.1.2 a Person controls an unincorporated Person (other than a limited partnership) if more than 50% of the ownership interests into which the unincorporated Person is divided are Beneficially Owned by that Person; and

1.3.1.3 the general partner of a limited partnership controls the limited partnership;

and “control”, “controlled by” and “under common control” will be interpreted accordingly.

1.3.2 A Person who controls another Person is deemed to control any Person that is controlled by that other Person and so on.

## **1.4 Acting Jointly or in Concert**

For the purpose of this Agreement, a Person is acting jointly or in concert with another Person if the first Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with the other Person, any Associate or Affiliate of such other Person, or any other Person acting jointly or in concert with such other Person, to acquire or offer to acquire any Units (other than customary (x) agreements with and between underwriters and banking group or selling group members with respect to a public offering or distribution of securities and (y) pursuant to a pledge of securities in the ordinary course of business).

## **1.5 Determination of Percentage Ownership of Units**

For the purpose of this Agreement, the percentage of votes attached to the Units Beneficially Owned by any Person will be and will be deemed to be the product determined by the formula:

$$100 \times A/B$$

where:

A = the aggregate number of votes for the election of all Trustees generally attaching to the Units Beneficially Owned by that Person; and

B = the aggregate number of votes for the election of all Trustees generally attaching to all outstanding Units.

Where any Person is deemed to beneficially own unissued Units, such Units will be deemed to be outstanding for the purpose of both A and B in the formula above.

## **ARTICLE 2**

### **THE RIGHTS**

#### **2.1 Legend of Unit Certificates**

Certificates for the Units issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time will evidence one Right for each Unit represented thereby and, commencing as soon as reasonably practicable after the Record Time, will have impressed on, printed on, written or otherwise affixed to them the following legend:

“Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Unitholder Rights Plan Agreement as amended and restated from time to time, dated as of [■], 2020 (the “**Rights Agreement**”), between the Trust and Computershare Investor Services Inc., as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive office of the Trust. In certain circumstances, as set forth in the Rights Agreement, such Rights may be amended, redeemed, may expire, may become void (if, in certain cases, they are “Beneficially Owned” by an “Acquiring Person”, as such terms are defined in the Rights Agreement, or a transferee thereof) or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Trust will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge within five days after the receipt of a written request therefore.”

The registration on the books of the Trust of Units that are issued and outstanding at the Record Time will evidence one Right for each Unit evidenced thereby notwithstanding the absence of the foregoing legend until the close of business on the earlier of the Separation Time and the Expiration Time.

#### **2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights**

2.2.1 Subject to adjustment as herein set forth, each Right will entitle the holder thereof, after the Separation Time, to purchase, for the Exercise Price, one Unit.

2.2.2 Until the Separation Time:

2.2.2.1 no Right may be exercised; and

2.2.2.2 each unitholder will be entitled to one Right for each Unit held and each Right will be transferable only together with, and will be transferred by a transfer of, such associated Unit.

2.2.3 After the Separation Time and prior to the Expiration Time, the Rights: (i) may be exercised; and (ii) will be transferable independent of Units. Promptly following the Separation Time, the Trust will prepare and the Rights Agent will mail to each holder of record of Units as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights) at such holder's address as shown by the records of the Trust (the Trust hereby agreeing to furnish copies of such records to the Rights Agent for this purpose): (A) a certificate (a "**Rights Certificate**") in substantially the form of Exhibit A hereto with registration particulars appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Trust may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage, and (B) a disclosure statement describing the Rights provided by the Trust.

2.2.4 Rights may be exercised in whole or in part on any Business Day (or on any other day which, in the city at which an Election to Exercise (as hereinafter defined) is duly submitted to the Rights Agent in accordance with this Agreement, is not a Saturday, Sunday or a day that is treated as a holiday in such city) after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent (at its principal office in the City of Toronto, Canada or at any other office of the Rights Agent in the cities designated from time to time for that purpose by the Trust), the Rights Certificate evidencing such Rights together with an Election to Exercise (an "**Election to Exercise**"), substantially in the form attached to the Rights Certificate duly completed, accompanied by payment by certified cheque, banker's draft or money order payable to the order of the Trust, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Units in a name other than that of the holder of the Rights being exercised.

2.2.5 Upon receipt of a Rights Certificate, with an Election to Exercise accompanied by payment as set forth in section 2.2.4 above, the Rights Agent will thereupon promptly:

2.2.5.1 requisition from the transfer agent or any co-transfer agent of the Unit certificates for the number of Units to be purchased (the Trust hereby irrevocably authorizing its transfer agent to comply with all such requisitions);

2.2.5.2 after receipt of the Unit certificates, deliver the same to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder; and

2.2.5.3 when appropriate deliver payment to or to the order of the registered holder of the Rights Certificate representing the amount of overpayment as set forth in section 2.2.4.

2.2.6 In case the holder of any Rights exercises less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

2.2.7 The Trust covenants and agrees that it will:

2.2.7.1 take all such action as may be necessary and within its power to ensure that all Units delivered upon exercise of Rights will, at the time of delivery of the certificates for such Units (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;

2.2.7.2 take all such action as may be necessary and within its power to comply with any applicable requirements of the *Securities Act* (Ontario) and the regulations thereunder, and the securities laws of other jurisdictions in Canada and the rules and regulations thereunder or any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Units upon exercise of Rights;

2.2.7.3 use reasonable efforts to cause all Units issued upon exercise of Rights to be listed on the principal exchanges or traded in the over-the-counter markets on which the Units were traded immediately prior to the Unit Acquisition Date; and

2.2.7.4 pay when due and payable any and all federal and provincial transfer taxes (for greater certainty not including any income taxes of the holder or exercising holder or any liability of the Trust to withhold tax) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Units, provided that neither the Trust nor the Rights Agent will be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Units in a name other than that of the holder of the Rights being transferred or exercised.

## **2.3 Adjustments to Exercise Price; Number of Rights**

The Exercise Price, the number and kind of Units subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this section 2.3.

2.3.1 In the event the Trust will at any time after the Record Time and prior to the Expiration Time:

2.3.1.1 declare or pay a distribution on the Units payable in Units (or other securities exchangeable for or convertible into or giving a right to acquire Units) other than pursuant to any mandatory or optional Unit distribution program;

2.3.1.2 subdivide or change the then outstanding Units into a greater number of Units;

2.3.1.3 combine or change the then outstanding Units into a smaller number of Units; or

2.3.1.4 issue any Units (or other securities exchangeable for or convertible into or giving a right to acquire Units) in respect of, in lieu of or in exchange for existing Units in a reclassification, amalgamation, merger, arrangement or consolidation;

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor will occur after the Separation Time, the securities purchasable upon exercise of Rights will be adjusted in the manner set forth below. If the Exercise Price and number of Rights outstanding are to be adjusted (i) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Units (or other capital stock) (the “**Expansion Factor**”) that a holder of one Unit immediately prior to such distribution, subdivision, change, combination or issuance would hold thereafter as a result thereof and (ii) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be allocated among the Units with respect to which the original Rights were associated (if they remain outstanding) and the Units issued in respect of such distribution, subdivision, change, combination or issuance, so that each such Unit will have exactly one Right associated with it. If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the number of securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such distribution, subdivision, change, combination or issuance would hold thereafter as a result thereof. If after the Record Time and prior to the Expiration Time the Trust will issue

any securities other than Units in a transaction of a type described in sections 2.3.1.1 and 2.3.1.4, such securities will be treated herein as nearly equivalent to Units as may be practicable and appropriate under the circumstances and the Trust and the Rights Agent agree to amend this Agreement in order to effect, and will not consolidate with, amalgamate with or into or enter into an arrangement with, any other Person unless such Person agrees to be bound by the terms of an amendment effecting such treatment. If an event occurs which would require an adjustment under both this 2.3.1.1 and section 2.3.1.4 hereof, the adjustment provided for in this section 2.3 will be in addition to, and will be made prior to, any adjustment required pursuant to section 3.1 hereof.

In the event the Trust will at any time after the Record Time and prior to the Separation Time issue any Units otherwise than in a transaction referred to in the preceding section, each such Unit so issued will automatically have one new Right associated with it, which Right will be evidenced by the certificate representing such Unit.

2.3.2 In the event the Trust will at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Units of rights or warrants entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Units (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Units) at a price per Unit (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Units, having a conversion, exchange or exercise price (including the price required to be paid to purchase such convertible or exchangeable security or right per unit)) less than 95% of the Market Price per Unit on such record date, the Exercise Price will be adjusted in the manner set forth below. The Exercise Price in effect after such record date will equal the Exercise Price in effect immediately prior to such record date multiplied by a fraction, of which the numerator will be the number of Units outstanding on such record date plus the number of Units which the aggregate offering price of the total number of Units so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered (including the price required to be paid to purchase such convertible or exchangeable securities or rights)) would purchase at such Market Price and of which the denominator will be the number of Units outstanding on such record date plus the number of additional Units to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid in a consideration part or all of which will be in a form other than cash, the value of such consideration will be as determined by an independent financial advisor retained by the Trustees of the Trust whose determination will be described in a statement filed with the Rights Agent and will be binding on the Rights Agent and the holders of Rights. Such adjustment will be made successively whenever such a record date is fixed. For purposes of this section 2.3.2, the granting of the right to purchase Units (whether from treasury securities or otherwise) pursuant to any distribution or interest reinvestment plan and/or any Unit purchase plan providing for the reinvestment of distributions or interest payable on securities of the Trust and/or the investment of periodic optional payments and/or employee benefit or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) will not be deemed to constitute an issue of rights or warrants by the Trust; provided, however, that in the case of any distribution reinvestment plan, the right to purchase Units is at a price per Unit of not less than 90% of the current Market Price per Unit (determined as provided in such plans) of the Units.

2.3.3 In the event the Trust will at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Units of evidence of indebtedness or assets (other than a regular periodic cash distribution or a distribution paid in Units or other than a distribution paid following the approval by the holders of Units of the liquidation of the Trust) or rights or warrants (excluding those referred to in section 2.3.2), the Exercise Price will be adjusted in the manner set forth below. The Exercise Price in effect after such record date will equal the Exercise Price in effect immediately prior to such record date less the fair market value of the portion of the assets, evidences of indebtedness, rights or warrants so to be distributed applicable to each of the securities purchasable upon exercise of one Right (such

determination to be described in a statement filed with the Rights Agent and the holders of the Rights). Such adjustment will be made successively whenever such a record date is fixed.

2.3.4 Each adjustment made pursuant to this section 2.3 will be made as of:

2.3.4.1 the payment or effective date for the applicable distribution, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to section 2.3.1 above; and

2.3.4.2 the record date for the applicable distribution, in the case of an adjustment made pursuant to section 2.3.2 or 2.3.3 above subject to readjustment to reverse the same if such distribution will not be made.

2.3.5 In the event the Trust will at any time after the Record Time and prior to the Expiration Time issue any securities (other than Units), or rights or warrants to subscribe for or purchase any such securities, or securities convertible into or exchangeable for any such securities, in a transaction referred to in section 2.3.1.1 or 2.3.1.4 above, or if the Trust will take any other action (other than the issue of Units) which might have a negative effect on the holders of Rights, if the Trustees acting in good faith determine that the adjustments contemplated by sections 2.3.1, 2.3.2 and 2.3.3 above are not applicable or will not appropriately protect the interests of the holders of Rights, the Trust may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, if the adjustments contemplated by sections 2.3.1, 2.3.2 and 2.3.3 above are applicable, notwithstanding such sections, the adjustments so determined by the Trust, rather than the adjustments contemplated by sections 2.3.1, 2.3.2 and 2.3.3 above, will be made. Any such adjustments will be subject to the prior approval of the holders of Units or Rights, as applicable, obtained in the manner set out in section 5.4.5. The Trust and the Rights Agent will amend this Agreement as appropriate to provide for such adjustments.

2.3.6 Each adjustment to the Exercise Price made pursuant to this section 2.3 will be calculated to the nearest cent. Whenever an adjustment to the Exercise Price is made pursuant to this section 2.3, the Trust will:

2.3.6.1 promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment; and

2.3.6.2 promptly file with the Rights Agent and with each transfer agent for the Units a copy of such certificate and mail a brief summary thereof to each holder of Rights.

2.3.7 Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the securities so purchasable which were expressed in the initial Rights Certificates issued hereunder.

## **2.4 Date on Which Exercise is Effective**

Each person in whose name any certificate for Units is issued upon the exercise of Rights will for all purposes be deemed to have become the holder of record of the Units represented thereby on, and such certificate will be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the transfer books of the Trust are closed, such person will be deemed to have become the record holder of such Units on, and such certificate will be dated, the next succeeding Business Day on which the transfer books of the Trust are open.



## 2.5

### Execution, Authentication, Delivery and Dating of Rights Certificates

2.5.1 The Rights Certificates will be executed on behalf of the Trust by any two of any Trustee or officer of the Trust. The signature of any of these individuals on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the Trustees or proper officers of the Trust will bind the Trust, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates. Promptly after the Trust learns of the Separation Time, the Trust will provide written notice to the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Trust to the Rights Agent for countersignature, and the Rights Agent will countersign (manually or by facsimile signature in a manner satisfactory to the Trust) and mail such Rights Certificates to the holders of the Rights pursuant to section 2.2.3 hereof. No Rights Certificate will be valid for any purpose until countersigned by the Rights Agent as aforesaid.

2.5.2 The certification of the Rights Agent on the Rights Certificate issued hereunder will not be construed as a representation of warranty by the Rights Agent as to the validity of this Agreement or the Rights Certificate (except the due certification thereof) and the Rights Agent will in no way be liable or answerable for the use made of the Rights Certificate or of the consideration therefor except as otherwise specified herein.

2.5.3 Each Rights Certificate will be dated the date of countersignature thereof.

## 2.6

### Registration, Registration of Transfer and Exchange

2.6.1 The Trust will cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Trust will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed “Rights Registrar” for the purpose of maintaining the Rights Register for the Trust and registering Rights and transfers of Rights as herein provided. In the event that the Rights Agent will cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of section 2.6.3 below, the Trust will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder’s instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

2.6.2 All Rights issued upon any registration of transfer or exchange of Rights Certificates will be the valid obligations of the Trust, and such Rights will be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

2.6.3 Every Rights Certificate surrendered for registration of transfer or exchange will be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trust or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder’s attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this section 2.6 the Trust may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

## **2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates**

2.7.1 If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Trust will execute and the Rights Agent will countersign and deliver in exchange therefore a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

2.7.2 If there will be delivered to the Trust and the Rights Agent prior to the Expiration Time (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate and (ii) such security or indemnity as may be required by them in their sole discretion to save each of them and any of their agents harmless, then, in the absence of notice to the Trust or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Trust will execute and upon its request the Rights Agent will countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

2.7.3 As a condition to the issuance of any new Rights Certificate under this section 2.7, the Trust may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.

2.7.4 Every new Rights Certificate issued pursuant to this section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate will evidence an original additional contractual obligation of the Trust, whether or not the destroyed, lost or stolen Rights Certificate will be at any time enforceable by anyone, and will be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

2.7.5 The Rights Agent will place a stop transfer notation on the Rights Register with respect to any destroyed, lost or stolen Rights Certificate for which a replacement Rights Certificate is issued pursuant to this section 2.7.

## **2.8 Persons Deemed Owners**

The Trust, the Rights Agent and any agent of the Trust or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Unit certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term “holder” of any Rights will mean the registered holder of such Rights (or, prior to the Separation Time, the associated Units).

## **2.9 Delivery and Cancellation of Certificates**

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange will, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, will be promptly cancelled by the Rights Agent. The Trust may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Trust may have acquired in any manner whatsoever, and all Rights Certificates so delivered will be promptly cancelled by the Rights Agent. No Rights Certificate will be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this section 2.9, except as expressly permitted by this Agreement. The Rights Agent will destroy all cancelled Rights Certificates and upon written request by the Trust deliver a certificate of destruction to the Trust.

## **2.10 Agreement of Rights Holders**

Every holder of Rights, by accepting the same, consents and agrees with the Trust and the Rights Agent and with every other holder of Rights that:

2.10.1 it will be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;

2.10.2 prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Unit;

2.10.3 after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;

2.10.4 prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Unit certificate) for registration of transfer, the Trust, the Rights Agent and any agent of the Trust or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Unit certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Unit certificate made by anyone other than the Trust or the Rights Agent) for all purposes whatsoever, and neither the Trust nor the Rights Agent will be affected by any notice to the contrary;

2.10.5 such holder of Rights has waived its right to receive any fractional Rights or any fractional Units upon exercise of a Right (except as provided herein);

2.10.6 without the approval of any holder of Rights and upon the sole authority of the Trustees of the Trust acting in good faith, this Agreement may be supplemented or amended from time to time as provided herein except where such an amendment may affect the duties of the Rights Agent, which amendment will require the consent of the Rights Agent; and

2.10.7 notwithstanding anything in this Agreement to the contrary, neither the Trust nor the Rights Agent will have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

### **ARTICLE 3**

#### **ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS**

#### **3.1 Flip-in Event**

3.1.1 Subject to sections 5.1.2 and 5.1.5 hereof, in the event that prior to the Expiration Time a Flip-in Event occurs, the Trust will take such action as will be necessary to ensure and provide, within 10 Business Days or such longer period as may be required to satisfy the requirements of the securities acts or comparable legislation of each of the provinces of Canada, and, if applicable, and the securities laws or comparable legislation of the United States, that, except as provided below, each Right will thereafter constitute the right to purchase from the Trust, upon exercise thereof in accordance with the terms hereof, that number of Units of the Trust having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 2.3 in the event that after such date of consummation or occurrence an event of a type analogous to any of the events described in section 2.3 will have occurred with respect to such Units).

3.1.2 Notwithstanding the foregoing or any other provisions of this Agreement, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Unit Acquisition Date by:

3.1.2.1 an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or

3.1.2.2 a transferee, direct or indirect, of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) in a transfer made after the date hereof, whether or not for consideration, that the Trustees of the Trust acting in good faith have determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding section 3.1.2.1.

will become void and any holder of such Rights (including transferees) will thereafter have no right to exercise such Rights under any provision of this Agreement.

3.1.3 Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either sections 3.1.2.1 or 3.1.2.2 or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, will contain the following legend:

“The Rights represented by this Rights Certificate were Beneficially Owned by a Person who was an Acquiring Person or who was an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or who was acting jointly or in concert with any of them. This Rights Certificate and the Rights represented hereby will become void in the circumstances specified in section 3.1.2 of the Rights Agreement.”

The Rights Agent will not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but will be required to impose such legend only if instructed in writing to do so by the Trust or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not an Acquiring Person or an Affiliate or Associate thereof.

## **ARTICLE 4**

### **THE RIGHTS AGENT**

#### **4.1 General**

4.1.1 The Trust hereby appoints the Rights Agent to act as agent for the Trust and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Trust may from time to time appoint such co-rights agents as it may deem necessary or desirable, subject to the prior written approval of the Rights Agent. In the event the Trust appoints one or more co-rights agents, the respective duties of the Rights Agent and co-rights agents will be as the Trust may determine with the written approval of the Rights Agent and such co-rights agents. The Trust agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the execution and administration of this Agreement and the exercise and performance of its duties hereunder (including the reasonable fees and other disbursements of any expert retained by the Rights Agent with the approval of the Trust, such approval not to be unreasonably withheld). The Trust also agrees to indemnify

the Rights Agent, its officers, directors and employees for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done, suffered or omitted by the Rights Agent in connection with the acceptance, execution and administration of this Agreement and the exercise and performance of its duties hereunder, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

4.1.2 The Rights Agent will be protected and will incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Units, Rights Certificate, certificate for other securities of the Trust, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons.

4.1.3 The Trust shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time, upon request, shall provide to the Rights Agent an incumbency certificate with respect to the then current officers of the Corporation, provided that failure to inform the Rights Agent of any such events, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events

## **4.2 Merger, Amalgamation or Consolidation or Change of Name of Rights Agent**

4.2.1 Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the unitholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of section 4.4 hereof. In case, at the time such successor Rights Agent succeeds to the agency created by this Agreement, any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

4.2.2 In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates will have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates will not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

## **4.3 Duties of Rights Agent**

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Trust and the holders of Rights Certificates, by their acceptance thereof, will be bound:

4.3.1 The Rights Agent may consult with legal counsel (who may be legal counsel for the Trust), and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any

action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Trust (such approval not be unreasonably withheld), consult with such other experts as the Rights Agent will consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement and the Rights Agent will be entitled to act and rely in good faith on the advice of any such expert.

4.3.2 Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Trust prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a person believed by the Rights Agent to be the President or any Vice President or Trustee of the Trust and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

4.3.3 The Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct.

4.3.4 The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Units or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Trust only.

4.3.5 The Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Unit certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Trust of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to section 3.1.2 hereof) or any adjustment required under the provisions of section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Units to be issued pursuant to this Agreement or any Rights or as to whether any Units will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable.

4.3.6 The Trust agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

4.3.7 The Rights Agent is hereby authorized and directed to accept instructions in writing with respect to the performance of its duties hereunder from any person believed by the Rights Agent to be the President or any Vice President or Trustee of the Trust, and to apply to such persons for advice or instructions in connection with its duties, and it will not be liable for any action taken or suffered by it in good faith in reliance upon instructions of any such person; it is understood that instructions to the Rights Agent will, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions will be confirmed in writing as soon as reasonably possible after the giving of such instructions.

4.3.8 The Rights Agent and any unitholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Units, Rights or other securities of the Trust or become pecuniarily interested in any transaction in which the Trust may be interested, or contract with or lend money to the Trust or



otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein will preclude the Rights Agent from acting in any other capacity for the Trust or for any other legal entity.

4.3.9 The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, omission, default, neglect or misconduct of any such attorneys or agents or for any loss to the Trust resulting from any such act, omission, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

#### **4.4 Change of Rights Agent**

The Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice (or such lesser notice as is acceptable to the Trust) in writing mailed to the Trust and to each transfer agent of Units by registered or certified mail, and to the holders of the Rights in accordance with section 5.9. The Trust may remove the Rights Agent upon 30 days' notice in writing given to the Rights Agent and to each transfer agent of the Units (by personal delivery or registered or certified mail). If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Trust will appoint a successor to the Rights Agent. If the Trust fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then the resigning Rights Agent or any holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent at the Trust's expense. Any successor Rights Agent, whether appointed by the Trust or by such court, will be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent will, upon payment of all its outstanding fees and expenses, deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute at the expense of the Trust and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Trust will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Units, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this section 4.4, however, or any defect therein, will not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

#### **4.5 Compliance with Anti-Money Laundering and Anti-Terrorist Legislation**

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in noncompliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Trust, provided that (i) the Rights Agent's written notice shall describe the circumstances of such non-compliance and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

#### **4.6 Privacy Provision**

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Trust will, prior to transferring or causing to be transferred personal information to the rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either



have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

#### **4.7                   Fiduciary Duties of the Trustees**

Nothing contained herein shall be construed to suggest or imply that the Board of Trustees shall not be entitled to recommend that holders of the voting Units and/or Convertible Securities reject or accept any Take-Over Bid or take any other action including the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-Over Bids or other proposals to unitholders that the trustees believe are necessary or appropriate in the exercise of their fiduciary duties.

#### **4.8                   Liability**

Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

### **ARTICLE 5 MISCELLANEOUS**

#### **5.1                   Redemption and Termination**

5.1.1       The Trustees of the Trust acting in good faith may, at their option, at any time prior to the occurrence of a Flip-in Event as to which the application of section 3.1 has not been waived pursuant to the provisions of this section 5.1, with the prior consent of the holders of Units or the holders of Rights given in accordance with section 5.1.6 or 5.17, respectively, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.0001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 2.3 in the event that an event of the type analogous to any of the events described in section 2.3 will have occurred (such redemption price being herein referred to as the “**Redemption Price**”).

5.1.2       The Trustees of the Trust may in respect of any Flip-in Event waive the application of section 3.1 to that Flip-in Event, provided that both of the following conditions are satisfied:

5.1.2.1       the Trustees have determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and

5.1.2.2       such Acquiring Person has reduced its Beneficial Ownership of Units such that at the time of waiver pursuant to this section 5.1.2 it is no longer an Acquiring Person.

5.1.3       The Rights will become void and be of no further effect, without any further formality, on the date that a Person who has made a Permitted Bid or a Take-Over Bid in respect of which the Trustees have waived or are deemed to have waived the application of section 3.1 pursuant to section 5.1.5 takes up and pays for the Units pursuant to the Permitted Bid or Take-Over Bid, as applicable.

5.1.4       At any time before the occurrence of a Flip-In Event as to which the application of section 3.1 has not been waived pursuant to this section 5.1, if a Flip-In Event would occur by reason of an acquisition of Units otherwise than pursuant to a Take-Over Bid made by means of a Take-Over Bid circular to all holders of record of Units (wherever resident) as registered on the books of the Trust and otherwise than in the circumstances set forth in section 5.1.3, the Trustees, with the prior consent of the holders of Units given in

accordance with section 5.1.6, may determine to waive the application of section 3.1 to that Flip-In Event. If the Trustees propose such a waiver, the Trustees will extend the Separation Time to a date after but not more than 10 Business Days following the meeting of unitholders called to approve such waiver.

5.1.5 At any time before the occurrence of a Flip-in Event as to which the application of section 3.1 has not been waived pursuant to this section 5.1, the Trustees may determine, on prior written notice to the Rights Agent, to waive the application of section 5.1 to a Flip-in Event that would occur by reason of a Take-Over Bid made by means of a take-over bid circular to all holders of record of Units (wherever resident) provided that, if the Trustees waive the application of section 3.1 to such a Flip-in Event, the Trustees will be deemed to have waived the application of section 3.1 to any other Flip-in Event occurring by reason of any Take-Over Bid made by means of a take-over bid circular to all holders of record of Units (wherever resident), which is made prior to the expiry of any Take-Over Bid in respect of which a waiver is, or is deemed to have been, granted under this section.

5.1.6 If a redemption of Rights pursuant to section 5.1.1 or a waiver of a Flip-in Event pursuant to section 5.1.4 is proposed at any time before the Separation Time, that redemption or waiver must be submitted for approval to the holders of Units. Their approval will be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Unitholders represented in person or by proxy at a meeting of holders of the Units duly called and held in accordance with applicable laws and the Trust's Declaration of Trust.

5.1.7 If a redemption of Rights pursuant to section 5.1.1 is proposed at any time after the Separation Time, that redemption must be submitted for approval to the holders of Rights. Their approval will be deemed to have been given if the redemption is approved by a majority of the votes cast by the holders of Rights represented in person or by proxy at and entitled to vote at a meeting of holders of Rights. For the purpose of this agreement, each outstanding Right (other than Rights that are Beneficially Owned by any Person referred to in sections 1.1.15.1 to 1.1.15.5 inclusive of the definition of Independent Unitholders) will be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting will be those, as nearly as may be, which are provided in the Trust's Declaration of Trust with respect to meetings of unitholders of the Trust.

5.1.8 If the Trustees of the Trust elect to redeem the Rights under section 5.1.1 and that redemption is approved by the holders of Units or the holders of Rights in accordance with section 5.1.6 or 5.1.7, as applicable, the right to exercise the Rights will thereupon terminate, without further action and without notice, and the only right thereafter of the holders of Rights will be to receive the Redemption Price.

5.1.9 Within 10 Business Days after the holders of Units or the holders of Rights have approved a redemption of the Rights in accordance with section 5.1.6 or 5.1.7, as applicable, the Trust will give notice of redemption to the holders of the Rights by mailing the notice to each such holder at its last address as it appears on the register of the Rights Agent or, before the Separation Time, on the register of the Transfer Agent for the Units. Any notice which is mailed in the manner provided will be deemed given, whether or not the holder receives the notice. Each such notice of redemption must state the method by which the payment of the Redemption Price will be made. The Trust may not redeem, acquire or purchase for value any Rights at any time in any manner other than as specifically set forth in this section 5.1 or in connection with the purchase of Units before the Separation Time.

5.1.10 Where a Take-Over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and before the occurrence of a Flip-in Event, the Trustees may elect to redeem all the outstanding Rights at the Redemption Price by giving notice as contemplated by section 5.1.9. On such redemption, all the provisions of this Agreement will continue to apply as if the Separation Time had not occurred and as if Rights Certificates had not been mailed to each holder of record of Units as of the Separation Time and for all purposes of this Agreement the Separation Time will be deemed not to have occurred.

## **5.2 Expiration**

No Person will have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in section 4.1.1 of this Agreement.

## **5.3 Issuance of New Rights Certificates**

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Trust may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by its Trustees to reflect any adjustment or change in the number of or kind or class of shares or units purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

## **5.4 Supplements and Amendments**

5.4.1 The Trust may make amendments to this Agreement from time to time in order to correct any clerical or typographical error which the Trustees acting in good faith consider are required to maintain the validity of this Agreement as a result of any change in applicable law or regulations or the decision of any court of regulatory authority.

5.4.2 The Trust may not supplement or amend Article 4 without the written concurrence of the Rights Agent.

5.4.3 At any time before the Separation Time, the Trust, with the prior approval of the holders of Units, may amend, vary or rescind any of the provisions of this Agreement (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such approval will be deemed to have been given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by Independent Unitholders represented in person or by proxy at a meeting of holders of the Units duly called and held in accordance with applicable laws and the Trust's Declaration of Trust.

5.4.4 At any time on or after the Separation Time, the Trust, with the prior approval of the holders of Rights, may amend, vary or rescind any provision of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such approval will be deemed to have been given if the proposed amendment, variation or rescission is approved by a majority of the votes cast by the holders of Rights represented in person or by proxy at a meeting of holders of Rights and, with necessary modifications, in accordance with the procedures specified in section 5.1.7.

5.4.5 Any amendments made by the Trust to this Agreement pursuant to section 5.4.1 which are required to maintain the validity of this Agreement:

5.4.5.1 if made before the Separation Time, must be submitted to the unitholders of the Trust at the next meeting of unitholders and the unitholders, by resolution passed by a majority of the votes cast by Independent Unitholders who vote in respect of such amendment, may confirm or reject such amendment; or

5.4.5.2 if made after the Separation Time, must be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately after the next meeting of unitholders of the Trust and the holders of Rights, by resolution passed by a majority of the votes cast by the holders of Rights who vote in respect of such amendment, and in accordance with the procedures specified in section 5.1.7, may confirm or reject such amendment.

Any such amendment will be effective from the date of the resolution of the Trustees adopting such amendment until it is confirmed or rejected or until it ceases to be effective (as described in this section) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the unitholders or the holders of Rights or is not submitted to the unitholders or holders of Rights as required, then such amendment will cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been that was not held, and no subsequent resolution of the Trustees to amend any provision of this Agreement substantially to the same effect will be effective until confirmed by the unitholders or holders of Rights, as the case may be.

The Trust shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation or rescission to this Agreement pursuant to Section 5.4 within five Business Days of the date of any such supplement, amendment, deletion, variation or rescission, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation or rescission.

## **5.5 Fractional Rights and Fractional Units**

5.5.1 The Trust will not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, there will be paid to the registered holders of the Rights Certificates with regard to which fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the Market Price of a whole Right in lieu of such fractional Rights as of the date such fractional Rights would otherwise be issuable.

5.5.2 The Trust will not be required to issue fractional Units upon exercise of the Rights or to distribute certificates which evidence fractional Units. In lieu of issuing fractional Units, the Trust will pay to the registered holder of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one Unit at the date of such exercise.

5.5.3 The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Units pursuant to paragraph (a) or (b), respectively, unless and until the Trust shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Units, as the case may be.

## **5.6 Rights of Action**

Subject to the terms of this Agreement, rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Trust to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights, or Rights to which it is entitled, in the manner provided in this Agreement and in such holder's Rights Certificate. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

## **5.7 Holder of Rights Not Deemed a Unitholder**

No holder, as such, of any Rights will be entitled to vote, receive distributions or be deemed for any purpose the holder of Units or any other securities which may at any time be issuable on the exercise of Rights, nor will anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights, as such, any of

the rights of a unitholder of the Trust or any right to vote for the election of Trustees or upon any matter submitted to unitholders at any meeting thereof, or to give or withhold consent to any Trust action, or to receive notice of meetings or other actions affecting unitholders (except as provided herein), or to receive distributions or subscription rights or otherwise, until such Rights, or Rights to which such holder is entitled, have been exercised in accordance with the provisions hereof.

## **5.8 Notice of Proposed Actions**

In case the Trust proposes after the Separation Time and prior to the Expiration Time (i) to effect or permit (in cases where the Trust's permission is required) any Flip-in Event or (ii) to effect the liquidation, dissolution or winding-up of the Trust or the sale of all or substantially all its assets, then, in each such case, the Trust will give to each holder of a Right, in accordance with section 5.9 hereof, a notice of such proposed action, which will specify the date on which such event is to take place, and such notice will be so given at least 10 Business Days prior to the date of taking of such proposed action by the Trust.

## **5.9 Notices**

Notices or demands to be given or made in connection with this Agreement by the Rights Agent or by the holder of any Rights to or on the Trust will be sufficiently given or made if delivered or sent by mail, postage prepaid or by fax (with, in the case of fax, an original copy of the notice or demand sent by first class mail, postage prepaid, to the Trust following the giving of the notice or demand by fax), addressed (until another address is filed in writing with the Rights Agent) as follows:

First Capital Real Estate Investment Trust  
King Liberty Village  
85 Hanna Avenue, Suite 400  
Toronto, Ontario  
M6K 3S3

Attention: Chief Executive Officer  
Telephone: 416-216-2092  
Fax: 416-941-1655

Notices or demands to be given or made in connection with this Agreement by the Trust or by the holder of any Rights to or on the Rights Agent will be sufficiently given or made if delivered or sent by mail, postage prepaid, or by fax (with, in the case of fax, an original copy of the notice or demand sent by first class mail, postage prepaid, to the Rights Agent following the giving of the notice or demand by fax), addressed (until another address is filed in writing with the Trust) as follows:

Computershare Investor Services Inc.  
100 University Avenue  
9<sup>th</sup> Floor, North Tower  
Toronto, Ontario  
M5J 2Y1

Attention: General Manager, Client Services  
Fax: 416-981-9800

Notices or demands to be given or made in connection with this Agreement by the Trust or the Rights Agent to or on the holder of any Rights will be sufficiently given or made if delivered or sent by first class mail, postage prepaid, or fax (with, in the case of fax, an original copy of the notice or demand sent by first class mail, postage prepaid, to such holder following the giving of the notice or demand by fax), addressed to such holder at the address of such

holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Trust for the Units.

If mail service is or is threatened to be interrupted at a time when the Trust or the Rights Agent wishes to give a notice or demand hereunder to or on the holders of the Rights, the Trust or the Rights Agent may, notwithstanding the foregoing provisions of this section 5.9, give such notice by means of publication once in each of two successive weeks in the business section of The National Post or The Globe & Mail or in such other publication or publications as may be designated by the Trust and notice so published will be deemed to have been given on the date on which the first publication of such notice in any such publication has taken place.

#### **5.10 Costs of Enforcement**

The Trust agrees that if the Trust or any other Person the securities of which are purchasable upon exercise of Rights fails to fulfil any of its obligations pursuant to this Agreement, then the Trust or such Person will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

#### **5.11 Successors**

All the covenants and provisions of this Agreement by or for the benefit of the Trust or the Rights Agent will bind and enure to the benefit of their respective successors and assigns hereunder.

#### **5.12 Benefits of this Agreement**

Nothing in this Agreement will be construed to give to any Person other than the Trust, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement will be for the sole and exclusive benefit of the Trust, the Rights Agent and the holders of the Rights.

#### **5.13 Descriptive Headings**

Descriptive headings appear herein for convenience only and will not control or affect the meaning or construction of any of the provisions hereof.

#### **5.14 Governing Law**

This Agreement and each Right issued hereunder will be deemed to be a contract made under the laws of the Province of Ontario and for all purposes will be governed by and construed in accordance with the laws of such Province applicable to contracts to be made and performed entirely within such Province.

#### **5.15 Language**

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

#### **5.16 Counterparts**

This Agreement may be executed in any number of counterparts and each of such counterparts will for all purposes be deemed to be an original, and all such counterparts will together constitute but one and the same instrument.

### **5.17 Severability**

If any term or provision hereof or the application thereof to any circumstance is, in any jurisdiction and to any extent, invalid or unenforceable, such term or provision will be ineffective as to such jurisdiction to the extent of such validity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions hereof or the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable.

### **5.18 Effective Date**

Upon being confirmed and approved by a resolution passed by a majority of the votes cast by Independent Unitholders who vote in respect of confirmation and approval of this Agreement at the Trust's 2020 annual meeting of unitholders or at any adjournment or postponement thereof, this Agreement shall be effective and in full force and effect in accordance with its terms from and after such confirmation and approval.

### **5.19 Unitholder Review**

This Agreement must be reconfirmed and approved by a resolution a majority of the votes cast by Independent Unitholders who vote in respect of such confirmation and approval at a meeting of the unitholders of the Trust to be held not later than [September 29, 2023] (or an adjournment or postponement thereof) and thereafter at such a meeting to be held, *mutatis mutandis*, every three years thereafter. If this Agreement is not so reconfirmed and approved or is not presented for reconfirmation and approval at any such meeting (or at any postponement or adjournment thereof), this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the close of business on the date which is the earlier of the date of termination of the meeting called to consider the reconfirmation and approval of this Agreement and the date of termination of the annual meeting of the unitholders in the applicable year; provided, that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event in respect of which the application of section 3.1 has been waived pursuant to section 5.1), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.19.

### **5.20 Regulatory Approvals**

Any obligation of the Trust or action or event contemplated by this Agreement will be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority. In addition, the Trust may not make any amendment to this Agreement without the prior written consent of The Toronto Stock Exchange.

### **5.21 Declaration as to Non-Canadian Holders**

If in the opinion of the Trustees of the Trust (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance with the securities laws or comparable legislation of a jurisdiction outside Canada, the Trustees acting in good faith may take such actions as they may deem appropriate to ensure that such compliance is not required, including without limitation establishing procedures for the issuance to an appropriate Canadian resident acting as a fiduciary (a "**Fiduciary**") of Rights or securities issuable on exercise of Rights, the holding thereof in trust for the Person entitled thereto (but reserving to the Fiduciary or to the Fiduciary and the Trust, as the Trust may determine, absolute instrument discretion with respect thereto) and the sale thereof and remittance of the proceeds of such sale, if any, to the persons entitled thereto. In no event will the Trust or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States and any province or territory thereof in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.



## **5.22 Determinations and Actions by the Trustees**

All actions, calculations, interpretations and determinations (including all omissions with respect to the foregoing) which are done or made by the Trustees in connection with this Agreement, in good faith, will not subject any Trustee to any liability whatsoever to the holders of the Rights.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

### **FIRST CAPITAL REAL ESTATE INVESTMENT TRUST**

By: \_\_\_\_\_  
Trustee

By: \_\_\_\_\_  
Trustee

### **COMPUTERSHARE INVESTOR SERVICES INC.**

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

EXHIBIT A

FORM OF RIGHTS CERTIFICATE

Certificate No. \_\_\_\_\_

\_\_\_\_\_ Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF FIRST CAPITAL REAL ESTATE INVESTMENT TRUST, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. IN CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1.2 OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR TRANSFEREES OF AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM, MAY BECOME VOID.

**Rights Certificate**

This certifies that \_\_\_\_\_, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of Unitholder Rights Plan Agreement, as amended and restated from time to time, dated as of [■], 2020 (the “**Rights Agreement**”) between First Capital Real Estate Investment Trust, a trust created under the laws of Ontario (the “**Trust**”), and Computershare Investor Services Inc., a company incorporated under the laws of Canada, as Rights Agent (the “**Rights Agent**”), which term will include any successor Rights Agent under the Rights Agreement, to purchase from the Trust at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Termination Time (as such term is defined in the Rights Agreement), one fully paid unit of the Trust (a “**Unit**”) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed to the Rights Agent at its principal office in the City of Toronto and in such other cities as may be designated by the Trust from time to time. The Exercise Price will initially be \$50.00 per Right and will be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, the number of Units which each Right entitles the registered holder thereof to purchase will be adjusted as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Trust and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the principal executive offices of the Trust and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate will be exercised in part, the registered holder will be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Trust at a redemption price of \$0.0001 per Right, subject to adjustment in certain events, under certain circumstances at its option.

No fractional Unit will be issued upon the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, will be entitled to vote or receive distributions or be deemed for any purpose the holder of Units or of any other securities which may at any time be issuable upon the exercise

hereof, nor will anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a unitholder of the Trust or any right to vote for the election of Trustees or upon any matter submitted to unitholders at any meeting thereof, or to give or withhold consent to any action, or to receive notice of meetings or other actions affecting unitholders (except as provided in the Rights Agreement), or to receive distributions or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate will have been exercised as provided in the Rights Agreement.

Signature must be guaranteed by a Canadian schedule I chartered bank, a licensed trust company in Canada, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

This Rights Certificate will not be valid or obligatory for any purpose until it will have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Trust.

Date: \_\_\_\_\_

FIRST CAPITAL REAL ESTATE INVESTMENT TRUST

By: \_\_\_\_\_  
Chief Executive Officer

By: \_\_\_\_\_  
Secretary

Countersigned:

COMPUTERSHARE INVESTOR SERVICES INC.

By: \_\_\_\_\_  
Authorized Signature

## FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights represented by this Rights Certificate.)

FOR VALUE RECEIVED \_\_\_\_\_ hereby sells, assigns and transfers to \_\_\_\_\_ (Please print name and address of transferee) the Rights represented by this Rights Certificate, together with all right, title and interest therein, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as attorney, to transfer the within Rights on the books of the Trust, with full power and substitution.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Canadian schedule I chartered bank, a licensed trust company in Canada, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Units, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with any of the foregoing (all capitalized terms are used as defined in the Rights Agreement).

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

TO: First Capital Real Estate Investment Trust

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ whole Rights represented by the attached Rights Certificate to purchase the Units (or other securities or property) issuable upon the exercise of such Rights and requests that certificates for such units (or other securities or title to such property) be issued in the name of:

(Name)

\_\_\_\_\_  
(Street)

(City and Province)

(Postal Code)

SOCIAL INSURANCE NUMBER

If such number of Rights will not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights will be registered in the name of and delivered to:

(Name)

\_\_\_\_\_  
(Street)

(City and Province)

(Postal Code)

SOCIAL INSURANCE NUMBER

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Canadian schedule I chartered bank, a licensed trust company in Canada, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).  
(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Units, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with any of the foregoing (all capitalized terms are used as defined in the Rights Agreement).

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

#### **NOTICE**

In the event the certification set forth above in the Form of Election to Exercise is not completed upon exercise of the Right(s) evidenced hereby or in the event that the certification set forth above in the Form of Assignment is not completed upon the assignment of the Right(s) evidenced hereby, the Trust will deem the Beneficial Owner of the Right(s) evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an assignment, will affix a legend to that effect on any Rights Certificates issued in exchange for this Rights Certificate.

SCHEDULE C



# **First Capital Real Estate Investment Trust**

## **Mandate of the Board of Trustees**

**December 30, 2019**



## FIRST CAPITAL REAL ESTATE INVESTMENT TRUST

### MANDATE OF THE BOARD OF TRUSTEES

#### 1. GENERAL

The Board of Trustees (the “**Board**”) of First Capital Real Estate Investment Trust (“**FCR**”) believes that sound corporate governance practices are essential to the well-being of FCR and the promotion and protection of its Unitholders’ interests. The Board oversees the functioning of FCR’s governance system, in part through the work of the Corporate Governance Committee.

The Board has adopted this Mandate, which reflects FCR’s commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of FCR as required under applicable law and stock exchange rules and requirements.

The fundamental responsibility of the Board is to supervise the management of the business and affairs of FCR with a view to sustainable value creation for all Unitholders. As stated in the public disclosure documents of FCR, FCR’s primary objective is the creation of value through long-term maximization of cash flow and capital appreciation from its growing mixed-use portfolio. FCR achieves this objective (a) through a focused and disciplined acquisition strategy, (b) by undertaking selective development and redevelopment activities, and (c) by pro-actively managing its existing mixed-use portfolio.

The Board promotes full, true and plain reporting, including financial reporting, to unitholders of FCR and other interested persons as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls and disclosure controls. The Board believes that FCR is best served by a board of trustees which functions independently of management and is informed and engaged.

The Corporate Governance Committee will review this Mandate annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate in light of FCR’s needs and legal and regulatory developments.

#### 2. BOARD COMPOSITION

##### (a) Board Membership Criteria

The Corporate Governance Committee is responsible for establishing the competencies and skills that the Board, as a whole, should possess; the competencies and skills that each existing trustee should possess; and the competencies and skills each new candidate to be elected by unitholders should bring to the Board.

The Corporate Governance Committee recommends candidates for initial Board membership and Board members for nomination. In making its recommendations, the Corporate Governance Committee focuses on the competencies, skills, personal qualities, real estate or other business experience, as well as taking into account diversity considerations such as gender, age, background and other qualities of the candidates to enhance the Board’s decision-making process and the overall management of the business and affairs of FCR.

Trustees must have sufficient time to carry out their duties and not assume responsibilities which would materially interfere with or be incompatible with Board membership. Trustees who change their principal occupation are expected to advise the Corporate Governance Committee and, if determined appropriate by the Corporate Governance Committee, resign from the Board.

**(b) Trustee Independence**

The Board's composition and procedures are designed to permit it to function independently from management and to promote and protect the interests of all unitholders. The Board believes that, except during periods of temporary vacancies, a majority of its members should be "independent" ("**Independent Trustees**") as defined in section 1.4 of National Instrument 52-110—*Audit Committees*, as the same may be amended from time to time ("**NI 52-110**"). The Board will determine whether a trustee is an Independent Trustee.

The Board will review the independence of all trustees on an annual basis and will publish its determinations in the management information circular relating to FCR's annual meeting. To facilitate this review, trustees will be asked to provide the Board with full information regarding their business and other relationships with FCR and its affiliates and with senior management and their affiliates. Trustees have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence.

**(c) Board Size**

The Board sets the size of the Board from time to time. The Board considers eight or nine trustees to be an appropriate size for effective decision-making and committee work given the nature of FCR's operations and its current ownership.

**(d) Term**

All trustees are elected at the annual meeting of unitholders of FCR for a term of one year. The Board does not believe it should establish term limits or mandatory retirement ages for its members as such limits may deprive FCR and its unitholders of the contributions of members who have been able to develop, over time, valuable insights into FCR, its strategy and business operations.

**(e) Board Succession**

The Corporate Governance Committee is responsible for maintaining a Board succession plan that is responsive to FCR's needs and the interests of its unitholders.

**(f) Service on Other Boards**

The Board does not believe that its members should be prohibited from serving as a trustee, directors or in a similar position for a government agency or an outside entity, so long as these commitments do not create a conflict of interest or interfere with their ability to fulfill their duties as members of the Board. Trustees must be mindful of the number of other public company boards and committees of those boards on which they serve, taking into account potential attendance, participation and effectiveness on those boards and committees. Before accepting

an appointment to the board or a committee of any entity, or accepting a chair appointment for an existing board, a trustee should obtain consent of the Chair of the Board and the Chair of the Corporate Governance Committee.

### **3. TRUSTEES' DUTIES AND RESPONSIBILITIES**

Trustees must act honestly and in good faith with a view to the best interests of FCR and its unitholders and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In order to fulfill this responsibility, each trustee is expected to:

- approve multi-year strategic plans and annual business plans;
- develop and maintain a thorough understanding of FCR's operational and financial objectives, financial position and performance and also in the context of its principal competitors;
- diligently prepare for each meeting, including reviewing all meeting materials distributed in advance;
- actively and constructively participate in each meeting, including seeking clarification from management and outside advisors where necessary to fully understand the issues under consideration;
- engage in continuing education programs for trustees, as appropriate; and
- diligently attend all meetings of the Board and any committee of which he or she is a member.

### **4. BOARD DUTIES AND RESPONSIBILITIES**

In fulfilling its responsibilities, the Board is, among other matters, responsible for the following matters.

#### **(a) Appointment and Supervision of Chief Executive Officer and Senior Management**

The Board appoints and supervises the Chief Executive Officer, approves his or her compensation and, as permitted by applicable law, delegates to senior management responsibility for the day-to-day operations of FCR.

The Board will establish and maintain a position description for the Chief Executive Officer and Chief Financial Officer.

#### **(b) Strategic Planning and Risk Management**

The Board will approve a multi-year strategic plan and annual business plans with measurable performance indicators in accordance with FCR's public disclosure documents. In this regard, the Board will:

- adopt a strategic planning process and review and approve on an annual basis a strategic plan developed by management which includes rigorous but realistic goals, takes into account, among other things, the opportunities and risks of the business and sets parameters within which management will operate in relation to capital expenditures, investment activities, risk management and other matters;
- set annual corporate and management performance targets consistent with FCR's strategic plan;
- confirm that a system is in place to identify the principal risks facing FCR and its business and that appropriate procedures are in place to monitor and mitigate such risks; and
- confirm that processes are in place to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters.

The Board will, on a quarterly basis, review a report from senior management describing the risk exposures of FCR assigned to it on the enterprise risk register, and the steps senior management has taken to monitor and control such exposures.

#### **(c) Financial Reporting and Management**

The Board will:

- approve FCR's annual and interim financial statements and related management's discussion and analysis and review and oversee the integrity of FCR with respect to its compliance with applicable audit, accounting and financial reporting requirements;
- approve annual operating and capital budgets;
- confirm the integrity of FCR's internal controls over financial reporting and management information systems; and
- review operating and financial performance results relative to established strategies, plans, budgets and objectives.

#### **(d) Disclosure, Communications and Insider Trading**

The Board will satisfy itself that appropriate policies and procedures are in place regarding public disclosure, communications and restricted trading by insiders in order to:

- disclose all material information in compliance with FCR's timely disclosure obligations and to prevent selective disclosure of material information to analysts, institutional investors, market professionals and others;
- verify that news releases and corporate documents issued by FCR and public oral statements made by or on behalf of FCR are accurate and do not contain a misrepresentation;

- inform all trustees, officers, and other employees of FCR about their obligation to preserve the confidentiality of undisclosed material information about FCR; and
- inform all trustees, officers and other employees of FCR about prohibitions on illegal insider trading and tipping under applicable law and stock exchange rules.

**(e) Corporate Governance**

The Board will:

- establish an appropriate system of corporate governance including practices to facilitate the Board's independence;
- establish committees and approve their respective charters and the limits of authority delegated to each committee;
- establish appropriate processes for the regular evaluation of the effectiveness of the Board and its committees and the contributions of individual trustees;
- approve the nomination of trustees;
- review the adequacy and form of trustees' compensation to confirm that it realistically reflects the responsibilities and risks involved in being a trustee; and
- provide an opportunity for Independent Trustees to meet on a regular basis or as needed.

**(f) Approval of Certain Other Matters**

Notwithstanding the delegation to management of the authority to manage the business of FCR, the Board must approve the following:

- any material departure from an established strategy, operating or capital budget or corporate policy approved by the Board;
- the entering into of any agreement or transaction, the performance of which could result in an actual or contingent liability that would be material to FCR;
- those matters which may not be delegated by the Board under applicable corporate law; and
- such other matters as the Board may, from time to time, determine require its approval.

**(g) Delegation to Management**

The Board delegates to the Corporate Secretary authority to make housekeeping and non-material changes to this Mandate, the charters of the Board committees and Board policies. Before making such changes the Corporate Secretary shall obtain the consent of the Chair of the Corporate Governance Committee. The Corporate Secretary shall report such changes to the next meeting of the Board and/or relevant committee.

## **5. ROLE OF MANAGEMENT**

Management is responsible, with input and approval from the Board, for developing strategy and implementing strategy. Management is also responsible for safeguarding FCR's assets and for creating wealth for unitholders. When management performance is inadequate, the Board has the responsibility to bring about appropriate change, and when management performance is effective, the Board will reward management accordingly.

FCR's governance policies are designed to create autonomy and effective decision-making of management, and to ensure appropriate oversight by the Board and its committees. Management of FCR is under the direction and control of the Chief Executive Officer. Senior management, through the Chief Executive Officer, reports to and is accountable to the Board.

Management is responsible for developing a multi-year strategic plan and an annual business plan, including an annual operating and capital budget, for review and approval by the Board. The Board's approval of the business plan provides a mandate for management to conduct the affairs of FCR. Material deviations from the plan must be reported to and considered by the Board.

The Board, in consultation with the Compensation Committee, maintains a succession plan for the Chief Executive Officer and establishes objectives against which the Chief Executive Officer's performance is benchmarked. Compensation is assessed against objectives which are established. Similar reviews and assessments are undertaken for other members of senior management by the Chief Executive Officer with input from the Board.

## **6. CHAIR OF THE BOARD**

### **(a) Appointment**

The Board will in each year elect from among its members a Chair who, except under exceptional circumstances, is not the Chief Executive Officer or otherwise a member of management.

### **(b) General**

The Chair is responsible for the management, development and effective performance of the Board, and for providing leadership to the trustees in carrying out their collective responsibilities to supervise the management of the business and affairs of FCR.

### **(c) Specific Role and Responsibilities**

The Chair will:

- confirm that appropriate procedures are in place to allow the Board to work effectively and efficiently and to function independently from management;
- confirm that the responsibilities of the Board are understood by both the trustees and management and that the boundaries between the Board's and management's responsibilities are understood and respected;

- confirm that the functions delegated to Board committees are carried out by the committees and reported to the Board;
- maintain an effective relationship between the Board and management of FCR;
- provide direction and advice to management of FCR, including defining major issues, maintaining accountability to stakeholders and building relationships;
- confirm that the Board and its committees have the necessary resources to support their work (in particular, timely and relevant information);
- monitor compliance with the governance policies of FCR, including those regarding regularity and conduct of Board meetings, managing and reporting information and other policies relating to the Board's business;
- provide leadership to ensure that the Board works as a cohesive team;
- convene Board meetings as often as necessary for the trustees to carry out their duties and responsibilities effectively;
- on an ongoing basis, work with the Chief Executive Officer to develop schedules of meetings of the Board and committees and, in consultation with other trustees and the Chief Executive Officer, establish the agenda of the Board;
- chair meetings of the Board, including requiring appropriate briefing materials to be delivered in a timely fashion, stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual trustees and confirming that clarity regarding decisions is reached and duly recorded;
- chair meetings of the unitholders of FCR;
- work closely with the Chief Executive Officer and the Chair of the Corporate Governance Committee to further the creation of a healthy corporate governance culture within FCR;
- work closely with the Corporate Governance Committee to develop strategic criteria for the recruitment of trustees and succession planning;
- work closely with the Chief Executive Officer to facilitate effective relations with the Board and external stakeholders such as unitholders, the investment community, the media, governments and the public;
- actively participate in and oversee the administration of an annual evaluation of the performance and effectiveness of the Chief Executive Officer, the Board, its committees and all individual trustees and committee chairs; and
- carry out other duties as requested by the trustees, as needs and circumstances arise.



## **7. LEAD TRUSTEE**

### **(a) Appointment**

If the Chair of the Board is an Independent Trustee, then the Board will not elect a Lead Trustee. If in any year, the Chair is not an Independent Trustee, the Board will for that year, elect from among its members a Lead Trustee who is an Independent Trustee.

### **(b) General**

The Lead Trustee is responsible for facilitating the functioning of the Board independently of management and ensuring that trustees formally have an independent leadership contact.

### **(c) Specific Role and Responsibilities**

The Lead Trustee will:

- in the absence of the Chair of the Board, act as chair of meetings of the Board;
- chair all meetings of the Independent Trustees;
- provide input to the Chair and management on agendas for Board meetings;
- promote, in conjunction with the Corporate Governance Committee, the highest standards of corporate governance;
- ensure that the members of the Board understand the boundaries between board and management responsibilities;
- as may be required from time to time, consult and meet with any or all of the Independent Trustees, at the discretion of either party and with or without the attendance of the Chair or any other trustee, and represent such trustees in discussions with the Chair and management of the Company on Independent Trustee matters;
- meet periodically with the other trustees to ensure that the Board and its committees are able to discharge their respective responsibilities independently of management;
- recommend, where necessary, the holding of special meetings of the Board;
- assist in the process of conducting trustee evaluations; and
- carry out other duties as requested by the Board or Independent Trustees, as needs and circumstances arise.

## **8. SECRETARY**

### **(a) Appointment**

The Board will in each year elect from among its members or officers of FCR a Secretary who is not the Chief Executive Officer.

### **(b) General**

The Secretary is responsible for assisting the Chair in managing the operations and affairs of the Board and for performing additional duties requested by the Chair or the Board or any of its committees.

### **(c) Specific Role and Responsibilities**

With the assistance of the Assistant Secretary of FCR, the Secretary will:

- confirm that all notices and materials are delivered to unitholders and trustees in a timely manner;
- confirm that all minutes of meetings of unitholders, the Board and its committees are duly recorded;
- confirm that copies of the minutes are circulated to each Board or committee member, as the case may be, on a timely basis (with the trustees receiving copies of minutes of all committee meetings once approved by the applicable committee);
- facilitate communication among the trustees and among the Board, its committees and senior management;
- administer the operations of the Board and its committees; and
- perform additional duties requested by the Chair or the Board or any of its committees.

## **9. BOARD COMMITTEES**

### **(a) General**

The Board carries out its responsibilities directly and through the Audit Committee, the Compensation Committee, the Corporate Governance Committee, the Investment Committee and such other committees as it may establish from time to time.

### **(b) Composition**

The Audit Committee, the Compensation Committee and the Corporate Governance Committee will be comprised solely of Independent Trustees who are selected by the Board on the recommendation of the Corporate Governance Committee. Members of the Audit Committee must be Independent Trustees and meet the additional independence requirements prescribed

by applicable securities laws. Each member of the Audit Committee will also be “financially literate” as defined in NI 52-110.

**(c) Committee Chairs**

The Audit Committee, the Compensation Committee and the Corporate Governance Committee will each be chaired by an Independent Trustee who is selected by the Board on the recommendation of the Corporate Governance Committee. The chair of each Board committee will:

- in consultation with the Chair of the Board, Chief Executive Officer, Chief Financial Officer and the committee members, as appropriate, determine the date, time and location of meetings of the committee;
- confirm that the committee’s activities are consistent with, and fulfill, the duties and responsibilities set forth in its charter;
- confirm that the duties and responsibilities of the committee, as set forth in its charter, are well understood by the committee members and executed as effectively as possible;
- convene meetings of the committee as often as necessary to carry out its responsibilities effectively;
- in consultation with the Chair of the Board, committee members, the Chief Executive Officer and the Chief Financial Officer, as appropriate, review meeting agendas to ensure that required business is brought before the committee to enable the committee to carry out its responsibilities;
- chair all meetings of the committee;
- communicate with appropriate members of senior management in fulfilling the duties and responsibilities set forth in the committee’s charter;
- with the assistance of the Chief Executive Officer and Chief Financial Officer, ensure that agenda items for all committee meetings are ready for presentation and that adequate information is distributed to committee members in advance of such meetings in order that committee members may properly inform themselves on matters to be acted upon;
- ensure that minutes are kept of all committee meetings and sign minutes once approved by the committee;
- report to the Board at its next meeting following any decision or recommendation arising from any meeting of the committee or the signing of a written resolution evidencing a decision or recommendation of the committee, including reporting on the considerations that led to such decision or recommendation;
- provide leadership to enable the committee to act as an effective team in carrying out its responsibilities; and

- oversee the committee's annual evaluation of its effectiveness in fulfilling the duties and responsibilities set forth in its charter.

#### **(d) Charters**

Each committee has its own charter which sets forth its duties and responsibilities, qualifications for membership, procedures for committee member appointment and removal and reporting to the Board. On an annual basis, each committee's charter is reviewed by both the committee itself and the Corporate Governance Committee and is also reviewed and approved by the Board. Copies of each charter are posted on FCR's website. Below is a brief description of the responsibilities of each Board committee:

- **Audit Committee**

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to: the integrity of FCR's financial statements; FCR's compliance with legal and regulatory requirements related to financial reporting; the qualifications, independence and performance of FCR's auditor; the design and implementation of internal controls and disclosure controls; and any additional matters delegated to the Audit Committee by the Board.

- **Compensation Committee**

The Compensation Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to: the selection and retention of senior management; the evaluation and compensation of the chief executive officer; the compensation of senior management; professional development for senior management; incentive compensation plans and equity-based plans; human resource strategies; employment agreements and severance arrangement; the management of benefit plans for employees; compensation of trustees; and any additional matters delegated to the Compensation Committee by the Board.

- **Corporate Governance Committee**

The Corporate Governance Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to: FCR's overall approach to corporate governance; the size, composition and structure of the Board and its committees; identifying and recommending qualified Board candidates; orientation and continuing education for trustees; related party transactions and other matters involving conflicts of interest; and any additional matters delegated to the Corporate Governance Committee by the Board.

- **Investment Committee**

The Investment Committee consists of the Chair of the Board, the President and Chief Executive Officer of FCR and at least three "independent trustees" as defined in section 1.4 of National Instrument 52-110 – Audit Committees, as amended from time to time. Three members will constitute a quorum for any meeting of the Investment Committee. The Chair of the Board serves as Chair of the Investment Committee.

The Investment Committee has the authority to, on behalf of the Board and subject to certain monetary limits as determined by the Board:

- approve investments in and divestitures of real property assets, including;
  - acquisitions and dispositions of property;
  - development budgets including the cost of land; and
  - acquisitions and dispositions of raw land;
- approve investments in and divestitures of certain loan transactions whereby FCR is lender;
- approve investments in and divestitures of marketable securities; and
- approve entering into derivatives for hedging purposes only.

## **10. BOARD AND COMMITTEE MEETINGS**

### **(a) Scheduling**

Board meetings are scheduled in advance at appropriate intervals throughout the year. In addition to regularly scheduled Board meetings, additional Board meetings may be called upon proper notice at any time to address specific needs of FCR. The Board may also take action from time to time by unanimous written consent. A Board meeting may be called by the Chair, the Chief Executive Officer or any trustee.

Each committee meets as often as it determines is necessary to fulfill its responsibilities. A meeting of any committee may be called by the committee chair, the Chair, the Chief Executive Officer or any committee member.

### **(b) Agenda**

The Chair establishes the agenda for each Board meeting in consultation with the other trustees and the Chief Executive Officer and Chief Financial Officer, as appropriate. Any trustee may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Committee chairs establish the agenda for each committee meeting. Any committee member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any committee meeting raise subjects that are not on the agenda for the meeting.

The Assistant Secretary of FCR distributes an agenda and meeting materials in advance of each Board or committee meeting to allow Board or committee members, as the case may be, sufficient time to review and consider the matters to be discussed.

**(c) In Camera Meetings and Meetings of Independent Trustees**

To provide open discussion among the trustees, they shall meet separately in camera at every Board meeting (i) with the CEO present and (ii) without the CEO present and any other trustee that has declared a conflict, as applicable, present. These meetings are chaired by the Chair of the Board if the Chair is an Independent Trustee, or Lead Trustee (if one is appointed) or in his or her absence, one of the other Independent Trustees, who informs senior management of the substance of these meetings to the extent that action is required by them. Additionally, the Independent Trustees will meet at such other time as any Independent Trustee may request.

**(d) Distribution of Information**

Information that is important to the Board's understanding of the business and its agenda is distributed to trustees in advance of Board meetings. Sensitive subject matters may be discussed at a meeting without written materials being distributed in advance of or at the meeting.

**(e) Preparation, Attendance and Participation**

Each trustee is expected to be diligent in attending meetings of the Board and any committee of which he or she is a member. In addition, each trustee is expected to attend each annual meeting of unitholders. A trustee who is unable to attend a Board or committee meeting in person may participate by telephone or teleconference.

**(f) Attendance of Non-Trustees at Board Meetings**

The Chief Financial Officer and Secretary are expected to attend Board meetings. The Chief Executive Officer, at his or her discretion, may invite other employees, advisors or consultants to attend Board meetings. The Chair, at his or her discretion, may also invite employees of FCR, consultants, advisors or others, as appropriate, to attend Board meetings.

**(g) Procedures**

Procedures for Board meetings are determined by the Chair unless otherwise determined by the by-laws of FCR or a resolution of the Board.

Procedures for committee meetings are determined by the chair of the committee unless otherwise determined by the by-laws of FCR or a resolution of the committee or the Board.

Procedures for meetings of Independent Trustees are determined by the Chair, if the Chair is an Independent Trustee, or Lead Trustee (if one is appointed) or in his or her absence, the Independent Trustee who acts as chair of such meeting, unless otherwise determined by the by-laws of FCR or a resolution of the Board.

**(h) Secretary**

The Secretary acts as secretary to the Board and each of its committees. In the absence of the Secretary, the Board or a committee may appoint one of its members or any other person to act as secretary.

## **11. TRUSTEE COMPENSATION**

The Compensation Committee has the responsibility for recommending to the Board compensation and benefits for service on the Board and on Board committees. In discharging this duty, the Compensation Committee will be guided by the following principles: compensation should fairly pay trustees for work required in an issuer of FCR's size and scope; it should not exceed what is customary given the size and scope of FCR's business and operations; compensation should align trustees' interests with the long-term interests of unitholders; and the structure of the compensation should be simple, transparent and easy for unitholders to understand. Not less often than annually, the Compensation Committee will review trustees' compensation and recommend any changes to the Board.

## **12. EQUITY OWNERSHIP REQUIREMENTS**

Trustees are subject to equity ownership requirements prescribed in FCR's Policy on Trustee and Executive Leadership Team Equity Ownership.

## **13. TRUSTEE ORIENTATION AND CONTINUING EDUCATION**

The Corporate Governance Committee is responsible for confirming that procedures are in place and resources are made available to provide new trustees with a proper orientation to both FCR and their duties and responsibilities as trustees and to provide other trustees with appropriate continuing education opportunities.

## **14. BOARD ACCESS TO MANAGEMENT, OUTSIDE COUNSEL AND ADVISORS**

The Board has unrestricted access to members of senior management and FCR's outside counsel and advisors. The Board and its committees may invite any member of senior management, employee, outside advisor or other person to attend any of their meetings. On an as needed basis, the Independent Trustees will meet privately with each member of senior management other than the Chief Executive Officer.

The Board and any of its committees may retain an outside advisor at the expense of FCR at any time and have the authority to determine the advisor's fees and other retention terms. Individual trustees may retain an outside advisor at the expense of FCR with the approval of the Corporate Governance Committee.

## **15. PERFORMANCE ASSESSMENT OF THE BOARD AND ITS COMMITTEES**

The Corporate Governance Committee, with the assistance of the Chair of the Board (if Chair is an Independent Trustee) or of the Lead Trustee (if one is appointed), will annually review the effectiveness of the Board and its committees in fulfilling their duties and responsibilities.

In addition, the Corporate Governance Committee, with the assistance of the Chair of the Board (if Chair is an Independent Trustee) or of the Lead Trustee (if one is appointed), will evaluate individual trustees to assess their suitability for nomination for re-election.

## **16. CODE OF BUSINESS CONDUCT AND ETHICS**

The Board has adopted a Code of Business Conduct and Ethics. The purpose of the Code is to ensure that FCR maintains a high level of trust and integrity in accordance with the highest ethical standards.

## **17. FEEDBACK**

The Board welcomes input and comments from unitholders of FCR. Input or comments for the Board, the Chair of the Board, the Lead Trustee (if one is appointed) or its committees should be directed to the Corporate Secretary at:

Board of Trustees of First Capital Realty Inc.  
c/o Corporate Secretary  
First Capital Realty Inc.  
85 Hanna Avenue  
Suite 400  
Toronto, Ontario  
M6K 3S3

OR

[Corporate.Secretary@fcr.ca](mailto:Corporate.Secretary@fcr.ca)