



AGELLAN COMMERCIAL REIT

AGELLAN COMMERCIAL REAL ESTATE INVESTMENT TRUST

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2015

March 29, 2016

Table of Contents

| | |
|--|----|
| GLOSSARY OF TERMS | 1 |
| CERTAIN REFERENCES AND FORWARD-LOOKING STATEMENTS | 6 |
| LEGAL STRUCTURE OF AGELLAN | 8 |
| GENERAL DEVELOPMENT OF THE BUSINESS..... | 10 |
| Three Year History..... | 10 |
| Sequence of Property Acquisitions | 11 |
| Description of the Business..... | 12 |
| THE REAL ESTATE PORTFOLIO | 14 |
| Occupancy and Leasing | 14 |
| Geographic Diversification | 16 |
| Diversification by Asset Class | 16 |
| Lease Expiries | 17 |
| Tenant Mix | 17 |
| DESCRIPTION OF THE PROPERTIES | 18 |
| INDEBTEDNESS..... | 23 |
| Credit Facilities | 23 |
| Mortgages..... | 23 |
| Debt Maturities..... | 23 |
| CURRENCY AND INTEREST RATE HEDGING ARRANGEMENTS..... | 24 |
| Currency Hedging Arrangements..... | 24 |
| Interest Rate Swap Arrangements..... | 24 |
| RISK FACTORS | 24 |
| DISTRIBUTION POLICY AND HISTORY | 35 |
| GOVERNANCE OF AGELLAN | 36 |
| Governance and Board of Trustees | 36 |
| Biographical Information Regarding the Trustees and Executive Officers | 39 |
| Trustee and Executive Officer Independence | 40 |
| Committees of the Board of Trustees..... | 41 |
| Trustees’ and Officers’ Liability Insurance..... | 43 |
| Cease Trade Orders, Bankruptcies, Penalties or Sanctions..... | 43 |
| MANAGEMENT OF AGELLAN..... | 44 |
| Senior Management..... | 44 |
| ACPI..... | 45 |
| External Management Agreement..... | 45 |
| Property Management Agreements | 47 |
| Non-Competition and Non-Solicit Agreement | 48 |
| AGREEMENTS RELATING TO THE ACQUISITION OF THE INITIAL PROPERTIES | 48 |
| Purchase Agreements and Guarantee and Pledge Agreement | 48 |
| Parkway Place | 50 |
| Registration Rights | 50 |
| INVESTMENT GUIDELINES AND OPERATING POLICIES | 51 |
| Investment Guidelines..... | 51 |
| Operating Policies | 52 |
| Amendments to Investment Guidelines and Operating Policies | 54 |

| | |
|---|----|
| CAPITAL STRUCTURE AND DECLARATION OF TRUST | 54 |
| Units and Special Voting Units | 54 |
| Issuance of Units | 55 |
| Normal Course Issuer Bid | 56 |
| Meetings of Unitholders | 56 |
| Advance Notice Provision | 57 |
| Redemption Right | 58 |
| Purchases of Units by Agellan | 60 |
| Take-Over Bids | 60 |
| Non-Certificated Inventory System | 60 |
| Limitation on Non-Resident Ownership | 61 |
| Information and Reports | 61 |
| Amendments to Declaration of Trust | 61 |
| Agellan Canada | 63 |
| Agellan U.S. | 63 |
| The Partnership | 63 |
| UNITHOLDERS RIGHTS PLAN | 64 |
| MARKET FOR SECURITIES | 67 |
| PRINCIPAL UNITHOLDERS | 67 |
| MATERIAL CONTRACTS | 68 |
| INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS | 68 |
| LEGAL PROCEEDINGS AND REGULATORY ACTIONS | 68 |
| AUDITORS, TRANSFER AGENT AND REGISTRAR | 68 |
| ADDITIONAL INFORMATION | 69 |
| SCHEDULE A: CHARTER OF THE AUDIT COMMITTEE | 70 |

GLOSSARY OF TERMS

In this Annual Information Form, the following terms will have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and *vice versa* and words importing any gender include all genders:

“ACPI” means Agellan Capital Partners Inc., a corporation governed by the laws of the Province of Ontario, and the asset manager of Agellan.

“ACPI Retained Interest Holders” means Diversified Cinco Properties, LP, Diversified Valleywood Limited Partnership, Diversified Bank Limited Partnership, Diversified Parkway L.P., Diversified Bellehumeur L.P., Diversified Magnettawan Industrial, LLC, Diversified Magnettawan HDA Non-REIT, LP and Diversified Magnettawan HDA REIT, LP, being certain entities managed by ACPI or an affiliate that in connection with the IPO acquired certain Units originally issued to the Vendors as partial consideration for the sale of the Initial Properties to Agellan.

“affiliate” has the meaning given to it in Section 1.3 of National Instrument 45-106 — Prospectus and Registration Exemptions.

“AFFO” means adjusted funds from operations as more particularly described under “Non-IFRS Financial Measures”.

“Agellan” or **“REIT”** means Agellan Commercial Real Estate Investment Trust, an unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the Province of Ontario.

“Agellan Canada” means Agellan Commercial REIT Holdings Inc., a corporation established under the laws of the Province of Ontario.

“Agellan Canada Notes” means the subordinated unsecured promissory notes that were issued on closing of the IPO by Agellan Canada to Agellan.

“Agellan U.S.” means Agellan Commercial REIT U.S., Inc., a corporation established under the laws of the State of Delaware.

“Agellan U.S. Notes” means the subordinated unsecured promissory notes that were issued on closing of the IPO by Agellan.

“Agellan GP” means Agellan Commercial REIT U.S. GP, Inc. a corporation under the laws of the State of Delaware.

“Audit Committee” means the audit committee of the Board.

“Board” means the board of Trustees of Agellan.

“Canadian Initial Properties” means the Initial Properties located in Canada.

“CarVal” means CarVal Investors, LLC, a limited liability company governed by the laws of Delaware.

“CarVal Retained Interest Holders” means, collectively, NAREP Canadian REIT Holdings I L.P., NAREP Canadian REIT Holdings II L.P., NAREP II Canadian REIT Holdings I L.P., and NAREP II Canadian REIT Holdings II L.P., being those subsidiaries of certain indirect beneficial owners of the Vendors managed by CarVal that in connection with the IPO acquired certain Units originally issued to the Vendors as partial consideration for the sale of the Initial Properties to Agellan.

“CBCA” means the *Canada Business Corporations Act*, as amended from time to time.

“CDS” means CDS Clearing and Depository Services Inc.

“Class A Units” means Class A limited partnership units of the Partnership.

“Class B Units” means Class B limited partnership units of the Partnership.

“Code” means the *United States Internal Revenue Code of 1986*, as amended.

“Corporate Governance and Nominating Committee” means the corporate governance and nominating committee of the Board.

“CRA” means the Canada Revenue Agency.

“Declaration of Trust” means the amended and restated declaration of trust of Agellan dated as of January 24, 2013, as it may be further amended or amended and restated from time to time.

“Distribution Date” means the monthly date on which distributions on Units may be made by Agellan.

“Effective Occupancy” means occupancy excluding GLA occupied by the Vendor Lease Tenants.

“External Management Agreement” means the external management agreement dated as of January 25, 2013 between ACPI, Agellan and the Partnership pursuant to which ACPI serves as the asset manager of the properties owned by Agellan and provides certain administrative services to Agellan from time to time.

“FAPI” means foreign accrual property income.

“FFO” means funds from operations, as more particularly described under “Non-IFRS Financial Measures”.

“Guarantee and Pledge Agreement” means the guarantee and pledge agreement dated as of January 25, 2013 among the Retained Interest Holders and Agellan.

“GBV” means, at any time, the greater of (A) the book value of the assets of Agellan and its consolidated Subsidiaries, as shown on its then most recent consolidated balance sheet, less (i) the amount of any receivable reflecting interest rate subsidies on any debt assumed by Agellan, and (ii) the amount of future income tax liability arising out of the fair value adjustment in respect of the indirect acquisitions of certain properties; and (B) the historical cost of the assets of Agellan and its consolidated Subsidiaries.

“GLA” means gross leasable area, excluding any surface or underground parking spaces, where applicable.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Institute of Chartered Accountants in Part I of The Canadian Institute of Chartered Accountants Handbook — Accounting, as amended from time to time.

“Incentive Fee” has the meaning given to it under “Management of Agellan — External Management Agreement”.

“Incentive Fee Target” has the meaning given to it under “Management of Agellan – External Management Agreement”.

“Independent Trustee” means a Trustee who is “independent” pursuant to NI 58-101.

“Initial Properties” means, collectively, the portfolio of 23 industrial, commercial and retail properties directly or indirectly acquired by Agellan in connection with the IPO and **“Initial Property”** means any one of them.

“Initial Term” has the meaning given to it under “Management of Agellan — External Management Agreement”.

“Interest Rate Swap Agreements” has the meaning given to it under “Currency and Interest Rate Hedging Arrangements — Interest Rate Swap Arrangements”.

“IPO” means Agellan's initial public offering of Units.

“IPO Acquisitions” means, collectively, the acquisitions of the Initial Properties, directly and indirectly, from the Vendors by Agellan.

“Management” means the persons acting in the capacities of Agellan’s Chief Executive Officer and Chief Financial Officer.

“Management Fee” has the meaning given to it under “Management of Agellan – External Management Agreement”.

“NI 52-110” means National Instrument 52-110 — *Audit Committees*.

“NI 58-101” means National Instrument 58-101 — *Disclosure of Corporate Governance Practices*.

“NOI” means net operating income as more particularly described under “Non-IFRS Financial Measures”.

“Non-Competition and Non-Solicit Agreement” means the non-competition and non-solicit agreement dated as of January 25, 2013, among ACPI, Agellan, Agellan Canada, Agellan U.S. and the Partnership.

“Non-Resident” means either a “non-resident” of Canada within the meaning of the Tax Act or a partnership that is not a “Canadian partnership” within the meaning of the Tax Act.

“OBCA” means the *Business Corporations Act* (Ontario), as amended from time to time.

“IPO” means Agellan's initial public offering of Units.

“Over-Allotment Option” means the option granted by Agellan and the Retained Interest Holders to the

Underwriters pursuant to the Underwriting Agreement.

“Parkway Place” has the meaning given to it under “Description of the Properties – Canada – Ontario”.

“Partnership” means Agellan Commercial REIT U.S. L.P., a limited partnership formed under the laws of the State of Delaware, as more particularly described under “The Partnership”.

“Payout Ratio” has the meaning given to it under “Non-IFRS Financial Measures”.

“Promoters” means, collectively, the Vendors and the Retained Interest Holders in their capacity as promoters of the IPO.

“Properties” means the Initial Properties together with all properties acquired by Agellan subsequent to the Initial Properties.

“Property Management Agreements” means the property management agreements between Agellan or the Partnership, as applicable, and each of ACPI, the Property Manager and third party providers of property management services.

“Property Manager” means the affiliate of ACPI which provides property management services for certain of the Initial Properties.

“Purchase Agreements” means, collectively, the purchase and sale agreements between Agellan and the applicable Vendors pursuant to which the REIT directly or indirectly purchased the Initial Properties from the Vendors.

“Redemption Notes” means Agellan's unsecured subordinated promissory notes having a maturity date and interest rate to be determined at the time of issuance by the Trustees, such promissory notes to provide that Agellan shall at any time be allowed to prepay all or any part of the outstanding principal without notice or bonus.

“Registration Rights Agreement” means the registration rights agreement dated as of January 25, 2013 between the CarVal Retained Interest Holders and Agellan.

“REIT Exception” means the exclusion from the definition of SIFT trust in the Tax Act for a trust qualifying as a “real estate investment trust” under the Tax Act.

“Renewal Target” has the meaning given to it under “Management of Agellan — External Management Agreement”.

“Retained Interest” means, collectively, those Units originally issued to the Vendors as partial consideration for the sale of the Initial Properties to Agellan and acquired by the Retained Interest Holders.

“Retained Interest Holders” means, collectively, the CarVal Retained Interest Holders and the ACPI Retained Interest Holders.

“Revolving Facility” means the revolving credit facility in the maximum principal amount of \$120 million, entered into pursuant to a credit agreement dated as of January 25, 2013, and as further amended, between Agellan, the Bank of Montreal as Administrative agent, and other financial institutions who from time to time become parties to the agreement.

“Rights Plan” means the unitholder rights plan agreement between Agellan and Computershare Trust Company of Canada, as rights agent, dated January 25, 2013.

“Securities Act” means the *Securities Act* (Ontario), as amended from time to time.

“SEDAR” means the System for Electronic Data Analysis and Retrieval.

“SF” means square feet.

“SIFT Rules” means the rules applicable to SIFT trusts and SIFT partnerships in the Tax Act.

“Special Voting Units” means the special voting units of Agellan.

“Subsidiaries” has the meaning ascribed to it in the Securities Act and includes a partnership or other entity and **“Subsidiary”** means any one of them.

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, in each case as amended from time to time.

“Trustees” means, collectively, the trustees of Agellan, and **“Trustee”** means any one of them.

“TSX” means the Toronto Stock Exchange.

“Underwriting Agreement” means the underwriting agreement dated as of January 17, 2013 between Agellan, the Promoters and the Underwriters.

“Unitholders” means the holders of Units from time to time, but **“unitholders”**, when used in lower case type, means the holders of Voting Units.

“Unit Price Performance Fee” has the meaning given to it under “Management of Agellan — External Management Agreement”.

“Units” means units of Agellan but, for greater certainty, does not include Special Voting Units.

“Vendor Leases” means, collectively, the leases entered into in connection with the IPO between the Vendors of Parkway Place and Agellan.

“Vendor Lease Tenants” means, collectively, the tenants under the Vendor Leases, being the applicable Vendors.

“Vendors” means, collectively, the vendors of the Initial Properties, being: 20 Valleywood Drive Limited Partnership; NAREP II Canadian Assets Trust; NAREP II Canadian Assets ULC; NAREP II Canadian Corporation; Diversified Bank Limited Partnership; Diversified Parkway L.P.; Diversified Bellehumeur L.P.; Aptus Dallas TX Industrial, L.P.; Aptus Plainfield IN, LLC; Aptus Maryland, LLC; Texas Industrial Non-REIT Portfolio, Limited Partnership; Texas Industrial REIT Portfolio, Limited Partnership; Cinco Properties, LLC; and CMJ/Warrenville, LLC, and **“Vendor”** means any one of them.

“Voting Units” means the Units and the Special Voting Units, and **“Voting Unit”** means any one Unit or Special Voting Unit.

CERTAIN REFERENCES AND FORWARD-LOOKING STATEMENTS

Unless otherwise indicated, information provided in this Annual Information Form (“AIF”) is effective as of December 31, 2015.

For an explanation of the capitalized terms and expressions provided in this Annual Information Form, please refer to the “Glossary of Terms.” Unless otherwise indicated or the context requires otherwise, the “REIT” or “Agellan” refers to Agellan Commercial Real Estate Investment Trust and its direct or indirect Subsidiaries. References to dollars or “\$” are to Canadian currency and references to U.S. dollars or “U.S.\$” are to United States currency.

Certain information in this AIF may constitute “forward-looking information” under applicable Canadian securities legislation. This information includes, but is not limited to, statements made concerning management’s expectations regarding Agellan’s objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities. When used in this AIF, words including, but not limited to, “plans”, “expects”, “scheduled”, “estimates”, “intends”, “anticipates”, “predicts”, “projects”, “believes” or variations of such words and phrases or statements to the effect that certain actions, events or results “may”, “will”, “could”, “would”, “should”, “might”, “occur”, “be achieved” or “continue” and similar expressions identify forward-looking information.

Forward-looking information is necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies, many of which are beyond Agellan’s control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. As such, management can give no assurance that actual results will be consistent with the forward-looking information. While such assumptions are considered reasonable by Agellan’s management based on the information currently available, any of these assumptions could prove to be inaccurate and, as a result, the forward-looking information based on those assumptions could be incorrect. These assumptions include, but are not limited to: Agellan’s future growth potential; results of operations; future prospects for additional investment opportunities in Canada and the United States, including access to debt and equity capital at acceptable costs and the ability to obtain necessary approvals and to minimize any unexpected costs or liabilities, environmental or otherwise, relating to any acquisitions or dispositions; demographic and industry trends remaining unchanged, including occupancy levels, lease renewals, rental increases and retailer competition; future levels of Agellan’s indebtedness remaining at acceptable levels; tax laws as currently in effect remaining unchanged, including applicable SIFT rules; and current economic conditions remaining unchanged, including interest rates and applicable foreign exchange rates. Readers, therefore, should not place undue reliance on any such forward-looking information, as forward-looking information involves significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, those presented in the “Risk Factors” section of this AIF.

All forward-looking information is provided as of the date of this AIF and speaks only as of the date on which such statements are made. Except as expressly required by applicable law, Agellan assumes no obligation to update or revise any forward-looking information, whether as a result of new information, the occurrence of future events or otherwise. All forward-looking information in this AIF are qualified by these cautionary statements.

NON-IFRS FINANCIAL MEASURES

Certain terms used in the AIF are not recognized terms under IFRS, and therefore these terms should not be construed as alternatives to IFRS measures, such as net income or cash flow from operating activities. These terms are used by Management to measure, compare and explain the operating results and financial performance. Management believes that these terms are relevant measures in comparing Agellan's performance to industry data and Agellan's ability to earn and distribute cash to Unitholders. These terms are defined in this AIF and FFO and AFFO are reconciled to Agellan's consolidated financial statements for the year ended December 31, 2015. Such terms do not have standardized meanings prescribed by IFRS and may not be comparable to similarly titled measures presented by other publicly traded entities.

The following discussion describes the terms Management uses in evaluating its operating results which are not recognized under IFRS:

Funds from Operations ("FFO")

FFO is a widely used supplemental non-IFRS financial measure of a real estate investment trust's operating performance. Management believes this to be a useful measure of operating performance for investors because it adjusts for items included in net income that are not recurring, as well as non-cash items. The REIT presents its FFO calculations in accordance with the Real Estate Property Association of Canada guidelines.

FFO is also used in calculating certain ratios, such as Agellan's "Interest Coverage Ratio", which is defined as FFO plus finance costs divided by Agellan's interest expense from mortgages payable and its Revolving Facility. Interest coverage is an important metric used to assess Agellan's ability to meet its obligation to pay interest on its debt. In addition, Agellan is required to meet specific interest coverage covenants under certain of its credit and mortgage agreements.

FFO is calculated by adjusting net income for non-cash and non-reoccurring items, such as fair value adjustments to investment properties and financial instruments, deferred income taxes, property taxes and losses on sales of investment properties.

Adjusted Funds from Operations ("AFFO")

AFFO is a supplemental non-IFRS financial measure of Agellan's cash generating activities. Management considers AFFO to be a useful measure of cash available for distributions to Unitholders because it adjusts FFO for additional non-reoccurring and non-cash items not taken into consideration in the calculation of FFO.

The REIT's "Payout Ratio", defined as distributions to Unitholders divided by AFFO, conveys the percentage of distributions to Unitholders made by Agellan from its cash available for distribution. As well, Agellan's "Cash Payout Ratio", defined as distributions to Unitholders less the value of Units issued under Agellan's former distribution reinvestment plan divided by AFFO, adjusts the Payout Ratio for any non-cash distributions to Unitholders that are made.

AFFO is calculated by adjusting FFO for non-cash items such as: straight-lining of contractual rent, amortization of any net premium or discount on long-term debt assumed from vendors of properties at rates of interest greater than or less than fair value, amortization of financing fees incurred on contracting long-term debt, and amounts expensed in conjunction with Unit-based compensation (including Units expected to be issued in respect to any incentive fee payment to ACPI). Non-recurring costs that impact operating cash flow may be adjusted, and a normalized reserve for capital and tenant expenditures, as determined by Agellan, is deducted.

Net Operating Income (“NOI”)

NOI is a supplemental non-IFRS financial measure and is defined by Agellan as total property and property related revenue less property operating and property tax expenses and excludes the impact of a change in accounting policy as it relates to the timing of liability recognition of certain U.S. property taxes. Management believes that NOI is an important measure of the income generated from the income producing real estate portfolio and is used by Agellan in evaluating the performance of the properties, as well as a key input in determining the value of the portfolio. Refer to Agellan’s 2015 year-end MD&A for detailed definitions of same-store NOI and the effect of the adoption of new accounting policies.

Gross Book Value (“GBV”)

GBV is a supplemental non-IFRS measure and is defined by Agellan as the book value of Agellan’s total assets. The REIT uses GBV to determine certain ratios such as Debt to Gross Book Value, for which Agellan is required to comply with limits under certain credit and mortgage agreements, as well as Agellan’s Declaration of Trust.

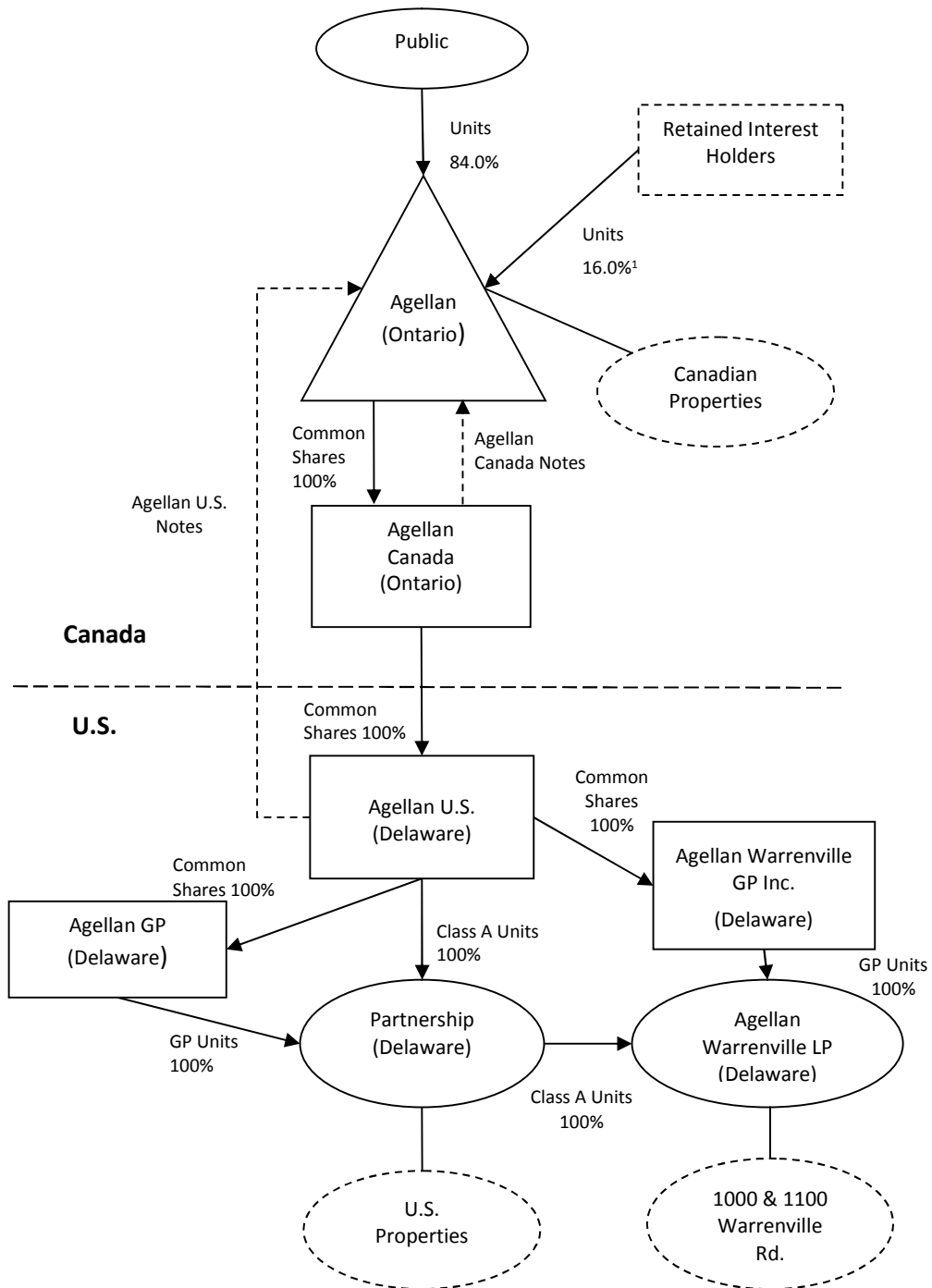
LEGAL STRUCTURE OF AGELLAN

Agellan is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust dated November 1, 2012 and amended and restated on January 25, 2013 under the laws of the province of Ontario. The registered and head office of Agellan is located at 156 Front Street West, Suite 303, Toronto, Ontario, M5J 2L6.

Agellan has been formed to own and operate a diversified portfolio of income producing industrial, office and retail properties in the United States and Canada. Agellan is focused on creating value for Unitholders through the investment in and ownership of quality commercial (office, industrial and retail) properties in select major markets in Canada and the U.S. Agellan owns its Canadian properties directly or indirectly through Agellan and its U.S. properties directly or indirectly through Agellan U.S. Agellan’s Units trade under the symbol ACR.UN. Agellan’s strategy is discussed further below under “General Development of the Business – Description of the Business”.

Agellan's Board is responsible for the general control and direction of Agellan, including decisions about the acquisition and disposition of Agellan's assets.

The following chart sets out the simplified organizational structure of Agellan as of December 31, 2015:



(1)The CarVal Retained Interest Holders hold an approximate 16.0% interest in Agellan. At December 31, 2015, the ACPI Retained Interest Holders held no Units.

Agellan is a trust governed by Ontario law. All properties are held in Agellan, the Partnership, and Agellan Warrenville LP.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Agellan was established on November 1, 2012, as a real estate investment trust formed to own and operate a diversified portfolio of income producing industrial, office and retail properties in the United States and Canada.

On January 25, 2013, Agellan completed the IPO of 13,461,943 Units at a price of \$10.00 per Unit for gross proceeds of \$134,619,430. These proceeds (net of issue costs) were used to acquire the Initial Properties.

On February 22, 2013, the underwriters of the IPO exercised the Over-Allotment Option. In connection with the exercise of the Over-Allotment Option, Agellan issued a further 313,097 Units and the Retained Interest Holders sold 1,346,194 of the Units acquired by them in connection with the IPO.

On October 9, 2013, Agellan completed a public offering of 3,450,000 Units at a price of \$8.70 per Unit for gross proceeds of \$30,015,000 (the "October 2013 Offering"). These proceeds (net of issue costs) were used primarily to fund a portion of the purchase price to acquire two properties in Houston, Texas, and the remaining proceeds were used to repay indebtedness on Agellan's Revolving Facility.

On November 4, 2013, in connection with the October 2013 Offering, Agellan issued an additional 345,000 Units at a price of \$8.70 per Unit for gross proceeds of \$3,001,500, pursuant to the exercise, in full, of the over-allotment option granted to the underwriters. These proceeds (net of issue costs) were used to repay indebtedness on Agellan's Revolving Facility.

On August 10, 2015, Agellan announced a normal course issuer bid that permits it to purchase up to one million Units over a 12-month period ending August 12, 2016 (or such earlier date as the Agellan completes its purchases pursuant to the normal course issuer bid). Management believes that the purchase of a portion of its outstanding Units may, from time to time, be an appropriate use of available resources and in the best interest of Agellan and its Unitholders. During the year ended December 31, 2015, the REIT repurchased 231,600 Units at an average price of \$8.77 per Unit.

At December 31, 2015, Agellan had 23,395,139 issued and outstanding Units.

At the time of the IPO, the portfolio contained 23 properties (now counted as 24 after the division of 3671-3701, 3707-3743 Interchange Road and 3949 Business Park Drive, previously considered one property) located in the United States and Canada comprising 18 industrial properties, 4 office properties and one retail property located in the United States and Canada. During the year ended December 31, 2013, Agellan acquired three office properties, located in Houston, Texas. During the year ended December 31, 2014, Agellan acquired one property, located in Charlotte, North Carolina, and sold one property, located in Dallas, Texas. During the year ended December 31, 2015, Agellan acquired seven properties located in Atlanta, Georgia, and sold one property located in Markham, Ontario and one property located in Odenton, Maryland.

The table below summarizes properties by acquisition date and purchase price:

Sequence of Property Acquisitions

| Date of Acquisition | Property | Location | Purchase Price (million Cdn \$)⁽¹⁾ |
|---|---|--------------------------------|--|
| January, 2013 | 20 Valleywood Drive (sold in February 2015) | Markham, Ontario, Canada | \$421.1 |
| | 243, 245, 251, 255 Consumers Road | Toronto, Ontario, Canada | |
| | 240 Bank Street | Ottawa, Ontario, Canada | |
| | 195-215 Bellehumeur | Gatineau, Quebec, Canada | |
| | 1000 & 1100 Warrenville Rd | Naperville, Illinois, USA | |
| | 2151 Airwest Boulevard | Plainfield, Indiana, USA | |
| | 8271 Anderson Court (sold in April 2015) | Odenton, Maryland, USA | |
| | 3671-3701, 3707-3743 Interchange Road | Columbus, Ohio, USA | |
| | 3949 Business Park Drive | Columbus, Ohio, USA | |
| | 2100 East St Elmo Road | Austin, Texas, USA | |
| | 2130, 2150, 2170 Woodward Street | Austin, Texas, USA | |
| | 4120 Freidrich Lane | Austin, Texas, USA | |
| | 2120 West Braker Lane | Austin, Texas, USA | |
| | 1201 John Burgess Road | Fort Worth, Texas, USA | |
| | 5800 W Kiest Blvd (sold in August 2014) | Dallas, Texas, USA | |
| | 2301-2395 Minimax Drive | Houston, Texas, USA | |
| | 5975-6049 South Loop East | Houston, Texas, USA | |
| | 9001-9101 Jameel Road | Houston, Texas, USA | |
| | 6300-6320 Rothway Street | Houston, Texas, USA | |
| | 6100 & 6120 West by Northwest | Houston, Texas, USA | |
| 1400-1412 North Sam Houston | Houston, Texas, USA | | |
| 232, 302-350 West 38th | Houston, Texas, USA | | |
| 2055, 2105, 2155 Silber Road | Houston, Texas, USA | | |
| 6500 & 6600 Long Point Road | Houston, Texas, USA | | |
| June, 2013 | 11000 Corporate Center Drive | Houston, Texas, USA | \$18.6 |
| September, 2013 | 4920 Westway | Houston, Texas, USA | \$47.2 |
| | 10900 Corporate Center Drive | | |
| January, 2014 | The Linville Building | Charlotte, North Carolina, USA | \$20.7 |
| February, 2015 | 1256 Oakbrook Drive | Atlanta, Georgia, USA | \$16.2 |
| | 1265 Oakbrook Drive | Atlanta, Georgia, USA | |
| | 1280 Oakbrook Drive | Atlanta, Georgia, USA | |
| | 1325 Oakbrook Drive | Atlanta, Georgia, USA | |
| | 1346 Oakbrook Drive | Atlanta, Georgia, USA | |
| | 1351 Oakbrook Drive | Atlanta, Georgia, USA | |
| July, 2015 | 1800 Sandy Plains Industrial Parkway | Atlanta, Georgia, USA | \$14.1 |
| Total purchase price (including transaction costs) | | | \$537.9 |

(1) US Acquisitions occurring in U.S.\$ are converted to Cdn \$ as of the acquisition date.

Description of the Business

At December 31, 2015, the portfolio consisted of 32 properties located in Texas (17 properties), Georgia (7 properties), Ontario (2 properties), Ohio (2 properties), and Quebec, Illinois, Indiana and North Carolina (1 property each). All of the assets are located in attractive, high-growth, major markets and are in desirable locations close to major commercial arteries. The portfolio is predominantly comprised of U.S. assets, with some Canadian assets. It is diversified by asset class and the mix of industrial, office, and retail provides exposure to different classes of commercial real estate.

Properties have a well-diversified tenant profile reflecting an attractive mix of national, regional and local tenants. The top 10 tenants comprise 34% of Agellan's GLA, contribute 45% of base rent and have remaining weighted average lease terms of 4.5 years.

As of December 31, 2015, the portfolio had a weighted average occupancy rate of 92.6%. In addition, no single tenant represented greater than 10% of the aggregate annualized base rent.

Agellan's objectives are to:

- (i) provide Unitholders with stable, predictable and growing cash distributions on a tax-efficient basis;
- (ii) enhance the value of Agellan's assets and maximize long-term Unitholder value through active management; and
- (iii) expand Agellan's asset base and increase Agellan's AFFO per Unit, including through accretive acquisitions.

Agellan maintains the following growth strategies to achieve its objectives:

- **Optimize the performance, value and cash flow of its portfolio.** Agellan manages its properties to optimize their performance, value and long-term cash flow generation capabilities. Agellan intends to maximize the economic potential of each individual property through an intensive and creative "hands on" approach to asset and property management. Agellan benefits from ACPI's well-established track record of value enhancement and intimate understanding of the Properties and their respective markets. Agellan will benefit from Management's focus on maintaining strong relationships with existing tenants, which should allow Agellan to avoid the additional marketing, leasing and tenant improvement costs required for new tenancies and minimize interruptions in rental income resulting from periods of vacancy and tenant renovations.
- **Acquire industrial, office and retail properties at attractive yields.** Agellan's core strategy is to focus investment in income-producing commercial properties that (i) are located in key economic centers in the United States, (ii) provide attractive yields and (iii) have the potential to deliver predictable and growing cash flows.

Agellan intends to seek to expand its asset base through accretive acquisitions of high-quality commercial real estate in large urban centres within the United States. In addition to improving Agellan's AFFO per Unit, it is expected that such external acquisitions will further improve the sustainability of distributions to Unitholders, strengthen Agellan's tenant profile and mitigate concentration risk. Management also anticipates that such accretive growth will reduce Agellan's cost of capital, further enhancing its ability to competitively bid on acquisition opportunities.

In January 2015, Agellan's Board announced a U.S.-focused investment strategy that was recommended by Agellan's external asset manager whereby Agellan would seek to sell all or substantially all of its existing

Canadian real estate assets and reinvest the related proceeds of sale in U.S. real estate assets. As a result of positive leasing momentum, as well as various macro-economic factors (including the value of the Canadian dollar as compared to the U.S. dollar), Agellan is no longer prioritizing exploring the potential sale of all or a part of Parkway Place. Rather, Management is prioritizing the proposed development opportunities at Parkway Place, the maintenance and operation of the existing property and improving the overall lease profile within the complex.

Agellan's Board continues to believe that, in the near term, a focus on acquiring additional U.S. real estate assets will be in Agellan's and the Unitholders' best interests as U.S. valuations, financing and operating fundamentals are currently more attractive than in Canada. Agellan expects to pursue U.S. acquisitions with a focus on properties within markets that it currently operates, and in U.S. markets that offer high quality commercial real estate at compelling relative valuations. Agellan intends to utilize a flexible, opportunity driven growth strategy and take advantage of its agile framework to source attractive relative valuations in various asset classes and geographic locations. While it is expected that any acquisitions by Agellan would be immediately accretive, Agellan may also consider and complete acquisitions that improve the overall quality of its portfolio and/or will be accretive over the longer term.

Notwithstanding Agellan's U.S.-focused investment strategy, Agellan may acquire certain properties in Canada from time to time if a particular Canadian acquisition opportunity is determined by Agellan to be the best interests of Unitholders.

Commercial real estate markets in the United States offer more acquisition opportunities than Canadian markets due to a greater number of urban centers, a much larger economy and significantly less concentrated ownership of real estate. Notably, the United States has approximately 53 metropolitan statistical areas with populations above one million people, compared to only six census metropolitan areas with populations above one million people in Canada. Furthermore, management believes that favourable commercial real estate conditions in the United States makes this an opportune time for Agellan to pursue acquisitions in the United States.

Among other things, management believes that Agellan's external growth strategy is enhanced by:

- **Extensive Relationships.** ACPI has an existing relationship network with brokers, managers, owners and other industry players in both the United States and Canada. Agellan expects to use its relationship network to source acquisitions. Furthermore, potential sellers will likely seek out Agellan as a credible buyer with access to capital.
- **An Experienced Cross Border Acquisition Team.** ACPI's knowledge of Agellan's target markets enable Agellan to identify and capitalize on attractive acquisition opportunities. Since its inception, ACPI and its principals have transacted over \$1.7 billion worth of industrial, office and retail real estate in both the United States and Canada. This experience provides Agellan with the flexibility to pursue acquisitions in whichever markets in the United States and Canada and asset classes offer the most compelling relative valuations.
- **Access to Capital.** In acquiring properties, Agellan expects to compete against both public and private purchasers. As a public real estate investment trust, Agellan believes that its access to capital provides it with an advantage over those competing property purchasers that are entirely dependent on private sources of financing.

Agellan is externally managed by ACPI pursuant to the External Management Agreement and provides Agellan with certain asset management, advisory and general administrative services, including the

services of the Chief Executive Officer, Chief Financial Officer and Secretary. ACPI provides Agellan access to ACPI's cross-border asset management expertise and extensive relationship network across the asset classes in which it operates. ACPI and its direct Subsidiaries have 18 employees.

THE REAL ESTATE PORTFOLIO

This section of the AIF describes Properties with information about property location, tenants, significant leasing, GLA and occupancy rates.

The properties are well-located within their respective markets and provide an attractive platform from which to grow given their stable characteristics which include high occupancy and tenant retention rates, as well as staggered lease and debt maturities. In addition, the geographic and tenant diversification within the portfolio of Properties mitigates concentration risk and supports the stability of Agellan's cash flows.

Occupancy and Leasing

As at December 31, 2015, the properties were 92.6% leased (91.6% Effective Occupancy after giving effect to the Vendor Leases) and had an average remaining lease term of approximately 3.4 years. On a weighted average basis, Agellan's retail property, office properties and industrial properties had lease terms of 4.9 years, 4.3 years and 2.8 years, respectively, as at December 31, 2015.

Property table as at December 31, 2015:

| Property | Class | Date completed /renovated | Approximate GLA (000 SF) | # of buildings | Occupancy rate |
|---|------------|---------------------------|--------------------------|----------------|----------------|
| 243, 245, 251, 255 Consumers Road Toronto, Ontario, CA | Office | 1971/1978 and 2008 | 815 | 4 | 86% |
| 240 Bank Street Ottawa, Ontario, CA | Office | 1967/1988 | 40 | 1 | 94% |
| 195-215 Bellehumeur Street Gatineau, Quebec, CA | Retail | 1988 | 45 | 3 | 75% |
| 1000 & 1100 Warrenville Rd Naperville, Illinois, USA | Industrial | 1981/1988 and 2007 | 487 | 2 | 97% |
| 2151 Airwest Boulevard Plainfield, Indiana, USA | Industrial | 2000 | 434 | 1 | 65% |
| 3671-3701, 3707-3743 Interchange Road Columbus, Ohio, USA | Industrial | 1974 | 91 | 2 | 100% |
| 3949 Business Park Drive Columbus, Ohio, USA | Industrial | 1996 | 93 | 1 | 100% |
| 2100 East St Elmo Road Austin, Texas, USA | Industrial | 1982 | 50 | 1 | 100% |
| 2130, 2150, 2170 Woodward Street Austin, Texas, USA | Industrial | 1984 | 187 | 3 | 100% |
| 4120 Freidrich Lane Austin, Texas, USA | Industrial | 1984 | 73 | 1 | 100% |
| 2120 West Braker Lane Austin, Texas, USA | Industrial | 1984 | 46 | 1 | 100% |
| 1201 John Burgess Road Fort Worth, Texas, USA | Industrial | 1999 | 254 | 1 | 100% |

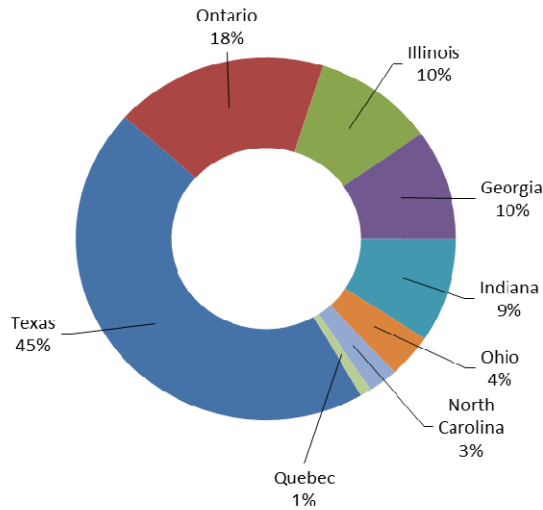
| Property | Class | Date completed /renovated | Approximate GLA (000 SF) | # of buildings | Occupancy rate |
|--|------------|---------------------------|--------------------------|----------------|----------------|
| 2301-2395 Minimax Drive Houston, Texas, USA | Industrial | 1967 | 120 | 1 | 100% |
| 5975-6049 South Loop East Houston, Texas, USA | Industrial | 1980 | 149 | 4 | 91% |
| 9001-9101 Jameel Road Houston, Texas, USA | Industrial | 1990 | 95 | 2 | 100% |
| 6300-6320 Rothway Street Houston, Texas, USA | Industrial | 1990 | 75 | 3 | 100% |
| 6100 & 6120 West by Northwest Houston, Texas, USA | Industrial | 1990 | 123 | 2 | 100% |
| 1400-1412 North Sam Houston Houston, Texas, USA | Industrial | 1982 | 119 | 4 | 81% |
| 232, 302-350 West 38th Houston, Texas, USA | Industrial | 1981 | 80 | 2 | 100% |
| 2055, 2105, 2155 Silber Road Houston, Texas, USA | Industrial | 1979 | 199 | 3 | 99% |
| 6500 & 6600 Long Point Road Houston, Texas, USA | Industrial | 1979 | 190 | 2 | 100% |
| 11000 Corporate Center Drive Houston, Texas, USA | Office | 2003 | 101 | 1 | 100% |
| 10900 Corporate Center Drive Houston, Texas, USA | Office | 2006 | 130 | 1 | 98% |
| 4920 Westway Park Blvd Houston, Texas, USA | Office | 2006 | 132 | 1 | 100% |
| 10130 Perimeter Parkway Charlotte, North Carolina, USA | Office | 2008 | 118 | 1 | 98% |
| 1256 Oakbrook Drive Atlanta, Georgia, USA | Industrial | 1984 | 40 | 1 | 100% |
| 1265 Oakbrook Drive Atlanta, Georgia, USA | Industrial | 1984 | 51 | 1 | 100% |
| 1280 Oakbrook Drive Atlanta, Georgia, USA | Industrial | 1986 | 46 | 1 | 100% |
| 1325 Oakbrook Drive Atlanta, Georgia, USA | Industrial | 1986 | 53 | 1 | 100% |
| 1346 Oakbrook Drive Atlanta, Georgia, USA | Industrial | 1985 | 71 | 1 | 85% |
| 1351 Oakbrook Drive Atlanta, Georgia, USA | Industrial | 1984 | 37 | 1 | 100% |
| 1800 Sandy Plains Industrial Parkway Atlanta, Georgia, USA | Industrial | 1986 | 167 | 3 | 100% |
| Total Portfolio | | | 4,711 | 57 | 92.6% |

Geographic Diversification

Geographic diversification of the portfolio based on GLA and NOI as at December 31, 2015.

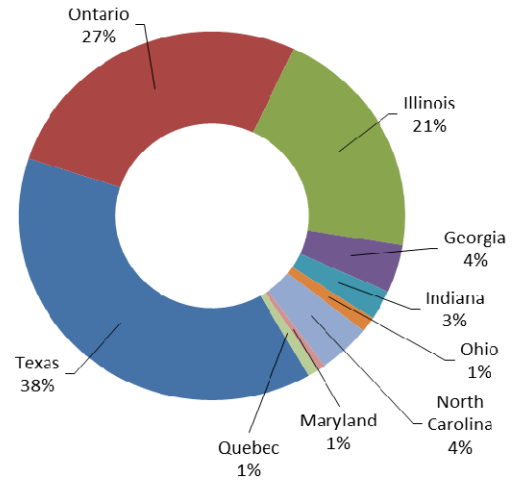
GLA By Location

(As at December 31, 2015)



NOI By Location

(For the nine month period ended December 31, 2015)

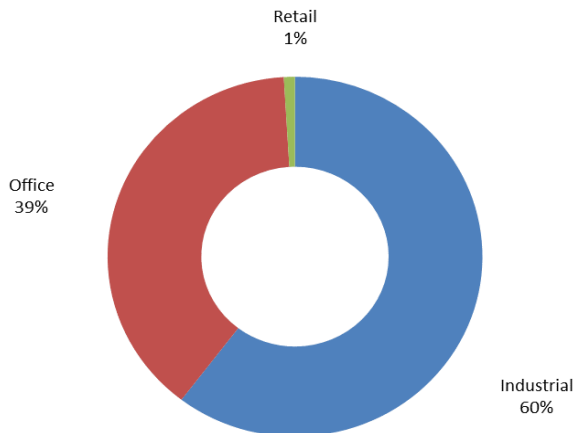


Diversification by Asset Class

The Properties are diversified among three classes: industrial, office and retail.

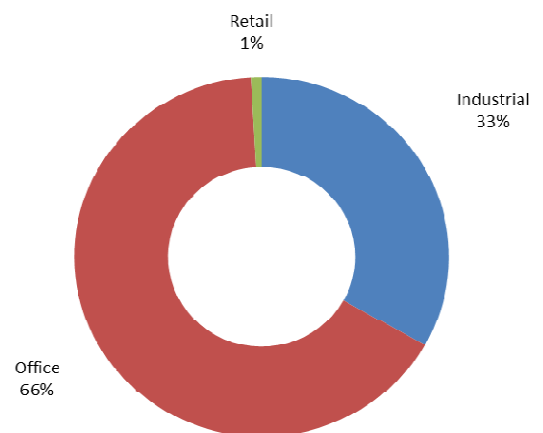
GLA By Asset Class

(As at December 31, 2015)



NOI By Asset Class

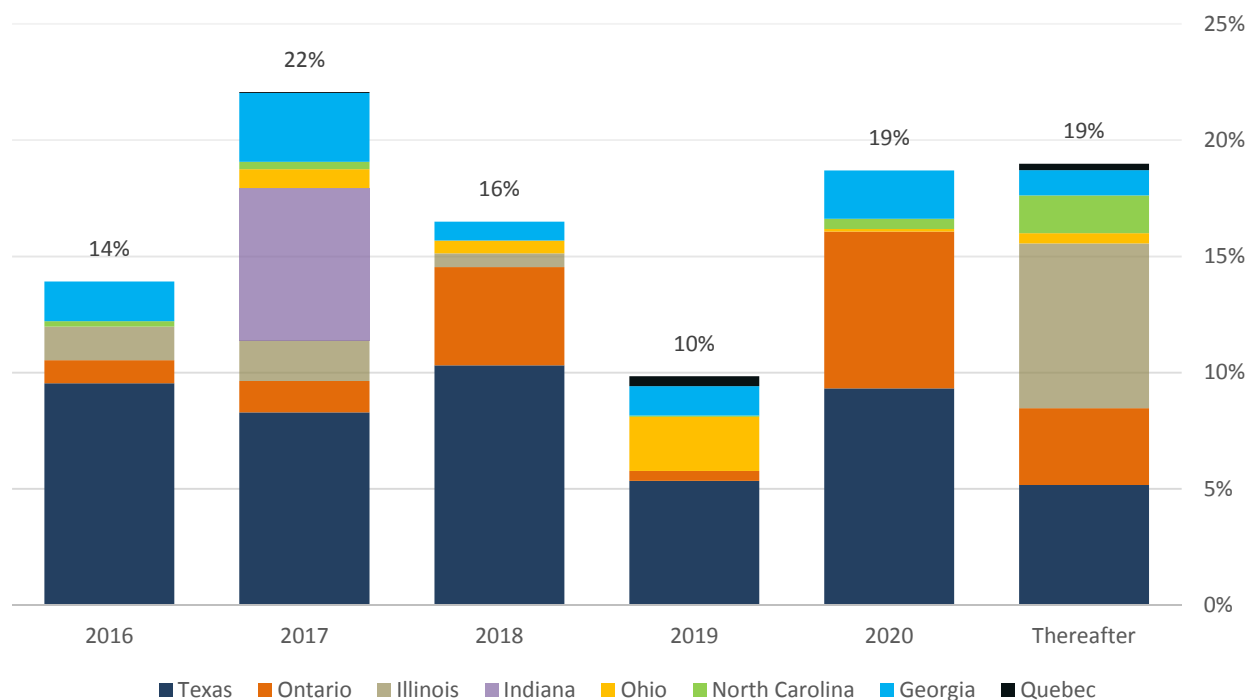
(For the nine month period ended December 31, 2015)



Lease Expiries

Lease maturities represent no greater than 22% of the GLA of the Properties in any one year between 2016 and 2020.

LEASE EXPIRY SCHEDULE % GLA EXPIRING PER YEAR



Tenant Mix

Agellan's tenant base is well-diversified, with the ten largest tenants in terms of base rental revenue comprising approximately 34% of GLA of the Properties.

| Tenant | Credit Rating ⁽¹⁾ | Tenant Since | Property | % of In-Place Base Rent ⁽²⁾ | % of GLA | Remaining Ave Lease Term (years) |
|-------------------------------|------------------------------|--------------|--------------------------------|--|------------|----------------------------------|
| Health Care Service Corp | AA-/A2/--/A | 2006 | 1000 & 1100 Warrenville Road | 10% | 6% | 7.9 |
| Shoppers Drug Mart | BBB/--/BBB/-- | 1995 | 243 Consumers Road | 9% | 6% | 4.5 |
| Allstate Insurance Co. | AA-/Aa3/--/A+ | 2007 | Beltway 8 Corporate Centre IV | 6% | 2% | 1.4 |
| Supervalu | B+/B1/--/B | 2001 | 1201 John Burgess Road | 4% | 6% | 2.7 |
| Mercer Human Resources | - | 2006 | Beltway 8 Corporate Centre III | 3% | 1% | 0.9 |
| IBM Canada | AA-/Aa3/--/A+ | 1989 | 245 Consumers Road | 3% | 2% | 9.3 |
| National Oilwell Varco | A+/A2/--/-- | 2006 | Beltway 8 Corporate Centre II | 3% | 2% | 4.7 |
| Life Technologies | BBB/--/--/BBB | 2006 | 2130 - 2170 Woodward Street | 3% | 2% | 4.5 |
| Paychex North America Inc. | - | 2007 | 1000 & 1100 Warrenville Road | 2% | 1% | 0.8 |
| CEVA Freight, LLC | - | 2001 | 2151 Airwest Boulevard | 2% | 6% | 1.7 |
| Total/Weighted Average | | | | 45% | 34% | 4.5 |

⁽¹⁾ S&P/Moody's/DBRS/Fitch; credit rating based on the parent organization.

⁽²⁾ Based on in-place base rent for the year ended December 31, 2015.

DESCRIPTION OF THE PROPERTIES

Canada — Ontario

240 Bank Street, Ottawa, Ontario. This office property is known as the Brunswick Building and was constructed in 1967, with a major renovation completed in 1988. The property consists of one six-story, multi-tenanted office building with ground level retail totaling approximately 39,600 SF. The property is well-located in the office district of Canada's national capital, Ottawa, Ontario.

243, 245, 251 and 255 Consumers Road, Toronto, Ontario. This office property is known as "Parkway Place" and consists of four interconnected multi-tenant buildings constructed between 1971 and 1978, and renovated between 2000 and 2004 and again in 2008. The buildings contain a total of approximately 815,200 SF of GLA and sit on 30.2 acres of land with approximately 2,500 parking spaces. The Parkway Place complex includes a redundant power supply providing the opportunity for a Tier 3 certification for data centre design standards. Located at the north-east corner of the intersection of Highway 401 and Don Valley Parkway, Parkway Place benefits from excellent exposure with over three quarters of a kilometer of frontage along the north side of Highway 401. Toronto's downtown core and Pearson International Airport are within 30 and 40 minutes' drive, respectively. Certain space within Parkway Place is subject to a five year Vendor Lease, ending in January 2018.

Canada — Québec

195-215 Bellehumeur Street, Gatineau, Québec. This retail property is known as Plaza Bellehumeur, and was originally constructed in 1988. The property consists of three multi-tenant commercial retail buildings containing approximately 45,000 SF of GLA. The property is positioned at the northeast corner of Rue Bellehumeur and Boulevard Maloney Ouest in Gatineau, Québec. The site is bordered by an active rail line for public transportation on the south side of the property and is across from the "Les Promenades" shopping centre, an approximately 1,000,000 SF shopping mall.

United States of America — Georgia

1256 Oakbrook Drive, Atlanta, Georgia. This industrial property was built in 1984 and is situated on approximately 3.5 acres of land. The property consists of approximately 40,400 SF of GLA, with approximately 28% office finish. The building is well-located in the northeast of Atlanta in an established business park area with easy access to Interstate 85.

1265 Oakbrook Drive, Atlanta, Georgia. This industrial property was built in 1984 and is situated on approximately 3.5 acres of land. The property consists of approximately 51,200 SF of GLA, with approximately 21% office finish. The building is well-located in the northeast of Atlanta in an established business park area with easy access to Interstate 85.

1280 Oakbrook Drive, Atlanta, Georgia. This industrial property was built in 1986 and is situated on approximately 4.3 acres of land. The property consists of approximately 46,400 SF of GLA, with approximately 27% office finish. The building is well-located in the northeast of Atlanta in an established business park area with easy access to I-85.

1325 Oakbrook Drive, Atlanta, Georgia. This industrial property was built in 1986 and is situated on approximately 3.5 acres of land. The property consists of approximately 53,100 SF of GLA, with

approximately 21% office finish. The building is well-located in the northeast of Atlanta in an established business park area with easy access to Interstate 85.

1346 Oakbrook Drive, Atlanta, Georgia. This industrial building was built in 1985 and is situated on approximately 5.5 acres of land. The property consists of approximately 71,400 SF of GLA, with approximately 85% office finish. The building is well-located in the northeast of Atlanta in an established business park area with easy access to Interstate 85.

1351 Oakbrook Drive, Atlanta, Georgia. This industrial property was built in 1984 and is situated on approximately 4.0 acres of land. The property consists of approximately 36,600 SF of GLA, with approximately 72% office finish. The building is well-located in the northeast of Atlanta in an established business park area with easy access to Interstate 85.

1800 Sandy Plains Industrial Parkway, Atlanta, Georgia. This industrial property was built in 1986 and consists of three buildings containing approximately 167,000 SF of GLA. The property contains approximately 4 acres of vacant land which provides a potential future development opportunity. Located at the intersection of the Canton Road Connector and Sandy Plains Road, this property has easy access to all major roads and highways.

United States of America — Illinois

1100 and 1000 Warrenville Road, Naperville, Illinois. This office property is known as Naperville Woods Office Center and was constructed between 1981 and 1988, with a major renovation completed in 2007. The property consists of two multi-tenanted office buildings totaling approximately 490,000 SF of GLA on approximately 31 acres of land. The property has approximately 2,450 parking spaces and is located near the intersection of Naperville Road and Interstate Highway 88, 25 miles west of Chicago's central business district. The property has extensive project landscaping and overlooks the 1,480-acre Herrick Woods Forest Preserve.

United States of America — Indiana

2151 Airwest Boulevard, Plainfield, Indiana. This industrial property is known as Airwest IV and was constructed in 2000. The property consists of one multi-tenant modern bulk industrial building totaling approximately 434,400 SF of GLA on approximately 24.9 acres of land. The clear height is 30 feet and the office finish is approximately 3.5%. The building offers approximately 2,000 AMP power, ESFR sprinklers and ample parking. The well-located building has immediate access to Quaker Boulevard (267), which leads to Interstate 70 and Highway 40. The site is less than two miles from the Indianapolis International Airport, one of the nation's top 10 Air Express/Cargo airports.

United States of America — North Carolina

10130 Perimeter Parkway, Charlotte, North Carolina. This Class A, five-story multi-tenant office building was constructed in 2008 and is known as The Linville Building. It consists of approximately 118,500 SF of GLA and is situated on approximately 6.5 acres of land. The property is well-located as it is adjacent to North Lake Mall which provides numerous of amenities and is ideally positioned between Charlotte's central business district and Lake Norman, an affluent residential area. Finally, the building's strategic location provides easy access to and from Interstate 485 and Interstate 77.

United States of America — Ohio

3671-3701 Interchange Road, and 3707-3743 Interchange Road, in Columbus, Ohio are industrial properties known as the Columbus Business Park and were constructed in 1974. The property consists of two industrial buildings totaling approximately 91,200 SF of GLA on approximately 5.7 acres of land. The clear heights are approximately 20 feet and the office finish is approximately 20%. The assets are positioned in the western portion of the city in close proximity to two prominent interstates: I-270 & I-70.

3949 Business Park Drive, in Columbus, Ohio is a single tenant industrial property constructed in 1996. The property consists of approximately 93,000 SF of GLA on approximately 5.8 acres of land. The clear height is approximately 28 feet and the office finish is approximately 18%. The asset is positioned in the western portion of the city in close proximity to two prominent interstates: I-270 & I-70.

United States of America — Texas

2100 East St. Elmo Road, Austin, Texas. This industrial property is known as Southpark E, and was constructed in 1982. The property consists of one single tenant building totaling approximately 50,000 SF of GLA and is situated on approximately 3.6 acres of land. The clear height is 14 feet and the office finish is approximately 100%. The building is well-located in south Austin, in an established business park area with easy access to primary transportation routes, including Interstate Highway 35, US Highway 183 and Highway 71.

2130, 2150 and 2170 Woodward Street, Austin, Texas. This industrial property is known as Southpark FOP, and was constructed between 1982 and 1984. The property consists of two multi-tenant buildings and one single-tenant building totaling approximately 187,100 SF of GLA on approximately 13.8 acres of land. The clear height is between 16 and 22 feet and the office finish is approximately 95%, which includes significant laboratory space. The buildings are well-located in south Austin in an established business park area with easy access to primary transportation routes, including Interstate Highway 35, US Highway 183 and Highway 71.

4120 Freidrich Lane, Austin, Texas. This industrial property is known as Southpark M, and was constructed in 1984. The property consists of one multi-tenant building totaling approximately 72,600 SF of GLA on approximately 6.5 acres of land. The clear height is approximately 16 feet and the office finish is approximately 85%. The buildings are well-located in south Austin in an established business park area with easy access to primary transportation routes, including Interstate Highway 35, US Highway 183 and Highway 71.

2120 West Braker Lane, Austin, Texas. This industrial property, known as Braker IV, was constructed in 1984. The property consists of one multi-tenant building totaling approximately 46,400 SF of GLA on approximately 5.3 acres of land. The clear height is 14 feet and the office finish is approximately 80%. The property is well-located in an established industrial/business park area in north Austin, with easy access to primary transportation routes, including Interstate Highway 35, US Highway 183 and MoPac Expressway.

1201 John Burgess Road, Fort Worth, Texas. This industrial property was constructed between 1997 and 1999. The property consists of a single-tenant building totaling approximately 253,800 SF of GLA on approximately 24.4 acres of land. The clear height is approximately 32 feet and the office finish is

approximately 7%. The building has 4000 AMP power, an ESFR fire sprinkler system and a secure fenced yard with abundant parking. Approximately 23% of the facility consists of freezer/cooler space, of which approximately 39,700 SF is freezer space. The well-located building offers immediate access to Interstate 35W, via Everman Parkway, less than two miles south of Interstate Highway 20. This property includes approximately 8.5 acres of developable land on separate title, of which a portion is fenced and paved for parking.

2301-2395 Minimax Drive, Houston, Texas. This industrial property is known as Minimax Business Park, and was constructed in 1967. The property consists of one multi-tenant building totaling approximately 119,800 SF of GLA on approximately 5.1 acres of land. The clear height is 18 feet and the office finish is approximately 12%. The building has excellent access to Loop 610, Interstate Highway 10 and US Highway 290.

5975-6049 South Loop East, Houston, Texas. This industrial property is known as Southport Business Park, and was constructed in 1980. The property consists of four multi-tenant buildings totaling approximately 149,400 SF of GLA on approximately 9.6 acres of land. The clear height is 16 feet and the office finish is approximately 33%. The property has excellent access to Loop 610, Interstate Highway 45 and US Highway 288.

9001-9101 Jameel Road, Houston, Texas. This industrial property is known as Jameel Business Park, and was constructed in 1990. The property consists of two multi-tenant buildings totaling approximately 94,900 SF of GLA on approximately 5.6 acres of land. The clear height is 16 feet and the office finish is approximately 71.7%. The buildings are well-located with excellent access to Sam Houston Tollway, Highway 290, Interstate 10 and Loop 610.

6300-6320 Rothway Street, Houston, Texas. This industrial property is known as Rothway Business Centre, and was constructed in 1990. The property consists of three multi-tenant buildings totaling approximately 75,500 SF of GLA on approximately 5.2 acres of land. The clear heights are between 12 to 16 feet and the office finish is approximately 100%. The buildings are well-located with excellent access to Sam Houston Tollway, Highway 290, Interstate 10 and Loop 610.

6100 & 6120 West by Northwest, Houston, Texas. This industrial property is known as West by Northwest Business Park, and was constructed in 1990. The property consists of two multi-tenant buildings totaling approximately 122,800 SF of GLA on approximately 7.8 acres of land. The clear height is 16 feet and the office finish is approximately 35%. The buildings are well-located with excellent access to Sam Houston Tollway, Highway 290, Interstate 10 and Loop 610.

1400-1412 North Sam Houston Parkway East, Houston, Texas. This industrial property is known as Northgreen Business Park, and was constructed in 1982. The property consists of four multi-tenant buildings totaling approximately 118,800 SF of GLA on approximately 7.1 acres of land. The clear heights are between 12 to 18 feet, and the office finish is approximately 35%. The buildings have excellent access to Sam Houston Tollway, US Highway 59 and Interstate Highway 45.

232, 302-350 West 38th Street, Houston, Texas. This industrial property is known as Pine Forest Business Park, and was constructed in 1981. The property consists of two multi-tenant buildings totaling approximately 80,100 SF of GLA on approximately 4.4 acres of land. The clear height is 22 feet and the office finish is approximately 18%. The buildings have excellent access to Loop 610, Interstate Highway 10 and US Highway 290.

2055, 2105, 2155 Silber Road, Houston, Texas. This industrial property is known as Silber Business Park and was constructed in 1979. The property consists of three multi-tenant buildings totaling approximately 199,000 SF of GLA on approximately 11 acres of land. The clear height is between 17 and 20 feet and the office finish is approximately 23.1%. The asset has excellent access to Loop 610, Interstate Highway 10 and US Highway 290.

6500 & 6600 Long Point Road, Houston, Texas. This industrial property is known as Longpoint Centre A and C, and was constructed in 1979. The property consists of two multi-tenant buildings totaling approximately 189,700 SF of GLA on approximately 7.9 acres of land. The clear heights are between 18 and 21 feet and the office finish is approximately 11.6%. The buildings have excellent access to Loop 610, Interstate Highway 10 and US Highway 290.

11000 Corporate Center Drive, Houston, Texas. This office property is known as Beltway 8 Corporate Centre II, and was constructed in 2003 in Houston, Texas. The property consists of one, two-storey multi-tenant building totaling approximately 101,000 SF of GLA on approximately 9.8 acres of land. The property is well-located in the Northwest Houston sub-market near the intersection of the Sam Houston Parkway and the Northwest Freeway.

10900 Corporate Center Drive, Houston, Texas. This office property is known as Beltway 8 Corporate Centre III, and was constructed in 2006 in Houston, Texas. The property consists of one, two-storey multi-tenant building totaling approximately 129,500 SF of GLA on approximately 11 acres of land. The property is well-located in the Northwest Houston sub-market near the intersection of the Sam Houston Parkway and the Northwest Freeway.

4920 Westway, Houston, Texas. This office property is known as Beltway 8 Corporate Centre IV, and was constructed in 2006 in Houston, Texas. The property consists of one, two-storey multi-tenant building totaling approximately 131,900 SF of GLA on approximately 12.4 acres of land. The property is well-located in the Northwest Houston sub-market near the intersection of the Sam Houston Parkway and the Northwest Freeway.

Leases with Vendor Lease Tenants

Parkway Place is subject to certain Vendor Leases. The Vendor Lease Tenants rent certain vacant suites in Parkway Place, at market rates prevailing at the time the leases were signed, for the term of each Vendor Lease. Lease payments consist of minimum rent and additional rent and are paid on a monthly basis in advance.

The Vendor Lease Tenants have typical sublease and assignment rights and any subtenant must be approved by Agellan, acting reasonably. The Vendor Lease Tenants are responsible for the cost of tenant improvements, tenant inducements and leasing commissions for new tenants. As security for its obligations under each Vendor Lease, the applicable Vendor Lease Tenant has placed in escrow an amount of cash having a value equal to the maximum aggregate undiscounted future minimum and additional rent payments to be made pursuant to the Vendor Lease over its term. This cash is drawn upon for monthly base rent, additional rent and leasing and tenant improvement costs and the remainder is held in escrow until the obligations under the applicable Vendor Lease have been satisfied. The escrow agreements in respect of the Vendor Leases contain release provisions that will be triggered upon the satisfaction of such obligations. As at December 31, 2015, \$3.8 million remains in escrow to satisfy the Vendor Leases.

Vendor Leases at December 31, 2015

| Property | Space Under Vendor Leases (SF) | Expiration Date |
|-----------------------------------|--------------------------------|------------------|
| 243, 245, 251, 255 Consumers Road | 46,000 | January 24, 2018 |

Approximately 28,000 SF of GLA subject to Vendor Leases has been leased to a third-party tenant beginning July 1, 2016 and will reduce the remaining space subject to Vendor Leases to approximately 18,000 SF of GLA.

INDEBTEDNESS

Credit Facilities

Agellan's Revolving Facility is secured by two Canadian properties. The Revolving Facility was drawn upon to pay fees and transaction expenses in connection with the IPO and to partially fund amounts payable in connection with the IPO Acquisitions. The undrawn portion of the Revolving Facility is available for general purposes, including short-term financing of future acquisitions, in both Canadian and U.S. dollars. The Revolving Facility is available up to a maximum amount of \$120 million and the facility matures on January 25, 2018. The Revolving Facility bears interest at bankers' acceptance/LIBOR rate plus a spread of 2.0% per annum, or prime/U.S. base rate plus 1.0% per annum. Approximately \$89.7 million had been drawn on the revolving facility at December 31, 2015, excluding unamortized financing fees amounting to \$0.3 million included in book value. The interest rate on \$60 million drawn on the Revolving Facility has been effectively fixed at 3.6% per annum after giving effect to an Interest Rate Swap Agreement. No amounts were drawn in U.S. dollars on the Revolving Facility at December 31, 2015.

Mortgages

Agellan's aggregate indebtedness includes mortgages payable which are secured by charges on 30 investment properties. As at December 31, 2015, the mortgages carried a weighted average interest rate of 4.18% per annum, and had a total face value of \$265 million. Included in existing mortgages payable at December 31, 2015 are U.S. dollar denominated mortgages of \$262.8 million (U.S.\$189.9 million).

Included in mortgages payable is one Canadian dollar denominated mortgage of \$2.3 million which carries a variable interest rate. Interest is charged at 250-basis points over the 90-day Canadian dollar offered rate.

Included in mortgages payable are U.S. dollar denominated mortgages of \$62.6 million (U.S.\$45.2 million) which carry variable interest rates. Agellan has entered into Interest Rate Swap Agreements, fixing such variable interest rates at a weighted annual average interest rate of 3.32% (as at December 31, 2015), to effectively hedge its exposure to fluctuations in interest rates with respect to these mortgages.

The remaining mortgages payable are all at fixed rates of interest.

Debt Maturities

The following table sets out, as at December 31, 2015, the principal installments and maturity balances of Agellan's mortgages to be paid over each of the following five calendar years stated in 000's.

| Year During Period | Scheduled Principal Payment | Debt Maturing During the Period | Total Mortgage Payable | Scheduled Interest Payment | Total Debt Service | Weighted Average Interest Rate of Debt Maturing ⁽¹⁾ |
|--------------------|-----------------------------|---------------------------------|------------------------|----------------------------|--------------------|--|
| 2016 | \$5,126 | \$2,229 | \$7,355 | \$10,177 | \$17,532 | 3.30% |
| 2017 | 5,284 | - | 5,284 | 9,918 | 15,202 | |
| 2018 | 4,681 | 128,410 | 133,091 | 7,642 | 140,733 | 4.42% |
| 2019 | 3,348 | - | 3,348 | 4,288 | 7,636 | |
| 2020 | 2,315 | 44,726 | 47,041 | 2,840 | 49,881 | 3.89% |
| Thereafter | 5,452 | 63,486 | 68,938 | 6,078 | 75,016 | 3.97% |
| Face Value | \$26,206 | \$238,851 | \$265,057 | \$40,943 | \$306,000 | |

⁽¹⁾ Represents the weighted average annual interest rates on principal repayments at maturity occurring in the respective year.

CURRENCY AND INTEREST RATE HEDGING ARRANGEMENTS

Currency Hedging Arrangements

Given that a significant portion of Agellan's investments and operations will be conducted in U.S. dollars and Agellan pays distributions to Unitholders in Canadian dollars, Agellan has implemented active hedging programs in order to offset the risk of revenue losses and provide more certainty regarding the payment of distributions to Unitholders. Agellan has entered into currency hedging arrangements with a Schedule I Canadian chartered bank pursuant to which the counterparty has agreed to exchange U.S. dollars for Canadian dollars on a monthly basis. As at December 31, 2015, the weighted average exchange rate of these forward contracts was \$1.20 with the final contract expiring on November 30, 2017. These currency hedging arrangements settle monthly and have a notional value of \$12.1 million as at December 31, 2015.

Interest Rate Swap Arrangements

In order to effectively convert a portion of its floating rate debt into fixed rate debt, Agellan has entered into interest rate swap agreements with various lenders (the "Interest Rate Swap Agreements"). In connection with the Interest Rate Swap Agreements, Agellan may be required to post collateral with the swap counterparties in order to secure its potential payment obligations under the Interest Rate Swap Agreements.

As at December 31, 2015, approximately 9% of Agellan's total indebtedness is floating rate debt that is not subject to Interest Rate Swap Agreements.

RISK FACTORS

Agellan faces a variety of significant and diverse risks, many of which are inherent in the business conducted by Agellan and the tenants of the properties. Described below are certain risks that could materially affect Agellan. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT's future financial condition and results of operations. The occurrence of any of the risks discussed below could materially and adversely affect the business, prospects, financial condition, and results of operations or cash flow of Agellan. Moreover, further information on Agellan's business and the risks related thereto can be found in its MD&A for the year-ended December 31, 2015. This information is incorporated by reference herein and is available on SEDAR at www.sedar.com and on Agellan's website at www.agellanreit.com.

Risk Factors Related to the Real Estate Industry and the Business of the REIT

Real Property Ownership and Tenant Risks

Real estate ownership is generally subject to numerous factors and risks, including changes in general economic conditions (such as the availability, terms and cost of mortgage financings and other types of credit), local economic conditions (such as an oversupply of properties or a reduction in demand for real estate in the area), the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs.

The Properties generate income through rent payments made by tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease, including the addition of restricted covenants. The REIT's cash flows and financial position would be materially adversely affected if its tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the Properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, the REIT may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment. In addition, restrictive covenants may narrow the field of potential tenants at a property and could contribute to difficulties in leasing space to new tenants. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and, thereby, cause a reduction in the REIT's cash flows, financial condition and results of operations and its ability to make distributions to Unitholders.

Liquidity

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession the REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the REIT to dispose of properties at lower prices in order to generate sufficient cash for operations and make distributions to Unitholders. The REITs operating line availability is also subject to certain conditions relating to the financial performance of the properties securing the facility.

Financing Risks

As of December 31, 2015, the REIT had outstanding indebtedness of \$354.8 million. Although a portion of the cash flow generated by the Properties will be devoted to servicing the REIT's debt, there can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

The REIT will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO. To the extent the REIT incurs variable rate indebtedness, this will result in fluctuations in the REIT's cost of borrowing as interest rates change. To the extent that interest rates rise, the REIT's operating results and financial condition could be adversely affected and decrease the amount of cash available for distribution

to Unitholders.

The REIT's credit facilities contain covenants that require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions to Unitholders will be limited.

Tax-Related Risk Factors Canadian Tax Risks

Non-Resident Ownership — The REIT intends to comply with the requirements under the Tax Act at all relevant times such that it maintains its status as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of Non-Residents (which means either a "non-resident" of Canada within the meaning of the Tax Act or a partnership that is not a "Canadian partnership" within the meaning of the Tax Act), except in limited circumstances. Accordingly, Non-Residents may not be the beneficial owners of more than 49% of the Units (determined on a basic or a fully diluted basis). The Trustees also have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of the Units.

The restrictions on the issuance of Units by the REIT to Non-Residents may negatively affect the REIT's ability to raise financing for future acquisitions or operations. In addition, the Non-Resident ownership restrictions could negatively impact the liquidity of the Units and the market price at which Units can be sold.

Taxation of Mutual Fund Trusts — There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts will not be changed in a manner that adversely affects Unitholders. Should the REIT cease to qualify as a mutual fund trust under the Tax Act, the consequences could be material and adverse.

REIT Exception — Although, as of the date hereof, management believes that the REIT will be able to meet the requirements of the REIT Exception throughout 2016 and beyond, there can be no assurance that the REIT will be able to qualify for the REIT Exception such that the REIT and the Unitholders will not be subject to the SIFT Rules in 2016 or in future years.

In the event that the SIFT Rules apply to the REIT, the impact to Unitholders will depend on the status of the holder and, in part, on the amount of income distributed which would not be deductible by the REIT in computing its income in a particular year and what portions of the REIT's distributions to Unitholders constitute "non-portfolio earnings", other income and returns of capital.

The likely effect of the SIFT Rules on the market for Units, and on the REIT's ability to finance future acquisitions through the issue of Units or other securities, is unclear. If the SIFT Rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distributions to Unitholders and the after-tax return to investors.

FAPI — FAPI earned by Agellan U.S. must be included in computing Agellan Canada's income for the taxation year of Agellan Canada in which the taxation year of Agellan U.S. ends, subject to a deduction for grossed-up "foreign accrual tax" as computed in accordance with the Tax Act. The deduction for grossed-up "foreign accrual tax" may not fully offset the FAPI realized by Agellan U.S., thereby increasing Agellan Canada's Canadian tax liability and reducing cash available for distribution to Unitholders. In addition, as FAPI generally must be computed in accordance with Part I of the Tax Act as though the affiliate were a resident of Canada (subject to the detailed rules contained in the Tax Act), income or transactions that are not taxable to Agellan U.S. under the Code may still give rise to FAPI for purposes of the Tax Act and, accordingly, may result in a Canadian tax liability of Agellan Canada, thereby reducing cash available for distribution to Unitholders.

Change of Law — There can be no assurance that Canadian federal income tax laws, the judicial

interpretation thereof, the terms of the tax treaty between Canada and the United States, or the administrative and assessing practices and policies of the CRA and the Department of Finance (Canada) will not be changed in a manner that adversely affects the REIT or Unitholders. Any such change could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions to Unitholders or changing the tax treatment applicable to Unitholders in respect of such distributions.

Non-Residents of Canada — The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time.

Limit on Activities

In order to maintain its status as a “mutual fund trust” under the Tax Act, the REIT cannot carry on most active business activities and is limited in the types of investments it may make. The Declaration of Trust contains restrictions to this effect.

U.S. Tax Risks

Internal Revenue Service Challenge — The Internal Revenue Service may challenge certain tax positions taken by the REIT, Agellan Canada and Agellan U.S., including the position that the interest on the Agellan U.S. Notes is deductible or not subject to withholding tax and that the anti-inversion rules of Section 7874 of the Code do not apply to the REIT.

Even if the Agellan U.S. Notes were characterized as debt, there is a risk that amounts payable by Agellan U.S. under the Agellan U.S. Notes may be found to be in excess of those payable at arm’s length. In such event, the excess over the arm’s length amount could be re-characterized as non-deductible distributions on equity. The inability of Agellan U.S. to deduct all or a portion of the interest paid on the Agellan U.S. Notes could materially increase its taxable income and thus its U.S. federal income tax. In addition, the re-characterization of interest payments as distributions on equity could cause such payments to be subject to U.S. federal withholding tax. These changes would adversely affect the financial position and cash flow of Agellan U.S. and would reduce its after-tax income available for distribution.

Code Section 163(j) — Code section 163(j) imposes an additional limitation on a corporation’s U.S. federal income tax deductions for interest paid to related foreign persons exempt from U.S. federal income tax in years in which (i) the debt-to-equity ratio of the United States corporate taxpayer exceeds 1.5 to 1 (based on the tax basis of assets and subject to certain adjustments), and (ii) the corporation’s net interest expense (i.e., the excess of interest expense over interest income) exceeds 50% of “adjusted taxable income”. Adjusted taxable income is generally defined as the corporation’s taxable income before certain deductions, including net interest expense, depreciation, and amortization. For purposes of Code section 163(j), the REIT generally will be “related” to Agellan U.S. provided the REIT owns, directly or by attribution, more than 50% of Agellan U.S. by vote or value.

Code section 163(j) may limit the ability of Agellan U.S. to deduct the interest paid on the Agellan U.S. Notes. In addition, there can be no assurance that future changes to U.S. federal income tax provisions will not otherwise restrict or eliminate the ability of Agellan U.S. to claim a deduction for U.S. federal income tax purposes for interest paid on the Agellan U.S. Notes. An additional restriction on or elimination of the ability of Agellan U.S. to claim deductions for interest payments could increase its U.S. federal income tax liability, which would reduce the amount of the distributions which the REIT would otherwise receive and thereby have an adverse effect on the amount available to pay distributions to Unitholders.

U.S. Taxation (including Change of Law) — The REIT, Agellan Canada and Agellan U.S. are subject to United States tax laws. There can be no assurance (i) that U.S. federal income tax liability of Agellan U.S. or its

affiliates will not increase (including as a result of a reduction in the ordinary course of the amortization or depreciation basis of the Partnership's property (without sufficient additional capital expenditures to replace such basis)) or (ii) that the laws, the judicial interpretation thereof, the terms of the tax treaty between the United States and Canada, or the administrative and assessing practices and policies of the Internal Revenue Service and the Department of Treasury will not be changed, possibly on a retroactive basis, in a manner that adversely affects the REIT or Unitholders. Any increase in the amount of U.S. federal income tax payable by Agellan U.S. or its affiliates could adversely affect Unitholders by reducing the amount available to pay distributions to Unitholders.

Dispositions of Real Property — Agellan U.S. will be subject to tax under the Code on the dispositions of real property, whether such properties are sold directly or indirectly through the sale of securities of an underlying entity. In addition, Agellan Canada generally will be subject to tax under the Code on a disposition of stock of Agellan U.S. U.S. taxes paid in connection with such dispositions will reduce the after-tax proceeds received by the REIT on such sales. Furthermore, taxes imposed under the Code may be greater than taxes imposed under the Tax Act, thereby increasing the effective tax rate to the REIT on such dispositions and reducing the cash available for distribution to Unitholders.

Development Risk

Development risk arises from the possibility that completed developments will not be leased or that costs of development will exceed original estimates, resulting in an uneconomic return from the leasing of such space. Agellan's construction commitments are subject to those risks usually attributable to construction projects, which include: (i) construction or other unforeseen delays, including municipal approvals; (ii) cost overruns; (iii) the failure of tenants to occupy, and pay rent in accordance with lease agreements, some of which are conditional; (iv) the inability to achieve project rental rates or anticipated pace of lease-ups; and (v) an increase in interest rates during the life of the development or redevelopment.

Current Economic Environment

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy prices, geopolitical issues, the availability and cost of credit, the mortgage market in the United States and a distressed real estate market have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. If these economic conditions continue, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

Geographic Concentration

The Properties are located in the United States and Canada, primarily in Texas and Georgia and a significant portion of the REIT's NOI is derived from Texas, Georgia, Ontario and the Chicago metropolitan statistical area. As a result, the REIT's performance is particularly sensitive to economic changes in Texas, Georgia, Ontario and Chicago. The market value of the Properties, the income generated by the REIT and the REIT's performance are particularly sensitive to changes in the economic condition and regulatory environment of Texas, Georgia, Ontario and Chicago. Adverse changes in the economic condition or regulatory environment of Texas, Georgia, Ontario or Chicago may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Tenant Concentration

The REIT derives a significant portion of its in-place base rental revenue from its ten largest tenants. Consequently, revenues are dependent on the ability of those tenants to meet rent obligations and the

REIT's ability to collect rent from them. If such tenants default on or cease to satisfy their payment obligations, it could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and certain capital expenditures from time to time. Although the credit facility is available for acquisitions, there can be no assurances that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Failure by the REIT to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Acquisitions

The REIT's business plan includes, among other things, growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and leasing such properties. If the REIT is unable to manage its growth effectively, it could adversely impact the REIT's financial position and results of operation and decrease the amount of cash available for distributions to Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to Unitholders will increase in the future.

The REIT relies on ACPI's expertise in identifying acquisition opportunities, underwriting potential transactions, transaction execution and asset management capabilities. ACPI also provides similar services to its other clients, and will concurrently present acquisition opportunities to the REIT and to its other clients. The provision by ACPI of similar services to its other clients may increase the cost of acquiring properties that are of interest to the REIT, increase competition for those acquisitions generally or inhibit their acquisition altogether.

Competition

The REIT competes with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Some of the industrial, office and retail properties of the REIT's competitors are newer, better located or better capitalized than the Properties. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the REIT. The existence of competing managers and owners could have a material adverse effect on the REIT's ability to lease space and on the rents the REIT is able to charge, and could materially adversely affect revenues and the REIT's ability to meet its obligations.

Foreign Currency Fluctuation

A portion of the REIT's operations are conducted in the United States and the financial position and results for these operations are denominated in U.S. dollars. The REIT's functional and reporting currency is the Canadian dollars. Accordingly, the revenues and expenses of the United States operations are translated at average rates of exchange in effect during the period. Assets and liabilities are translated at the exchange rates in effect at the balance sheet date. As a result, the REIT's consolidated financial position is subject to foreign currency fluctuation risk on the United States operations, which could adversely impact its operating results and its cash flows. In addition, because the distributions to Unitholders are denominated in Canadian dollars, the cash available for distribution to Unitholders could be adversely impacted. Although the REIT has entered into currency hedging arrangements in respect of its foreign currency cash flows, there are no assurances that the full amount of the foreign currency exposure will be hedged at any

time.

Capital Expenditures and Fixed Costs

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. This may include expenditures to fulfill mandatory requirements for energy efficiency. In order to retain desirable rentable space and to generate adequate revenue over the long term, the REIT must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which the REIT may not be able to pass on to its tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization.

If the actual costs of maintaining or upgrading a property exceed the REIT's estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if the REIT is not permitted to raise rents due to legal constraints, the REIT will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of the Properties is located or similar properties located in the vicinity of one of the Properties are substantially refurbished, the NOI derived from and the value of such property could be reduced. Any failure by the REIT to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that the REIT earns from such properties; for example, such a failure could entitle tenants to withhold or reduce rental payments or even to terminate existing leases. Any such event could have a material adverse effect on the REIT's cash flows, financial condition and results of operations and its ability to make distributions to Unitholders.

Derivative Risks

The REIT invests in and uses derivative instruments, including futures, forwards, options and swaps, to manage its currency exchange and interest rate risks inherent in its operations. There can be no assurance that the REIT's hedging activities will be effective. Further, these activities, although intended to mitigate price volatility, expose the REIT to other risks. The REIT is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments or another third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is a risk of loss by the REIT of margin deposits in the event of the bankruptcy of the dealer with whom the REIT has an open position in an option or futures or forward contract. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these contracts involves judgment and use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. The ability of the REIT to close out its positions may also be affected by exchange-imposed daily trading limits on options and futures contracts. If the REIT is unable to close out a position, it will be unable to realize its profit or limit its losses until such time as the option becomes exercisable or expires or the futures or forward contract terminates, as the case may be. The inability to close out options, futures and forward positions could also have a material adverse effect on the REIT's ability to use derivative instruments to effectively hedge its currency exchange and interest rate risks.

Environmental Matters

Environmental legislation and regulations have become increasingly important in recent years. As a current or previous owner of interests in real property in the United States and Canada, the REIT is subject to various United States and Canadian federal, state, provincial and municipal laws relating to environmental matters. Such laws provide that the REIT could be, or become, liable for environmental harm, damage or

costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties. Further, liability may be incurred by the REIT with respect to the release of such substances from or to the Properties. These laws often impose liability regardless of whether the property owner knew of, or was responsible for, the presence of such substances. Those laws also govern the maintenance and removal of asbestos containing materials in the event of damage, demolition or renovation of a property and also govern emissions of and exposure to asbestos fibres in the air. Certain of the Properties contain or might contain asbestos containing materials. The costs of investigation, removal and remediation of such substances or properties, if any, may be substantial and could adversely affect the REIT's financial condition and result of operations but is not estimable. The presence of contamination or the failure to remediate contamination may also adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against the REIT by public or private parties.

The Properties may contain ground contamination, hazardous substances, and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos or other hazardous substances such as polychlorinated biphenyl, dichlordiphenyltrichlorethan, pentachlorophenol or lindane above the allowable or recommended thresholds, or other environmental risks could be associated with the buildings. The REIT bears the risk of cost-intensive assessment, remediation or removal of such ground contamination, hazardous substances or other residual pollution. The discovery of any such residual pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against the REIT. The remediation of any pollution and the related additional measures the REIT would have to undertake could have a materially adverse effect on the REIT and could involve considerable additional costs. The REIT is also exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible. Moreover, the existence or even the mere suspicion of the existence of ground contamination, hazardous materials or other residual pollution can materially adversely affect the value of a property and the REIT's ability to lease or sell such a property.

The REIT's operating policy is to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I environmental site assessment. Despite obtaining such environmental site assessments, the REIT may become subject to liability for undetected contamination or other environmental conditions at its properties, which could negatively impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

The REIT intends to make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters may have a material adverse effect on the REIT's business, financial condition or results of operation and decrease the amount of cash available for distribution. However, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

Natural Disasters

Certain of the Properties are located in Texas, where buildings have sustained storm damage in the past.

While the REIT has insurance to cover a substantial portion of the cost of natural disasters, the REIT's insurance includes deductible amounts and certain items may not be covered by insurance. Future natural disasters may significantly affect the REIT's operations and properties and, more specifically, may cause the REIT to experience reduced rental revenue (including from increased vacancy), incur clean-up costs or otherwise incur costs in connection with such events. Any of these events may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Regulation

The REIT is subject to laws and regulations governing the ownership and leasing of real property, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the rights and title to the properties. It is not possible to predict whether there will be any further changes in the regulatory regimes to which the REIT is subject or the effect of any such change on its investments.

Reliance on the Partnership

The REIT is dependent for a certain portion of NOI on the business of the Partnership. The cash distributions to Unitholders are dependent on the ability of the Partnership to pay distributions in respect of the units of the Partnership. The ability of the Partnership to pay distributions or make other payments or advances to the REIT may be subject to contractual restrictions contained in any instruments governing the indebtedness of the Partnership. The ability of the Partnership to pay distributions or make other payments or advances is also dependent on the ability of its subsidiaries to pay distributions or make other payments or advances to the Partnership.

Potential Conflicts of Interest

The Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interest of these persons could conflict with those of the REIT. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters.

Conflicts may exist due to the fact that a Trustee of the REIT is affiliated with ACPI. The REIT and ACPI have entered into certain arrangements. ACPI and its affiliates are engaged in a wide variety of real estate activities. The REIT may become involved in transactions that conflict with the interests of the foregoing.

General Insured and Uninsured Risks

The REIT carries general liability, umbrella liability and/or excess liability insurance with limits which are typically obtained for similar real estate portfolios in the United States and Canada. For the property risks, the REIT carries "All Risks" property insurance, including, but not limited to, flood, earthquake and loss of rental income insurance (with at least a 12-month indemnity period). The REIT also carries boiler and machinery insurance covering all boilers, pressure vessels, HVAC systems and equipment breakdown. There are, however, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore there are other risks that are not economically viable to insure at this time. The REIT carries insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more

properties, but it would continue to be obligated to repay any recourse mortgage indebtedness on such properties.

Reliance on Key Personnel

The management and governance of the REIT depends on the services of certain key personnel, including ACPI, certain executive officers and the Trustees. The loss of the services of any key personnel could have an adverse effect on the REIT and adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution. The REIT does not have "key man" insurance.

Risks Associated with External Management Arrangements

The REIT relies on ACPI with respect to certain administrative services and the management of its properties. Consequently, the REIT's ability to achieve its investment objectives depends in large part on ACPI and its ability to advise the REIT. This means that the REIT's investments are dependent upon ACPI's business contacts, its ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If the REIT were to lose the services provided by ACPI or its key personnel or if ACPI fails to perform its obligations under these agreements, the REIT's investments and growth prospects may decline. The REIT may be unable to duplicate the quality and depth of management available to it by becoming a self-managed company or by hiring another asset manager.

The External Management Agreement may be terminated in certain circumstances and is only renewable on certain conditions. Accordingly, there can be no assurance that the REIT will continue to have the benefit of ACPI's administrative services, including its executive officers, or that ACPI will continue to be the REIT's asset manager. If ACPI should cease for whatever reason to provide administrative services or be the asset manager, the cost of obtaining substitute services may be greater than the fees the REIT pays ACPI under the External Management Agreement, and this may adversely impact the REIT's ability to meet its objectives and execute its strategy which could materially and adversely affect the REIT's cash flows, operating results and financial condition.

Litigation

Agellan's operations are subject to a wide variety of laws and regulations across all of its operating jurisdictions and Agellan may face risks associated with legal and regulatory changes and litigation. In the normal course of operations, Agellan may become involved in various legal actions, including claims relating to personal injury, property damage, property taxes, land rights, and contractual and other commercial disputes. Further, Agellan has operations in the U.S. which may, as a result of the prevalence of litigation in the U.S., be more susceptible to legal action than the rest of Agellan's operations. The final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and the resolution of such actions may have an adverse effect on the REIT's cash flows, operating results and financial condition.

Risk Factors Related to the Units

Cash Distributions are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the Properties. The ability of the REIT to make cash distributions to Unitholders, and the actual amount distributed, is entirely dependent on the operations and assets of the REIT, and is subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenants of the Properties and any capital expenditure requirements. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount, and reductions in, or suspensions of, cash distributions to Unitholders may occur that would reduce yield based on the prevailing market price of the Units. The market value of the Units will deteriorate if the REIT

is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions to Unitholders for tax purposes may change over time and may affect the after-tax return for investors.

Restrictions on Redemptions

The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date for more than five trading days during the ten day trading period commencing immediately after the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units on the principal stock exchange on which the Units are listed.

Potential Volatility of Unit Prices

One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely affect the market price of the Units. In addition, the market price of the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the REIT.

Nature of Investment

A holder of a Unit of the REIT does not hold a share of a body corporate. As holders of Units of the REIT, the Unitholders do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the OBCA or the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors’ Arrangement Act* (Canada), and thus the treatment of Unitholders upon an insolvency is uncertain.

Availability of Cash Flow

AFFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions to Unitholders in order to accommodate such items. Credit facility terms may prohibit payments or distributions to Unitholders by the REIT in default circumstances.

Dilution

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time (including pursuant to any employee incentive compensation plan that may be introduced in the future), and the interests of the holders of Units may be diluted thereby.

Public Market Fluctuations

The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market will be sustained. A publicly-traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Consequently, Units

may trade at a price that is greater or less than the REIT's net asset value. One of the factors that may influence the market price of the Units is the annual yield on the Units. Accordingly, an increase in market interest rates may lead purchasers of Units to expect a higher annual yield which could adversely affect the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities, demand for real estate investment trusts and real estate related investments, and numerous other factors beyond the control of the REIT.

DISTRIBUTION POLICY AND HISTORY

Agellan has adopted a distribution policy, as permitted under the Declaration of Trust, pursuant to which it may make pro rata monthly cash distributions to Unitholders and, through the Partnership, holders of Class B Units. Management of Agellan believes that this per unit distribution will allow Agellan to meet its internal funding needs, while being able to support stable growth in cash distributions to Unitholders. However, subject to compliance with the Declaration of Trust, the actual distribution will be determined by the Trustees in their discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions to Unitholders, including the adoption, amendment or revocation of any distribution policy. It is Agellan's current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of Agellan as is necessary to ensure that Agellan will not be liable for ordinary income taxes on such income.

Unitholders of record as at the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date. Distributions to Unitholders may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of Agellan, where Agellan's cash is not sufficient to make payment of the full amount of a distribution to Unitholders, such payment will, to the extent necessary, be distributed in the form of additional Units. See "Capital Structure and Declaration of Trust".

Agellan intends to make subsequent monthly distributions to Unitholders provided that, the ability of Agellan to make cash distributions to Unitholders, and the actual amount distributed to Unitholders, will be entirely dependent on Agellan's operations and assets and will be subject to various factors including financial performance, obligations under applicable credit facilities and restrictions on payment of distributions to Unitholders thereunder on the occurrence of an event of default, fluctuations in working capital, the sustainability of income derived from the tenants of Properties and any capital expenditure requirements. These factors may result in Agellan paying lower distributions to Unitholders than currently anticipated or none at all. See "Risk Factors".

The following table sets out the total amount of monthly and annualized distributions to Unitholders paid by Agellan per Unit during each of the last three financial years.

| | 2015 | 2014 | 2013⁽¹⁾ |
|--------------------------------|-------------|-------------|---------------------------|
| Monthly distribution | \$0.06458 | \$0.06458 | \$0.06458 |
| Annualized distribution | \$0.775 | \$0.775 | \$0.775 |

⁽¹⁾ Agellan had no operations prior to completing its IPO on January 25, 2013, which resulted in the REIT having only 341 days of operations during the year ended December 31, 2013. Agellan's initial distribution per unit was pro-rated for the 35 day period ending February 28, 2013.

Tax Deferral on Distributions

The adjusted cost base of Units held by a Unitholder generally will be reduced by the non-taxable portion of distributions made to the Unitholder (other than the non-taxable portion of certain capital gains). A Unitholder will generally realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount, notwithstanding that the Unitholder has not sold any Units.

GOVERNANCE OF AGELLAN

Governance and Board of Trustees

The Declaration of Trust provides that, subject to certain conditions, the Trustees have the absolute and exclusive power, control and authority over Agellan's assets and operations, as if the Trustees were the sole and absolute legal and beneficial owners of Agellan's assets. The governance practices, investment guidelines and operating policies of Agellan are overseen by a Board of Trustees consisting of a minimum of one and a maximum of nine Trustees, a majority of whom must be Canadian residents. Agellan must, at all times, have a majority of Trustees who are independent within the meaning of NI 58-101; provided, however, that if at any time a majority of the Trustees are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Trustee who was an Independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which time the remaining Trustees shall appoint a sufficient number of Trustees who qualify as "independent" to comply with this requirement.

The Board is currently comprised of five Trustees, a majority of whom are independent. All of the trusteeships and directorships of the Trustees with other public entities are disclosed in the biographical information for each Trustee set out below. Pursuant to the conflict of interest provisions in the Declaration of Trust (see "— Conflicts of Interest" below), Mr. Frank Camenzuli is required to disclose the nature and extent of his interest in, and is not entitled to vote on any resolution to approve, any material contract or transaction or any proposed material contract or transaction, between Agellan and ACPI or any of its affiliates or any other entity in which Mr. Camenzuli has an interest (unless the contract or transaction relates to his remuneration or an indemnity under the provisions of the Declaration of Trust on liability insurance). On the same basis, Mr. Perry is required to disclose the nature and extent of his interest in, and is not entitled to vote on any resolution to approve, any material contract or transaction or any proposed material contract or transaction, between Agellan and CarVal or any of its affiliates or any other entity in which Mr. Perry has an interest (unless the contract or transaction relates to his remuneration or an indemnity under the provisions of the Declaration of Trust on liability insurance).

The mandate of Agellan's Board is one of stewardship and oversight of Agellan and its business. The Board has adopted a written charter setting out its responsibility for, among other things, (i) participating in the development of and approving a strategic plan for Agellan; (ii) supervising the activities and managing the investments and affairs of Agellan; (iii) approving major decisions regarding the REIT; (iv) defining the roles and responsibilities of management; (v) reviewing and approving the business and investment objectives to be met by management; (vi) assessing the performance of and overseeing management; (vii) reviewing Agellan's debt strategy; (viii) identifying and managing risk exposure; (ix) ensuring the integrity and adequacy of Agellan's internal controls and management information systems; (x) succession planning; (xi) establishing committees of the Board, where required or prudent, and defining their mandate; (xii) maintaining records and providing reports to Unitholders; (xiii) ensuring effective and adequate communication with Unitholders, other stakeholders and the public; (xiv) determining the amount and timing of distributions to Unitholders; and (xv) acting for, voting on behalf of and representing Agellan as a holder of shares of Agellan Canada and, indirectly, the shares of Agellan U.S. and the Class A Units of the Partnership. The Board's mandate is available on SEDAR (sedar.com) and Agellan's website

(agellanreit.com).

The Board has adopted a written position description for the independent Chair of the Board, which sets out the Chair's key responsibilities, including, as applicable, duties relating to setting Board meeting agendas, chairing Board and unitholder meetings, Trustee development and communicating with Unitholders and regulators. The Board also adopted a written position description for each of the committee chairs which sets out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on directors of a corporation governed by the CBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of Agellan and the Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee is entitled to indemnification from Agellan in respect of the exercise of the Trustee's powers and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of Agellan and the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

Trustees will be elected at each annual meeting of unitholders to hold office for a term expiring at the close of the next annual meeting, or until a successor is appointed, and will be eligible for re-election. Other than the one nominee nominated by CarVal in connection with its nomination right described below and the Chief Executive Officer of Agellan, who will be nominated pursuant to the terms of the Declaration of Trust, nominees will be nominated by the Corporate Governance and Nominating Committee, in each case for election by unitholders as Trustees in accordance with the provisions of the Declaration of Trust and will be included in the proxy-related materials to be sent to Unitholders prior to each annual meeting of unitholders.

The Unitholders or the Trustees are entitled to change the number of Trustees comprising the Board. A quorum of the Trustees, being the majority of the Trustees then holding office (provided a majority of the Trustees comprising such quorum are residents of Canada), are permitted to fill a vacancy in the Trustees, except a vacancy resulting from an increase in the number of Trustees, from a failure of the Unitholders to elect the required number of Trustees or a vacancy in the Trustee appointed by virtue of serving as Chief Executive Officer of Agellan. In the absence of a quorum of Trustees, or if the vacancy has arisen from an increase in the number of Trustees other than in accordance with the provision regarding the appointment of trustees in the Declaration of Trust or from a failure of the Unitholders to elect the required number of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there is no Trustee then in office, any unitholder will be entitled to call such meeting. Except as otherwise provided in the Declaration of Trust, the Trustees may, between annual meetings of unitholders, appoint one or more additional Trustees to serve until the next annual meeting of unitholders, provided that the number of additional Trustees so appointed will not at any time exceed one-third of the number of Trustees who held such office at the conclusion of the immediately preceding annual meeting of unitholders. Any Trustee may resign upon 30 days' written notice to Agellan, unless such resignation would cause the number of remaining Trustees to be less than a quorum, and may be removed by an ordinary resolution passed by a majority of the votes cast at a meeting of unitholders.

The Declaration of Trust grants CarVal the exclusive right to nominate one Trustee subject to the CarVal Retained Interest Holders owning a minimum of 15% of the then-outstanding Units on a fully-diluted basis. In addition, the Declaration of Trust provides that the Chief Executive Officer of Agellan will be nominated for election as a Trustee. If in the future Agellan applies to the TSX for approval to permit the Chief Executive Officer to serve as a Trustee without being nominated for election, which is currently not permitted by the applicable rules of the TSX, Agellan will issue a news release at the time of the application.

The following table sets forth the name, municipality of residence, positions held with Agellan and principal occupation of the trustees and officers of Agellan as at the date of this AIF:

| <u>Name and Municipality of Residence</u> | <u>Position with Agellan</u> | <u>Period of Service as a Trustee</u> | <u>Principal Occupation</u> |
|--|-------------------------------------|---------------------------------------|--|
| Frank Camenzuli Toronto, ON, Canada | Trustee and Chief Executive Officer | Since November 1, 2012 | President, ACPI |
| Richard Dansereau ⁽¹⁾⁽²⁾⁽⁵⁾⁽⁶⁾ Saint-Lambert, QC, Canada | Trustee | Since November 13, 2012 | Managing Director, Stonehenge Partners |
| Robert P. Perry Minneapolis, MN, United States | Trustee | Since November 13, 2012 | Senior Managing Director, CarVal |
| Glen Ladouceur ⁽¹⁾⁽²⁾⁽³⁾⁽⁶⁾ Toronto, ON, Canada | Trustee | Since June 15, 2015 | Corporate Director |
| Anthony Messina ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁶⁾ Laval, QC, Canada | Trustee | Since March 6, 2015 | Managing Director of Investments, Westmont Hospitality Group |
| Daniel Millett Toronto, ON, Canada | Chief Financial Officer | N/A | Chief Financial Officer, ACPI |
| Terra Attard Toronto, ON, Canada | Secretary | N/A | Chief Operating Officer, ACPI |

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Corporate Governance and Nominating Committee
- (3) Chair of the Audit Committee
- (4) Chair of the Corporate Governance and Nominating Committee
- (5) Chair of the Board
- (6) Independent Trustee

Paul Massicotte was a Trustee and Chair of the Board until January 2015 when he resigned. Richard Dansereau served as the interim Chair until he was appointed as the Chair of the Board in March 2015.

As of December 31, 2015, as a group, the Trustees and officers of Agellan beneficially owned, directly or indirectly, 4,382,628 Units, representing approximately 18.7% of the issued and outstanding Units. In addition, the Trustees of Agellan beneficially owned 10,085 deferred units as at December 31, 2015.

Robert Perry, as a senior managing director of CarVal, controls or directs 3,743,846 Units of the aforementioned 4,382,628 Units, representing approximately 16.0% of the issued and outstanding Units, see "Principal Unitholders".

Biographical Information Regarding the Trustees and Executive Officers

All trustees were elected at Agellan's Annual Meeting on June 15, 2015. The terms of all Trustees will expire on the date of the next annual meeting of unitholders.

Trustees

Frank Camenzuli — Chief Executive Officer and Trustee: Mr. Camenzuli brings over 35 years of broad real estate operating and acquisition experience to Agellan. Mr. Camenzuli is a founding principal and President of ACPI, providing both entrepreneurial vision and strategic direction to ACPI. Mr. Camenzuli founded ACPI in 2003 and has been responsible for sourcing and maintaining relationships with ACPI's financial partners since its inception. In addition, since 1998 he has overseen the acquisition, management and disposition of over \$3.2 billion in assets. From 1985 to 2002, he was a principal and president of Caber Capital and one of the founding partners of CBRE Limited. From 1980 to 1985, Mr. Camenzuli held senior management positions in several real estate companies including two major Canadian retail brokerage firms. Mr. Camenzuli holds an Honours Bachelor of Arts degree and a Masters degree in Social Sciences from the University of Western Ontario. Mr. Camenzuli provides the services of Chief Executive Officer of Agellan as an employee of ACPI.

Glen Ladouceur – Trustee: Mr. Ladouceur is a retired Partner from KPMG Canada where he was in charge of the financial institutions and real estate income tax practice of the Toronto office. He held a number of senior leadership positions throughout his 30 year career with KPMG including the role of Senior Partner and Chairman of KPMG Barbados and was responsible for KPMG's Caricom (a Caribbean Community of fifteen Caribbean countries) tax practice between 2007 and 2010. His experience with KPMG involved financial reporting, tax advice to major Canadian and foreign pension funds and real estate investment trusts, including advice on the formation of publicly traded trusts. Mr. Ladouceur acted as an international tax advisor regarding the purchase of Canadian real estate by foreign investment funds and the purchase of foreign real estate by Canadian investment funds. He has also provides consulting advice to privately held real estate companies and trusts and charitable foundations. Mr. Ladouceur holds Bachelor Degrees in both Commerce and Arts from the University of Windsor, a Masters of Business Administration degree from the University of Toronto, is a Fellow Chartered Professional Accountant, Fellow of the Institute of Chartered Accountants of Ontario and Chartered Business Valuator.

Richard Dansereau — Trustee: Mr. Dansereau has over 30 years of real estate experience, during which time he has been involved in all aspects of real estate for a variety of different firms. Mr. Dansereau is currently a Managing Director at Stonehenge Partners, a New York-based real estate company, which owns and manages a portfolio of more than 3,000 luxury rental apartments in Manhattan. He has been with Stonehenge Partners since 2009. Prior to joining Stonehenge, Mr. Dansereau held progressively senior roles at Cadim, a real estate division of Caisse de dépôt et placement du Québec, including President and Chief Operating Officer, from 2000 to 2009 and, prior to that, he was Vice-President of Acquisitions for Canadian Real Estate Investment Trust from 1997 to 2000. In addition, he has been employed at a number of notable real estate firms, including Brasos Advisors (now Lonestar), Colliers and Marcil Trust, and has served on the boards of private and public companies, including MCAN Mortgage Corporation. He currently sits on the Board of Inovalis REIT. Mr. Dansereau has a certificate in marketing from the Business School of the University of Montreal.

Robert P. Perry — Trustee: Mr. Perry is a Senior Managing Director for CarVal since 1997. He is responsible for all commercial real estate investing activities across the United States and Canada. His range of experience encompasses all real property classes and includes equity and debt structuring in both the private and public markets across most major and secondary markets in the United States and Canada.

In addition, Mr. Perry has been active in CarVal's Asian activities, underwriting real estate and distressed debt acquisitions in Thailand and South Korea. Prior to joining CarVal, Mr. Perry was a founding partner in a Minneapolis-based boutique investment firm specializing in banking workout and disposition activities. Mr. Perry received his Master of Science and Bachelor of Arts degrees from the Graaskamp Program at the University of Wisconsin, and is active in both the University of Wisconsin and Wharton Real Estate Centers.

Anthony Messina — Trustee: Mr. Messina is the Managing Director of Investments for Westmont Hospitality Group since 2009 and the head of Westmont Hospitality Canada who operates over 100 hotels in Canada. Until November 30, 2014, Mr. Messina was the Chief Executive Officer and President of InnVest REIT, Canada's largest public hotel owner; he was interim Chief Financial Officer of InnVest REIT from July 2012 to December 2012. Mr. Messina has more than 25 years of experience in the real estate industry including financial management, development/ownership and privatization of public real estate companies. Prior to joining Westmont, Mr. Messina served for over eight years as Vice President for a global real estate division of one of Canada's largest pension funds, Caisse de dépôt et placement du Québec, where he was responsible for world-wide real estate acquisitions which included asset management until 2005. Previously, Mr. Messina held a series of senior positions in real estate companies and was also an auditor and real estate consultant at Deloitte LLP, Montreal. Mr. Messina holds a Bachelor Degree in Finance from Concordia University and a Graduate Degree in Public Accountancy from McGill University. He is also a member of the Canadian Institute of Chartered Accountants.

Officers

Daniel Millett — Chief Financial Officer: Mr. Millett has been the Chief Financial Officer since 2013. Prior to that time, Mr. Millett was a Senior Manager at KPMG LLP where he held progressively senior roles between 2006 and 2013. At KPMG, Mr. Millett focused on the building, construction and real estate audit practice. In that role, he managed various audit and advisory engagements for publicly and privately held companies. He has been involved in over \$1 billion of capital markets transactions. Mr. Millett has proven expertise in financial controls, risk management, financial reporting, real estate valuation and financial modeling. He holds a Chartered Professional Accountant, Chartered Accountant designation, and Bachelor of Business Administration degree from Wilfrid Laurier University.

Terra Attard — Secretary: Ms. Attard is the Chief Operating Officer and founding partner of ACPI where she has been employed since 2003. She has senior asset management responsibilities for properties in Eastern Canada and the United States, as well as corporate management and oversight of ACPI, its affiliates and partnerships. Ms. Attard brings 20 years of real estate experience and has had direct involvement in over \$1.3 billion of real estate transactions. She has held various asset, property and general management roles at Caber Capital from 2000 to 2003, O & Y Enterprises from 1999 to 2000 and Cadillac Fairview from 1996 to 1998.

Derek Dermott was President of Agellan until August 2015 when he resigned. Agellan's Board of Trustees determined that Mr. Camenzuli will manage the company with oversight from the Board and Agellan will not seek to fill the vacant role of President.

Trustee and Executive Officer Independence

Pursuant to NI 58-101, an Independent Trustee is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a Trustee's independent judgment. Agellan has determined that Richard Dansereau, Glen Ladouceur and Anthony Messina are independent under these standards.

Frank Camenzuli, as Agellan's Chief Executive Officer and as President of ACPI, Agellan's external manager, and Robert Perry, as a senior managing director of CarVal, a Promoter of the IPO, are not independent under these standards. Pursuant to the conflict of interest provisions in the Declaration of Trust, Mr. Camenzuli is required to disclose the nature and extent of his interest in, and is not entitled to vote on any resolution to approve, any material contract or transaction or any proposed material contract or transaction, between Agellan and ACPI or any of its affiliates or any other entity in which Mr. Camenzuli has an interest (unless the contract or transaction relates to his remuneration or an indemnity under the provisions of the Declaration of Trust on liability insurance).

On the same basis, Robert Perry, who has control or direction over 16% (3,743,846 units) of Agellan's issued and outstanding Units will be required to disclose the nature and extent of his interest in, and is not entitled to vote on any resolution to approve, any material contract or transaction or any proposed material contract or transaction, between Agellan and CarVal or any of its affiliates or any other entity in which Mr. Perry has an interest (unless the contract or transaction relates to his remuneration or an indemnity under the provisions of the Declaration of Trust on liability insurance).

Additionally, each of Terra Attard, Secretary of Agellan, and Daniel Millett, Chief Financial Officer of Agellan, are employed by ACPI, the external manager of Agellan, and therefore may be seen to have a conflict of interest with Agellan by way of their employment with ACPI.

Committees of the Board of Trustees

The Board has two committees: the Audit Committee and the Corporate Governance and Nominating Committee.

Audit Committee

The Audit Committee consists of three Trustees, all of whom are persons determined by Agellan to be Independent Trustees and financially literate within the meaning of NI 52-110 and who are residents of Canada. The Audit Committee is comprised of Glen Ladouceur, who serves as Chair of this Committee, Richard Dansereau and Anthony Messina. Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by Agellan to prepare its financial statements.

Mr. Ladouceur — Mr. Ladouceur's extensive audit committee experience is derived from his 30 year career with KPMG LLP where he led the tax, financial institution and real estate practices. His experience with KPMG involved financial reporting, tax advice to major Canadian and foreign pension funds and real estate investment trusts, including advice on the formation of publicly traded trusts. Mr. Ladouceur acted as an international tax advisor regarding the purchase of Canadian real estate by foreign investment funds and the purchase of foreign real estate by Canadian investment funds. Among other educational and business credentials, Mr. Ladouceur holds a Bachelor Degree in Commerce, a Masters of Business Administration, is a Fellow Chartered Professional Accountant, Fellow of the Institute of Chartered Accountants of Ontario, and a Chartered Business Valuator.

Richard Dansereau — Mr. Dansereau draws his audit related experience from his current role as Managing Director at Stonehenge Partners where he has a lead role in finance. In his 30 years' of business experience he has developed expertise in financial matters and an understanding of financial reporting. Prior to his current role, Mr. Dansereau held progressively senior roles at Cadim, a real estate division of Caisse de dépôt et placement du Québec, including President and Chief Operating Officer, from 2000 to 2009. He was also Vice-President of Acquisitions for Canadian Real Estate Investment Trust from 1997 to 2000 and has served on the boards of both private and public companies, including MCAN Mortgage Corporation.

Anthony Messina — Mr. Messina has acquired audit related experience through his executive roles with Westmont Hospitality Group and InnVest REIT. Mr. Messina has more than 25 years of experience in the real estate industry including financial management, development/ownership and privatization of public real estate companies. He was a senior executive with Caisse de dépôt et placement du Québec, where he was responsible for world-wide real estate acquisitions which included asset management and was also an auditor and real estate consultant at Deloitte LLP, Montreal. Mr. Messina holds a Bachelor Degree in Finance from Concordia University and a Graduate Degree in Public Accountancy from McGill University. He is also a member of the Canadian Institute of Chartered Accountants.

Audit Committee Charter

The Board has adopted a written charter for the Audit Committee, a copy of which is attached to this AIF as Schedule A. The Audit Committee has direct communication channels with the Chief Financial Officer and Agellan's external auditors to discuss and review such issues as the Audit Committee may deem appropriate.

Audit Fees

The following table presents, by category, the fees accrued by KPMG as external auditor of, and for other services provided to Agellan for the period indicated:

| <u>Category of fees</u> | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|---|--------------------------|--------------------------|
| Audit Fees | | |
| Audit of consolidated financial statements | \$275,000 | \$260,000 |
| Review of interim consolidated financial statements | \$105,000 | \$105,000 |
| Audit of operating cost statements | \$19,300 | \$17,238 |
| Audit Related Fees | \$0 | \$7,000 |
| Tax Fees | \$114,800 | \$75,000 |
| All Other Fees ⁽¹⁾ | \$0 | \$32,500 |
| Total | \$514,100 | \$496,738 |

(1) All services provided by Agellan's external auditor must be pre-approved by the Audit Committee.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is comprised of three Trustees and is charged with reviewing, overseeing and evaluating the corporate governance and nominating policies of Agellan. The Corporate Governance and Nominating Committee is comprised of Anthony Messina, who serves as Chair of this Committee, Richard Dansereau and Glen Ladouceur all of whom are persons determined by Agellan to be Independent Trustees and all of whom are residents of Canada.

Conflicts of Interest

The Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on Agellan. As the Trustees are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the CBCA, that require each Trustee to disclose to Agellan, at the first meeting of Trustees at which a proposed contract or transaction is considered, any interest in a material contract or transaction or proposed material contract or transaction with Agellan or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with Agellan. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee is required to disclose in writing to Agellan, or request to have entered into the minutes of meetings of Trustees, the nature and extent of his or her interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect will not be entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction relates to his or her remuneration or an indemnity under the provisions of the Declaration of Trust or liability insurance.

Pursuant to the foregoing, each of Frank Camenzuli and Robert Perry is required to disclose the nature and extent of his interest in, and is not entitled to vote on any resolution to approve, any material contract or transaction or any proposed material contract or transaction between Agellan and ACPI or any of its affiliates, in respect of Mr. Camenzuli, and between Agellan and CarVal or any of its affiliates, in respect of Mr. Perry, or any other entity in which Mr. Camenzuli or Mr. Perry, respectively, has an interest (unless the contract or transaction relates to his remuneration or an indemnity under the provisions of the Declaration of Trust on liability insurance).

Trustees’ and Officers’ Liability Insurance

Agellan carries trustees' and officers' liability insurance. Under this insurance coverage, Agellan is reimbursed for payments made under indemnity provisions on behalf of its Trustees and Officers, subject to a deductible for each loss. Individual Trustees and Officers are also reimbursed for losses arising during the performance of their duties for which they are not indemnified by Agellan, subject to a deductible which is paid by Agellan. Excluded from coverage are illegal acts, acts which result in personal profit and certain other acts. The Declaration of Trust provides for the indemnification in certain circumstances of Trustees and Officers from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties. For the year ended December 31, 2015, Agellan paid \$60,000 in insurance premiums for Trustees and Officers for liability coverage with an aggregate limit of up to \$20 million.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of Agellan’s Trustees or executive officers, and to the best of Agellan’s knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of Agellan, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

None of Agellan’s Trustees or executive officers, and to the best of Agellan’s knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of Agellan, has, within the 10 years

prior to the date of this AIF, become 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.

None of Agellan's Trustees or executive officers, and to the best of Agellan's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of Agellan is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer 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, or (c) 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. 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.

MANAGEMENT OF AGELLAN

Senior Management

The responsibilities of the senior management of Agellan (including pursuant to the External Management Agreement) include: (i) providing the Board with information and advice relating to the operation of the Properties, acquisitions and financings; (ii) establishing, at least on an annual basis, investment and operating plans for the ensuing period; (iii) conducting and supervising the due diligence required in connection with proposed acquisitions and completing any acquisitions or dispositions; (iv) maintaining the books and financial records of Agellan; (v) determining and preparing designations, elections and determinations to be made in connection with the income and capital gains of Agellan for tax and accounting purposes; (vi) preparing reports and other information required to be sent to Unitholders and other disclosure documents; (vii) calculating all distributions; (viii) communicating with Unitholders and other persons, including investment dealers, lenders and professionals; and (ix) administering or supervising the administration, on behalf of the Board, of the payment of distributions by Agellan.

The Board has adopted a written position description for the Chief Executive Officer which sets out the key responsibilities of the Chief Executive Officer. The primary functions of the Chief Executive Officer is to lead management of the business and affairs of Agellan, to lead the implementation of the resolutions and the policies of the Board, to supervise day to day management and to communicate with Unitholders and regulators. The Board developed a written position description and mandate for the Chief Executive Officer setting out key responsibilities, including duties relating to Agellan's strategic planning and operational direction, Board interaction, succession planning and communication with Unitholders. The Chief Executive Officer mandate is considered by the Board for approval annually.

ACPI

Asset management and certain administrative services are provided to Agellan by ACPI. ACPI is a privately held commercial real estate management company based in Toronto, Ontario that both develops and executes real estate investment strategies for institutional investors.

ACPI develops and manages pooled funds, segregated accounts and single purpose acquisition vehicles. The primary objective of ACPI is to preserve capital and maximize returns for its investors. ACPI is active across Canada and in select markets in the United States. With a current staff of 18 employees, ACPI offers a full complement of in-house real estate services that include: acquisition, asset management, property management and finance and construction management. ACPI has a dedicated accounting staff that provides financial reporting, tax and compliance measures to its institutional client base.

External Management Agreement

Pursuant to the External Management Agreement, ACPI provides the following asset management services:

- Provide advisory and investment management services (including the services of the Chief Executive Officer, Chief Financial Officer and Secretary) and monitor the financial performance of Agellan;
- Advise the Trustees and executive officers of Agellan and the directors of the general partner of the Partnership on strategic matters, including potential acquisitions, dispositions, financings and development;
- Advise and assist with borrowing, issuances of securities and other capital requirements, including assistance in dealings with banks and other lenders, investment dealers, institutions and investors;
- Develop and implement asset business plans and strategic matters as approved by Agellan and the general partner of the Partnership;
- Make recommendations with respect to the payment of distributions to Unitholders;
- Advise Agellan with respect to investor relations strategies and activities;
- Advise Agellan with respect to regulatory compliance requirements, risk management policies and any litigation matters;
- Provide certain management and general administrative services, including keeping and maintaining books and records, preparing returns, filings and documents and making determinations necessary for the discharge of Agellan's obligations and those of the Trustees and the directors of the general partner of the Partnership;
- Provide Agellan with certain administrative and support services, including office space, office equipment and communications services and computer systems, secretarial support personnel and reception and telephone answering services, installing and maintaining signage and promotional materials and such other administrative services as may be reasonably required from time to time;
- Provide guidance to property managers on operating expenses and capital expenditures; and
- Identify, evaluate, recommend and assist in the structuring of acquisitions, dispositions, financings and other transactions.

ACPI is entitled to the following fees in consideration for providing the asset management services:

- (i) *Management Fee*. Base annual management fee, calculated and payable on a monthly basis, equal to 0.40% of the GBV of Agellan's assets (the "Management Fee"); and
- (ii) *Incentive Fee*. Incentive fee equal to the product of (a) 15% of any excess AFFO per Unit greater than 103% of forecast AFFO per Unit as set forth in Agellan's prospectus dated January

17, 2013 (the “Incentive Fee Target”) and (b) the weighted average number of issued and outstanding Units over the applicable fiscal year (the “Incentive Fee”). The Incentive Fee will be measured and paid on an annual basis in Units, calculated based on the 20-day volume weighted average price of the Units on the TSX or any stock exchange on which the Units are then listed. If payment in Units creates a taxable event for ACPI, a portion of the Incentive Fee may be paid in cash upon the approval of the Board. The Incentive Fee Target will increase annually by 50% of the increase in the weighted average Canadian and United States consumer price indices (weighted based on the GBV of Properties located in each jurisdiction). The maximum number of Units reserved for issuance in respect of the Incentive Fee is currently 25,000.

No acquisition, disposition, financing, leasing, construction or development fees are payable to ACPI under the External Management Agreement.

In addition, five years following the closing of the IPO, ACPI will be entitled to a unit price performance fee equal to the product of (i) the volume weighted average closing price of the Units on the TSX or any stock exchange on which the Units are then listed for the 20 trading days immediately preceding the date that is five years following the date of the External Management Agreement (January 25, 2018), less \$13.00 and (ii) one million (the “Unit Price Performance Fee”). Alternatively, if the External Management Agreement is terminated or is not renewed after the Initial Term, the Unit Price Performance Fee will equal the product of (i) the volume weighted average closing price of the Units on the TSX or any stock exchange on which the Units are then listed for the 20 trading days immediately preceding the date of termination, less \$13.00 and (ii) one million. For greater certainty, the Unit Price Performance Fee shall not be payable to ACPI in the event that Agellan terminates ACPI as the external manager for cause or ACPI terminates the External Management Agreement.

Agellan will reimburse ACPI for all reasonable and necessary actual out-of-pocket costs and expenses incurred for travel and lodging in connection with the performance of the services described in the External Management Agreement in respect of those properties already managed by ACPI. All other expenses to be reimbursed will be budgeted by ACPI and presented to the Board for approval on an annual basis. Expenses to be reimbursed in respect of potential acquisitions approved by the Board will also be presented to the Board for approval. Costs incurred by ACPI in respect of potential acquisitions not ultimately approved by the Board will not be reimbursed by Agellan.

The initial term of the External Management Agreement will expire on January 25, 2018 (the “Initial Term”). At the end of the Initial Term, if Agellan’s AFFO per Unit for the year ended December 31, 2017 is greater than 115% of forecast AFFO per Unit (the “Renewal Target”) as set forth in Agellan’s prospectus dated January 17, 2013, the External Management Agreement will automatically be renewed for an additional five year term. If the Renewal Target has not been met at the end of the Initial Term, the Independent Trustees may either (i) terminate the External Management Agreement if, in their reasonable opinion, they are not satisfied with the performance of ACPI and they believe that termination of the External Management Agreement is in the best interests of Agellan or acting reasonably, seek to attempt to renegotiate the External Management Agreement with ACPI for a further term. On termination in such circumstances, ACPI is entitled to receive, in addition to any unpaid amounts then owing to it, a termination fee equal to the aggregate of the amounts paid or payable to ACPI in respect of the Management Fee and the Incentive Fee calculated in respect of the 18 months preceding the date of termination.

Agellan has the right to terminate the External Management Agreement either (i) upon a material breach by ACPI under the terms of the External Management Agreement or the Non-Competition and Non-

Solicit Agreement, subject to a 30-day cure period, (ii) upon an event of insolvency of ACPI or (iii) upon fraudulent willful misconduct of, or misappropriation of funds by, ACPI. In addition, Agellan has the right to terminate the External Management Agreement upon a change of control of ACPI, provided that the Independent Trustees reasonably determine that the change of control is detrimental to ACPI's performance of its obligations to Agellan. ACPI is required to provide the Independent Trustees with advance notice of any proposed change of control as and when ACPI becomes aware of it. A "change of control" with respect to ACPI means that (i) Frank Camenzuli owns, directly or indirectly, less than 33% of ACPI and (ii) Frank Camenzuli is neither the President nor Chief Executive Officer of ACPI.

Should Agellan wish to terminate the External Management Agreement upon a change of control of ACPI, Agellan will either (i) provide ACPI with at least 12 months' prior written notice of termination or (ii) pay to ACPI, in addition to any unpaid amounts then owing to it, an amount equal to the aggregate of the amounts paid or payable to ACPI in respect of the Management Fee and the Incentive Fee calculated in respect of the 18 months preceding the date of termination. Further, the Unit Price Performance Fee will become immediately payable upon such termination.

The cost of asset management services for the year ended December 31, 2015 was approximately \$2.564 million, and an Incentive Fee of \$0.24 million was accrued. The Incentive Fee accrued is expected to be paid in Units subject to the calculation set forth in the External Management Agreement and receipt of all regulatory approvals.

Property Management Agreements

Property management services in respect of Properties are provided by ACPI, the Property Manager and third party providers pursuant to Property Management Agreements. ACPI provides property management services in respect of two of the Initial Properties located in the United States; the Property Manager provides property management services in respect of Parkway Place. The remaining properties are managed by third party providers. The property management services of the third party providers, ACPI and the Property Manager generally include: supervising the establishment and maintenance of a suitable communication scheme with each tenant; providing all notices and statements to tenants; collecting all current and future rents and other amounts payable by tenants; subject to the prior consent of the owner, instituting litigation or other proceedings on behalf and in the name of the owner and promptly giving notice to the owner of any summons or similar legal documents; ensuring compliance with all leases and all contractual, statutory or municipal obligations with respect to the property; paying all operating costs and carrying charges and other expenses relating to the operation of the property; reviewing and managing property taxes and assessments, maintaining proper books and records and communicating with governmental authorities as required; obtaining certificates of insurance from each tenant's insurer; and providing all other services which it is appropriate for a property manager to provide.

Under the Property Management Agreements with ACPI and the Property Manager, which each have a term of no more than one year with typical renewal provisions, ACPI and the Property Manager, as applicable, are paid a property management fee of \$20,000 per annum for each of the single-tenant Initial Properties that it currently manages. For each additional single-tenant property that may be managed in the future by ACPI or the Property Manager, ACPI or the Property Manager, as applicable, will be paid a property management fee of \$30,000 per annum.

For all multi-tenant properties that may be managed by ACPI or the Property Manager in the future, and for all properties managed by third party providers, a market property management fee applies. If Agellan and ACPI or the Property Manager, as the case may be, are unable to agree on the property

management fee for a particular multi-tenant property in the future, Agellan is free to engage any third party property manager that it deems appropriate. In the event that the External Management Agreement is terminated, the Property Management Agreements may also be terminated by Agellan upon the payment of 12 months' property management fees based on the last completed fiscal year.

The cost of these services for the year ended December 31, 2015 was approximately \$0.527 million.

Non-Competition and Non-Solicit Agreement

Pursuant to the Non-Competition and Non-Solicit Agreement, ACPI will not, without the consent of the Independent Trustees, directly solicit an existing tenant of a REIT property to move to a non-REIT property in which ACPI has an ownership interest or that it manages for another client. Without the prior approval of the Independent Trustees, ACPI is not entitled to act as the promoter of, or asset manager to, any publicly-traded real estate business, nor will ACPI and its directors, officers and employees independently engage in or receive the benefits from business activities that are competitive with the affairs of Agellan, other than those previously existing arrangements that have been disclosed to the Board and investments of up to 5% of the issued and outstanding equity securities of any public issuer.

Further, ACPI will conduct itself professionally, ethically and otherwise as a prudent manager would with respect to the entire property acquisition process. If an acquisition opportunity for income producing office, industrial and retail properties in Canada or the United States is offered to ACPI's other fiduciary, managed or client accounts, ACPI will offer such acquisition opportunity to Agellan at the same time. If, and to the extent that, ACPI proposes an acquisition opportunity to Agellan where the opportunity is being sourced from another fiduciary, managed or other client account of ACPI, ACPI will ensure that the Independent Trustees receive all of the material terms and conditions of the proposed transaction and all of the material information about the property that ACPI may legally provide. If Agellan elects not to proceed with an acquisition opportunity presented by ACPI, ACPI may propose such opportunity to any other person.

The Non-Competition and Non-Solicit Agreement will be in effect so long as ACPI is the external asset manager of Agellan. The obligation not to solicit existing tenants will continue for 12 months if the External Management Agreement is terminated due to an event of default, as defined therein, by ACPI.

AGREEMENTS RELATING TO THE ACQUISITION OF THE INITIAL PROPERTIES

Purchase Agreements and Guarantee and Pledge Agreement

In connection with the closing of the IPO, Agellan directly and indirectly acquired the Initial Properties from the Vendors, pursuant to the Purchase Agreements, for aggregate consideration of approximately \$421.1 million, satisfied by the payment of \$312.9 million in cash, the issuance of 5,160,319 Units and the assumption of approximately \$56.6 million of indebtedness in respect of the Initial Properties subject to customary purchase price adjustment provisions, including for pre-paid expenses, pre-paid rent and working capital.

The Purchase Agreements contain representations and warranties typical of those contained in purchase agreements for similar real property assets negotiated between sophisticated purchasers and vendors acting at arm's length. Certain of the representations and warranties are qualified as to knowledge, materiality and disclosure, subject to reasonable exceptions. The representations and warranties relate to the Vendors and the Initial Properties and are from the Vendors in favour of Agellan, including, among other things, representations and warranties as to the Vendors' existence and capacity, due

authorization, no conflict, compliance with laws, beneficial ownership of the Initial Properties and other assets being acquired free of material encumbrances other than permitted encumbrances, lack of certain unpaid material capital expenditures, lack of certain known material defects or deficiencies in the applicable buildings or mechanical systems, lack of certain outstanding liens, environmental matters, work orders, deficiency notices or infraction notices from a government authority, payments on existing mortgages and no material defaults thereon, leases and tenants, financial statements, that each Initial Property has operated in the ordinary course of business, employment matters, litigation, tax matters, no notice of breach of contracts to be assumed on Closing and material accuracy of information provided to the applicable purchaser. Certain of the Purchase Agreements also contain representations and warranties in respect of land transfer taxes. In addition, the Vendors of the Canadian Initial Properties provided representations and warranties in respect of the nominee corporation that holds legal title to the applicable Canadian Initial Property, including such nominee's existence, that it is the registered legal holder of the Canadian Initial Property and wholly-owned by the applicable Vendors, that there are no agreements or other rights obliging the nominee to issue shares, that it has never owned any assets or incurred any liabilities or carried on any business other than to hold registered legal title to the applicable Canadian Initial Property and that it has filed all required tax returns.

The Vendors also provided representations and warranties that, to the best of their knowledge, Agellan's prospectus dated January 17, 2013 does not contain a misrepresentation (as defined in the Securities Act) relating to the Initial Properties and other assets being acquired, subject to an exception for portions of such prospectus purporting to be made on authority of an expert or purporting to be an extract from a report, opinion or statement of an expert. The representations and warranties relating to the prospectus survive for a period of 36 months following the closing of the IPO. All other representations and warranties survived for a period of 18 months following the closing of the IPO; provided, however, that the representations and warranties regarding due authorization shall survive indefinitely and the representations and warranties regarding tax matters (other than land transfer taxes) shall survive for the applicable statutory reassessment period.

In the Purchase Agreements, each Vendor agreed to severally indemnify Agellan for breaches of representations and warranties, up to the value of the Units (at the IPO Price) issued to such Vendor in partial consideration for the transfer of its applicable Initial Property. In addition, pursuant to the Guarantee and Pledge Agreement, each Retained Interest Holder guaranteed the obligations under the Purchase Agreements and the Underwriting Agreement of the Vendor(s) whose Units such Retained Interest Holder acquired in connection with the IPO, up to the value of the aggregate of all such Units (at the IPO Price) of such Retained Interest Holder (determined without regard to any cap on any Vendor's liability under such agreements). The obligations under the guarantees with respect to the prospectus representation are joint and several. As security for such guarantees, the Retained Interest Holders pledged to Agellan for the initial 18-month period following closing the Units comprising their Retained Interest. This initial 18-month period has now elapsed. In addition, Agellan obtained a seven-year prospectus liability insurance policy providing coverage to the Trustees and officers of Agellan, the Promoters and Agellan, subject to certain limits, deductibles and other terms and conditions.

There can be no assurance of recovery by Agellan from the Vendors or the Retained Interest Holders for any breach of the representations and warranties provided by them under the Purchase Agreements, as there can be no assurance that their assets will be sufficient to satisfy such obligations. Only Agellan is entitled to bring a claim or action for misrepresentation or breach of contract under the Purchase Agreements.

Parkway Place

The Vendors of Parkway Place had an option to re-purchase certain vacant development lands (the “Parkway Vacant Lands”) located to the east of the current buildings, comprising approximately 5.9 acres of land, for \$12 million. These Vendors were required to notify Agellan of their intent to exercise the option within 30 months following the closing of the IPO, however, the re-purchase option was not exercised on or before July 24, 2015 and has accordingly expired. Prior to the expiration of the re-purchase option, the Vendors of Parkway Place incurred costs associated with the development of a parking garage, which would have been required to be constructed by the Vendors had the re-purchase option been exercised. On expiry of the option, Agellan agreed to pay the Vendors \$0.2 million to compensate them for certain construction completed to date.

Registration Rights

The Registration Rights Agreement provides the CarVal Retained Interest Holders with the right (the “Piggy-Back Registration Right”), among others, to require Agellan to include Units held by the CarVal Retained Interest Holders in any future offering undertaken by Agellan by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a “Piggy-Back Distribution”). Agellan will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Units the CarVal Retained Interest Holders request to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Units to be included in the Piggy-Back Distribution will be first allocated to Agellan.

In addition, the Registration Rights Agreement provides the CarVal Retained Interest Holders (on behalf of themselves and the ACPI Retained Interest Holders) with the right (the “Demand Registration Right”) to require Agellan to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities, qualifying Units held by the CarVal Retained Interest Holders for distribution (a “Demand Distribution”). Each request for a Demand Distribution must relate to such number of Units that would reasonably be expected to result in gross proceeds of at least \$20 million. Agellan may distribute Units in connection with a Demand Distribution provided that if the Demand Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Demand Distribution should be limited for certain prescribed reasons, the Units to be included in the Demand Distribution will be first allocated to the selling securityholders.

Each of the Piggy-Back Registration Right and the Demand Registration Right will be exercisable at any time after 18 months following closing of the IPO, provided that the CarVal Retained Interest Holders collectively own at least 10% of the Units (on a fully-diluted basis) at the time of exercise. The Piggy-Back Registration Right and the Demand Registration Right are subject to various conditions and limitations, and Agellan will be entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days. The expenses in respect of a Piggy-Back Distribution, subject to certain exceptions, will be borne by Agellan, except that any underwriting fee on the sale of Units by the CarVal Retained Interest Holders and the fees of the CarVal Retained Interest Holders’ external legal counsel will be borne by the CarVal Retained Interest Holders. The expenses in respect of a Demand Distribution, subject to certain exceptions, will be borne by Agellan and the CarVal Retained Interest Holders on a proportionate basis according to the number of Units distributed by each.

Pursuant to the Registration Rights Agreement, Agellan will indemnify the CarVal Retained Interest Holders for any misrepresentation in a prospectus under which the CarVal Retained Interest Holders’ Units are distributed (other than in respect of any information provided by the CarVal Retained Interest Holders,

in respect of the CarVal Retained Interest Holders, for inclusion in the prospectus) and the CarVal Retained Interest Holders will indemnify Agellan for any information provided by the CarVal Retained Interest Holders, in respect of the CarVal Retained Interest Holders, for inclusion in the prospectus.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides certain guidelines on investments that may be made directly or indirectly by Agellan. The assets of Agellan may be invested only in accordance with the following restrictions:

- (a) Agellan may only invest, directly or indirectly, in interests (including fee ownership and leasehold interests) in income-producing commercial real estate located in Canada or the United States and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with the other investment guidelines of Agellan;
- (b) notwithstanding anything else contained in the Declaration of Trust, Agellan shall not make any investment, take any action or omit to take any action that would result in Units not being units of a “mutual fund trust” within the meaning of the Tax Act or that would result in the Units not being qualified investments for Exempt Plans;
- (c) Agellan shall not invest in any interest in a single real property if, after giving effect to the proposed investment, the cost to Agellan of such investment (net of the amount of debt incurred or assumed in connection with such investment) will exceed 20% of GBV at the time the investment is made;
- (d) Agellan may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by Agellan, provided that such joint venture arrangement contains terms and conditions which, in the opinion of the Independent Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on the transfer, acquisition and sale of Agellan’s and any joint venturer’s interest in the joint venture arrangement, provisions to provide liquidity to Agellan, provisions to limit the liability of Agellan and its Unitholders to third parties, and provisions to provide for the participation of Agellan in the management of the joint venture arrangement. For purposes hereof, a “joint venture arrangement” is an arrangement between Agellan and one or more other persons pursuant to which Agellan, directly or indirectly, conducts an undertaking for one or more of the purposes set out in the investment guidelines of Agellan and in respect of which Agellan may hold its interest jointly or in common or in another manner with others either directly or through the ownership of securities of a corporation or other entity;
- (e) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, deposits with a savings institution, trust company, credit union or similar financial institution that is organized or chartered under the laws of a state or of the United States short-term government debt securities or money market instruments maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of Agellan, Agellan may not hold securities of a person other than to the extent such securities would constitute an investment in real property (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to paragraph (b) above, Agellan may hold securities of a person: (i) acquired in connection with the

- carrying on, directly or indirectly, of Agellan's activities or the holding of its assets; or (ii) which focuses its activities primarily on the activities described in paragraph (a) above, provided in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding securities of an issuer (the "Acquired Issuer"), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of Agellan and the Acquired Issuer or for otherwise ensuring that Agellan will control the business and operations of the Acquired Issuer;
- (f) Agellan shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
 - (g) Agellan shall not invest, directly or indirectly, in operating businesses unless such investment is an indirect investment and is incidental to a transaction:
 - (i) where revenue will be derived, directly or indirectly, principally from real property; or
 - (ii) which principally involves the ownership, maintenance, development, improvement, leasing or management, directly or indirectly, of real property (in each case as determined by the Trustees);
 - (h) Agellan shall not invest in raw land for development, except (i) for existing properties with additional development or properties adjacent to existing properties of Agellan for the purpose of the renovation or expansion of existing properties, or (ii) the development of new properties which will be capital property of Agellan, provided that the aggregate value of the investments of Agellan in raw land, excluding raw land under development, after giving effect to the proposed investment, will not exceed 5% of GBV;
 - (i) Agellan may invest in mortgages and mortgage bonds (including participating or convertible mortgages) and similar instruments where:
 - (i) the real property which is security therefor is income producing real property which otherwise meets the other investment guidelines of Agellan; and
 - (ii) the aggregate book value of the investments of Agellan in mortgages, after giving effect to the proposed investment, will not exceed 15% of GBV; and
 - (j) Agellan may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of the GBV of Agellan in investments which do not comply with one or more of paragraphs (a), (d), (e), (g) and (h).

Operating Policies

The Declaration of Trust provides that operations and affairs of Agellan are to be conducted in accordance with the following policies:

- (a) Agellan shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" has the meaning ascribed thereto by National Instrument 81-102 — Investment Funds adopted by the Canadian Securities Administrators, as replaced or amended from time to time;
- (b) (i) any written instrument creating an obligation which is or includes the granting by Agellan of a mortgage; and (ii) to the extent the Trustees determine to be practicable and consistent with their fiduciary duties to act in the best interest of the Unitholders, any written instrument which

- is, in the judgment of the Trustees, a material obligation, shall contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort must not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of Agellan, but that only property of Agellan or a specific portion thereof is bound; Agellan, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by Agellan upon the acquisition of real property;
- (c) Agellan shall not lease or sublease to any tenant any real property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market value net of encumbrances in excess of 20% of GBV;
 - (d) Agellan may engage in construction or development of real property: (i) to maintain its real properties in good repair or to improve the income producing potential of properties in which Agellan has an interest; and (ii) to develop new properties that will be capital properties of Agellan on completion, provided that the aggregate value of the investments of Agellan in properties under development after giving effect to the proposed investment in the construction or development, will not exceed 15% of GBV;
 - (e) title to each real property shall be held by and registered in the name of Agellan, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by Agellan or jointly-owned, directly or indirectly, by Agellan, with joint venturers; provided that, where land tenure will not provide fee simple title, Agellan, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by Agellan or jointly owned, directly or indirectly, by Agellan shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
 - (f) at no time shall Agellan incur indebtedness aggregating more than 15% of GBV (excluding debt with an original maturity of one year or more falling due in the next 12 months or variable rate debt for which Agellan has entered into interest rate swap agreements to fix the interest rate for a one year period or more) at floating interest rates or having maturities of less than one year;
 - (g) Agellan shall not incur or assume any indebtedness if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of Agellan would be more than 60% of GBV (or 65% of GBV including convertible debentures);
 - (h) Agellan shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, except indebtedness or liabilities assumed or incurred by an entity in which Agellan holds an interest, directly or indirectly, or by an entity jointly owned by Agellan with joint venturers and operated solely for the purpose of holding a particular property or properties, where such indebtedness, if granted by Agellan directly, would cause Agellan to contravene its investment guidelines or operating policies. Agellan is not required but shall use its reasonable best efforts to comply with this requirement (i) in respect of obligations assumed by Agellan pursuant to the acquisition of real property; or (ii) if doing so is necessary or desirable in order to further the initiatives of Agellan permitted under the Declaration of Trust;
 - (i) Agellan shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of Agellan and the accidental loss of value of the assets of Agellan from risks, in amounts, with such insurers, and on such terms as the Trustees consider

appropriate, taking into account all relevant factors including the practice of owners of comparable properties;

- (j) Agellan shall have obtained an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition thereof, in each case, by an independent and experienced consultant, unless the requirement for such an appraisal or engineering survey is waived by the Independent Trustees; and
- (k) Agellan shall obtain a Phase I environmental site assessment of each real property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental site assessment be conducted, Agellan shall have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant; as a condition to any acquisition such assessments shall be satisfactory to the Trustees.

For the purpose of the foregoing investment guidelines and operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially-owned by Agellan will be deemed to be those of Agellan on a proportionate consolidation basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the subheading “Investment Guidelines” and the operating policies contained in paragraphs (a), (f), (g), (h) and (j) set out under the subheading “Operating Policies” may be amended only with the approval of two-thirds of the votes cast by Unitholders of Agellan at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over Agellan or any property of Agellan shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of Agellan then in force (other than subparagraph (b) at “Investment Guidelines And Operating Policies — Investment Guidelines”), such investment guideline or operating policy in conflict shall, if the Trustees on the advice of legal counsel to Agellan so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of the Trustees shall not require the prior approval of Unitholders.

CAPITAL STRUCTURE AND DECLARATION OF TRUST

Agellan is an unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. Although Agellan currently qualifies as a “mutual fund trust” as defined in the Tax Act, Agellan will not be a “mutual fund” as defined by applicable securities legislation.

Units and Special Voting Units

Agellan is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units. Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of the unitholders. The Units and Special Voting

Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such Act or any other legislation. The Units and Special Voting Units are not shares in Agellan and unitholders do not have statutory rights of shareholders of a corporation incorporated under either the OBCA or the CBCA including, for example, the right to bring “oppression” or “derivative” actions.

Units

No Unit has any preference or priority over another. Each Unit represents a Unitholder’s proportionate undivided beneficial ownership interest in Agellan and confers the right to one vote at any meeting of unitholders and to participate *pro rata* in any distributions by Agellan, whether of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of Agellan, in the net assets of Agellan remaining after satisfaction of all liabilities. Units are fully paid and non-assessable when issued and are transferable. The Units are redeemable at the holder’s option, as described below under “Redemption Right”. Fractional Units may be issued as a result of an act of the Trustees, but fractional Units will not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Special Voting Units

Special Voting Units have no economic entitlement in Agellan but entitle the holder to one vote per Special Voting Unit at any meeting of the unitholders. Special Voting Units may only be issued in connection with or in relation to Class B Units for the purpose of providing voting rights with respect to Agellan to the holders of such securities. Special Voting Units will be issued in conjunction with the Class B Units to which they relate, and will be evidenced only by the certificates representing such Class B Units. Special Voting Units will not be transferable separately from the Class B Units to which they are attached and will be automatically transferred upon the transfer of such Class B Units. Upon the exchange or surrender of a Class B Unit for a Unit, the Special Voting Unit attached to such Class B Unit will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto. No Special Voting Units are outstanding.

Issuance of Units

Agellan may issue new Units from time to time, in such manner, for such consideration and to such person or persons as the Trustees shall determine. Except for the rights of a holder of Class B Units, if any, to exchange Class B Units for Units at the option of the holder, Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued would be first offered to existing Unitholders. If the Trustees determine that Agellan does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution. Agellan may create and issue rights, warrants or options or other instruments or securities to subscribe for fully paid Units which rights, warrants, options, instruments or securities may be exercisable at such subscription price or prices and at such time or times as the Trustees may determine.

Agellan may also issue new Units (i) as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the Trustees, (ii) pursuant to any incentive or option plan established by Agellan from time to time, (iii) pursuant to a distribution reinvestment plan of Agellan or (iv) pursuant to a Unitholder rights plan of Agellan.

The Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts distributed represent income, non-resident holders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units. Such non-resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

Normal Course Issuer Bid

On August 10, 2015, Agellan announced that the TSX had accepted its notice of intention to conduct a normal course issuer bid (“NCIB”) to enable it to purchase up to 1,000,000 Units, representing approximately 5% of Agellan’s public float of 19,185,833, pursuant to TSX rules. Purchases may be made until the earlier of August 12, 2016, the date Agellan completes its purchases under the NCIB or the date Agellan terminates the NCIB. Units purchased under the NCIB will be cancelled. Between August 10, 2015 and February 29, 2016, Agellan repurchased 231,600 Units at a weighted average price of \$8.77 per Unit.

Meetings of Unitholders

The Declaration of Trust provides that meetings of unitholders are required to be called and held in various circumstances, including (i) for the election or removal of Trustees, (ii) the appointment or removal of the auditors of Agellan, (iii) the approval of amendments to the Declaration of Trust (except as described below under “Amendments to Declaration of Trust”), (iv) the sale or transfer of the assets of Agellan as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of Agellan approved by the Trustees), (v) the termination of Agellan, and (vi) for the transaction of any other business as the Trustees may determine or as may be properly brought before the meeting. Meetings of Unitholders will be called and held annually for the election of the Trustees and the appointment of the auditors of Agellan. All meetings of unitholders must be held in Canada.

A meeting of unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 5% of the Voting Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of unitholders to the same extent and upon the same conditions as those that apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of unitholders either in person or by proxy. Holders of Special Voting Units have an equal right to be notified of, attend and participate in meetings of unitholders. Two persons present in person or represented by proxy, and such persons holding or representing by proxy not less in aggregate than 10% of the total number of outstanding Voting Units, constitute a quorum for the transaction of business at all such meetings. Any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, if convened upon the request of the unitholders, will be terminated, but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the unitholders present either in

person or by proxy will be deemed to constitute a quorum.

Pursuant to the Declaration of Trust, a resolution in writing executed by unitholders holding a proportion of the outstanding Voting Units equal to the proportion required to vote in favour thereof at a meeting of unitholders to approve that resolution is valid as if it had been passed at a meeting of unitholders.

Advance Notice Provision

The Declaration of Trust includes certain advance notice provisions (the “Advance Notice Provision”), which are intended to: (i) facilitate orderly and efficient annual general or, where the need arises, special, meetings; (ii) ensure that all unitholders receive adequate notice of the Trustee nominations and sufficient information with respect to all nominees; and (iii) allow unitholders to register an informed vote. Except as otherwise provided in the Declaration of Trust, only persons who are nominated by unitholders in accordance with the Advance Notice Provision are eligible for election as Trustees.

Nominations of persons for election to the Board of Trustees may be made for any annual meeting of unitholders, or for any special meeting of unitholders if one of the purposes for which the special meeting was called was the election of Trustees:

- (i) by or at the direction of the Trustees, including pursuant to a notice of meeting;
- (ii) by or at the direction or request of one or more unitholders pursuant to a requisition of the unitholders made in accordance with the Declaration of Trust; or
- (iii) by any person (a “Nominating Unitholder”): (a) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in Agellan’s register as a holder of one or more Voting Units carrying the right to vote at such meeting or who beneficially owns Voting Units that are entitled to be voted at such meeting; and (b) who complies with the notice procedures set forth in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written form to the Trustees. To be timely, a Nominating Unitholder’s notice to the Trustees must be made: (a) in the case of an annual meeting of unitholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of unitholders; provided, however, that in the event that the annual meeting of unitholders is to be held on a date that is less than 50 days after the date (the “Notice Date”) that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Unitholder may be made not later than the close of business on the tenth day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the 15th day following the day that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the special meeting of unitholders was made. In no event shall any adjournment or postponement of a meeting of unitholders or the announcement thereof commence a new time period for the giving of a Nominating Unitholder’s notice as described above.

To be in proper written form, a Nominating Unitholder’s notice to the Trustees must set forth: (i) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of Units or Special Voting Units which are

controlled or which are owned beneficially or of record by the person as of the record date for the meeting of unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws (as defined in the Declaration of Trust); and (ii) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any Voting Units and any other information relating to such Nominating Unitholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws. Agellan may require any proposed nominee to furnish such other information as may reasonably be required by Agellan to determine the eligibility of such proposed nominee to serve as an independent Trustee or that could be material to a reasonable unitholder's understanding of the independence, or lack thereof, of such proposed nominee.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Trustees may, in their sole discretion, waive any requirement in the Advance Notice Provision.

Redemption Right

Units are redeemable at any time on demand by the holders thereof upon delivery to Agellan of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees, together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to Agellan and to CDS. Upon receipt of the redemption notice by the Transfer Agent and Agellan, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

- (i) 90% of the "Market Price" of a Unit calculated as of the date on which the Units were surrendered for redemption (the "Redemption Date"); and
- (ii) 100% of the "Closing Market Price" on the Redemption Date.

For purposes of this calculation, the "Market Price" of a Unit as at a specified date will be:

- (i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date;
- (ii) an amount equal to the weighted average of the closing market prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or
- (iii) if there was trading on the applicable exchange or market for fewer than five of the ten trading days, an amount equal to the simple average of the following prices established for each of the ten consecutive trading days ending on such date: the simple average of the last

bid and last asking price of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The “Closing Market Price” of a Unit for the purpose of the foregoing calculations, as at any date will be:

- (i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date, if the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on such date;
- (ii) an amount equal to the closing price of a Unit on the principal market or exchange on the specified date, if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on such date;
- (iii) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange on the specified date, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on such date; or
- (iv) the simple average of the last bid and last asking prices of the Units on the principal market or exchange on the specified date, if there was no trading on such date.

If the Units are not listed or quoted for trading on a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by Agellan in respect of any Units surrendered for redemption during any calendar month will be paid by cheque, drawn on a Canadian chartered bank or trust company in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by Agellan in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) on the date such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market that, in the sole discretion of the Trustees, provides representative fair market value prices for the Units; (iii) the normal trading of the Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, in any market where the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately before the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units from the principal stock exchange on which the Units are listed.

Cash payable on redemptions will be paid *pro rata* to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the limitations above, then the balance of the Redemption Price for such Units will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in specie to such Unitholder of Redemption Notes. In the event of distributions of Redemption Notes, each Redemption Note so distributed to the redeeming Unitholder shall be in the principal amount of \$100 or such other amount as may be determined by the Trustees. No fractional Redemption Notes shall be distributed and where the number of Redemption Notes to be received upon redemption by a holder of Units would otherwise include a fraction, that number shall be rounded down to the next lowest whole number. The Trustees may deduct or withhold from all payments or other distributions payable to any Unitholder pursuant to the Declaration of Trust all amounts required by law to be so withheld. Where Agellan makes a distribution in

specie on the redemption of Units of a Unitholder, Agellan currently intends to allocate to that Unitholder any capital gain or income realized by Agellan on or in connection with such distribution. It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units.

Purchases of Units by Agellan

Agellan may from time to time purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange and regulatory policies. Any such purchase will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof. See “— Normal Course Issuer Bid”.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for Units within the meaning of the Securities Act and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who do not accept the offer either, at the election of each Unitholder, on the terms offered by the offeror or at the fair value of such Unitholder’s Units determined in accordance with the procedures set out in the Declaration of Trust.

The Declaration of Trust provides that if a non-exempt take-over bid from a person acting at arm’s length to holders of Partnership Units (or any associate or affiliate thereof) is made for the Units and such take-over bid is not structured such that holders of Class B Units can exchange into Units conditional on take-up, then, provided that not less than 25% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken-up and paid for pursuant to the non-exempt bid, from and after the date of first take-up of Units under the said take-over bid in excess of the foregoing threshold the Class B Units held by persons other than Agellan will be exchangeable at an exchange ratio equal to 110% of the exchange ratio previously in effect, such that, based on the current one-to-one exchange ratio, on exchange the holder of Class B Units will receive 1.1 Units for each Unit that the holder would otherwise have received. Notwithstanding any adjustment on completion of an exclusionary offer as described above, the distribution rights attaching to the Class B Units will also not be adjusted until the exchange right is actually exercised.

Non-Certificated Inventory System

Other than pursuant to certain exceptions, registration of interests in and transfers of Units held through CDS, or its nominee, are made electronically through the NCI system of CDS. Units held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of Unitholders who hold Units in CDS must be exercised through, and all payments or other property to which such Unitholders are entitled are made or delivered by CDS or the CDS participant through which the Unitholder holds such Units. A holder of a Unit participating in the NCI system is not entitled to a certificate or other instrument from Agellan or Agellan’s transfer agent evidencing that person’s interest in or ownership of Units, nor, to the extent applicable, is such Unitholder shown on the records maintained by CDS, except through an agent who is a CDS participant.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such Unitholder’s interest in such Units (other than through a CDS participant) may be limited due

to the lack of a physical certificate.

Limitation on Non-Resident Ownership

In order for Agellan to maintain its status as a “mutual fund trust” under the Tax Act, Agellan must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, at no time may Non-Residents be the beneficial owners of more than 49% of the Units (determined on a basic or fully diluted basis) and the Trustees will inform the transfer agent and registrar of this restriction. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units (determined on a basic or fully diluted basis) then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and the Transfer Agent will not accept a subscription for Units from or issue Units to a person unless the person provides a declaration that the person is not a Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units (determined on a basic or fully diluted basis) are held by Non-Residents, the Trustees may send a notice to Non-Residents holding Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may, on behalf of such Unitholders sell such Units and, in the interim, must suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders will cease to be holders of Units and their rights will be limited to receiving the net proceeds of sale, subject to the right to receive payment of any distribution declared by the Trustees which is unpaid and owing to such Unitholders. The Trustees will have no liability for the amount received provided that they act in good faith.

Information and Reports

Agellan will furnish to unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by the Declaration of Trust and by applicable law. Prior to each meeting of unitholders, the Trustees will provide the unitholders (along with notice of such meeting) information as required by applicable tax and securities laws.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast by unitholders at a meeting called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast by unitholders at a meeting called for such purpose.

The following actions and/or amendments, among others, require the approval of two-thirds of the votes cast by unitholders at a meeting called for such purpose:

- (a) an exchange, reclassification or cancellation of all or a portion of the Units or Special Voting Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units;
- (c) any change to the existing constraints on the issue, transfer or ownership of the Units or Special Voting Units;

- (d) the sale or transfer of the assets of Agellan as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of Agellan approved by the Trustees);
- (e) the termination of Agellan;
- (f) the combination, amalgamation or arrangement of any of Agellan or its Subsidiaries with any other entity (other than as part of an internal reorganization of the assets of Agellan approved by the Trustees); and
- (g) the amendment of the Investment Guidelines of Agellan set out under “Investment Guidelines and Operating Policies — Investment Guidelines” and the operating policies contained in paragraphs (a), (f), (g), (h) and (j) set out under “Investment Guidelines and Operating Policies - Operating Policies”. See “Investment Guidelines and Operating Policies — Amendments to Investment Guidelines and Operating Policies”.

Notwithstanding the foregoing, the Trustees may (upon the approval of a majority of the Trustees present in person or by phone at a meeting of the Board), without the approval of the unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the Trustees or Agellan; (ii) the status of Agellan as a “mutual fund trust” under the Tax Act; or (iii) the distribution of Units;
- (b) which, in the opinion of the Trustees, provide additional protection for the unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in Agellan’s prospectus dated January 17, 2013 and the Declaration of Trust;
- (e) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the unitholders;
- (f) which, in the opinion of the Trustees, are necessary or desirable: (i) to ensure continuing compliance with IFRS; or (ii) to ensure the Units qualify as equity for purposes of IFRS;
- (g) which, in the opinion of the Trustees, are necessary or desirable to enable Agellan to implement a Unit purchase plan or issue Units for which the purchase price is payable in installments;
- (h) which, in the opinion of the Trustees, are necessary or desirable for Agellan to qualify for a particular status under, or as a result of changes in, taxation or other laws, or the interpretation of such laws, including to qualify for the definition of “real estate investment trust” in the Tax Act or to otherwise prevent Agellan or any of its Subsidiaries from becoming subject to tax under the SIFT Rules;
- (i) to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable but that do not otherwise entitle the holder thereof to any rights with respect to Agellan’s property or income other than a return of capital; and
- (k) for any purpose (except one in respect of which a unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to unitholders and is necessary or desirable.

Any amendment to the Declaration of Trust which directly or indirectly adds, changes or removes any of the rights, privileges, restrictions or conditions in respect of the Special Voting Units shall require the approval of a majority of the votes cast by all holders of Special Voting Units at a meeting of such unitholders (or by written resolution in lieu thereof).

Agellan Canada

Agellan Canada owns all of the common shares of Agellan U.S. The authorized share capital of Agellan Canada consists of an unlimited number of common shares. All of the issued and outstanding common shares of Agellan Canada are held by Agellan. Holders of common shares of Agellan Canada are entitled to receive dividends as and when declared by the board of directors of Agellan Canada and are entitled to one vote per common share on all matters to be voted on at all meetings of shareholders. Upon the voluntary or involuntary liquidation, dissolution or winding-up of Agellan Canada, the holders of common shares of Agellan Canada will be entitled to share rateably in the remaining assets available for distribution, after payment of liabilities.

Agellan U.S.

Agellan U.S. owns all of the outstanding Class A Units of the Partnership. The authorized share capital of Agellan U.S. may consist of an unlimited number of common shares. All of the issued and outstanding common shares of Agellan U.S. are held by Agellan Canada. Holders of common shares of Agellan U.S. are entitled to receive dividends as and when declared by the board of directors of Agellan U.S. and are entitled to one vote per common share on all matters to be voted on at all meetings of shareholders. Upon the voluntary or involuntary liquidation, dissolution or winding-up of Agellan U.S., the holders of common shares of Agellan U.S. will be entitled to share rateably in the remaining assets available for distribution, after payment of liabilities.

The Partnership

The Partnership is a Delaware limited partnership governed by the Partnership Agreement and the laws of the State of Delaware. The general partner of the Partnership is Agellan GP. The sole limited partner of the Partnership is Agellan U.S.

Partnership Units

All of the Partnership's general partnership units are held by Agellan GP and all of the Partnership's Class A Units are held by Agellan U.S. The Partnership Agreement also provides for the creation and issuance of Class B Units. If and when issued, the Class B Units will, in all material respects, be economically equivalent to the Units on a per unit basis, subject to certain adjustments in respect of U.S. corporate income taxes payable by Agellan U.S. and foreign currency hedging arrangements entered into by Agellan. It is anticipated that Class B Units may be subsequently issued to U.S. vendors in connection with the acquisition of additional properties by Agellan in the United States. In connection with the issuance of Class B Units, an exchange agreement will be entered into pursuant to which the Class B Units will be exchangeable on a one-for-one basis for Units at any time at the option of their holder, unless the exchange would jeopardize Agellan's status as a "mutual fund trust" under the Tax Act.

Holders of Class A Units are entitled to notice of, and to attend and vote at, all meetings of holders of the units of the Partnership. Class B Units, if and when issued, will be non-voting with respect to meetings of holders of the units of the Partnership; however, Special Voting Units entitling the holder thereof to one vote per Special Voting Unit at meetings of unitholders of Agellan will be issued by Agellan in conjunction with the Class B Units to which they relate. Special Voting Units will not be transferable separately from the Class B Units to which they are attached. Until a Right is exercised, the holder thereof, as such, has no rights as a Unitholder.

Operation

The business and affairs of the Partnership are managed and controlled exclusively by its general partner, subject to the terms of the Partnership Agreement and the laws of the State of Delaware.

Undertaking

Agellan has provided an undertaking to the securities commission or securities regulatory authorities in each province and territory of Canada that it will, while it is a reporting issuer: (i) in complying with its reporting issuer obligations, treat the Partnership as a subsidiary of Agellan; however, if generally accepted accounting principles used by Agellan prohibit the consolidation of financial information of the Partnership and Agellan, then for as long as the Partnership (including any of its significant business interests) represents a significant asset of Agellan, Agellan will provide unitholders with separate audited annual financial statements and interim financial reports, prepared in accordance with the same generally accepted accounting principles as Agellan's financial statements, and related management's discussion and analysis, prepared in accordance with National Instrument 51-102 - *Continuous Disclosure Obligations* or its successor, for the Partnership (including information about any of its significant business interests); (ii) for so long as Agellan is a reporting issuer, Agellan will take the appropriate measures to require each person who would be an insider of the Partnership or a person or company in a special relationship with the Partnership if the Partnership were a reporting issuer to (A) file insider reports about trades in Units (including securities which are exchangeable into Units) and (B) comply with statutory prohibitions against insider trading; and (iii) annually certify that it has complied with these undertakings and file such certificate on SEDAR concurrently with the filing of its annual financial statements.

UNITHOLDERS RIGHTS PLAN

The following is a summary of the Rights Plan. Capitalized terms that are not defined have the meanings attributed to them in the Rights Plan. The summary is qualified in its entirety by reference to the text of the Rights Plan, which was filed on SEDAR on February 5, 2013 and is available at www.sedar.com.

Rights Exercise Privilege

In accordance with the terms of the Rights Plan, one right to purchase a Unit (a "Right") has been issued and is attached to each outstanding Unit. The Rights will separate from the Units to which they are attached and will become exercisable (the "Separation Time") at the close of business on the tenth business day after the earlier of (A) the first date of public announcement by the REIT or an Acquiring Person (as defined below) of facts indicating that a person has become an Acquiring Person, and (B) the date of the commencement of, or first public announcement of, the intent of any person (other than the REIT or any subsidiary of the REIT) to commence, a take-over bid (other than a Permitted Bid or "Competing Permitted Bid" (each as described below)), or the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such, or, in either case, such later date as may be determined by the Board of Trustees.

The acquisition by an Acquiring Person, including persons acting jointly or in concert, of 20% or more of the Units or any other securities of the REIT entitled to vote generally for the election of members of the Board of Trustees (collectively, "Voting Units"), other than by way of a Permitted Bid in certain circumstances, is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the REIT or by an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. Within ten business days after the occurrence of the Flip-in Event, the Rights (other than those held by the Acquiring Person) will permit the holder to purchase, for example, Units with a total market value of \$200, on

payment of \$100 (i.e., at a 50% discount). Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Acquiring Person

An “Acquiring Person” is any person who is or becomes the beneficial owner of 20% or more of all Voting Units of the REIT. An Acquiring Person does not, however, include: (a) the REIT or any Subsidiary of the REIT; (b) any person who owns, directly or indirectly, 20% or more of the Units as of January 25, 2013 (a “Grandfathered Person”), provided, however, that this exception is not, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person thereafter, other than pursuant to certain exempt transactions, (i) ceases to beneficially own 10% or more of the outstanding Voting Units or (ii) becomes the owner, directly or indirectly, of Units that increases its percentage ownership interest in the REIT to an amount that exceeds its percentage ownership interest in the REIT on Closing plus an additional 1.0%; or (c) any person who becomes the beneficial owner of 20% or more of the Units as a result of certain exempt transactions.

Exempt transactions include: (a) specified acquisitions (including pursuant to any distribution reinvestment plan of the REIT) or redemptions of Units; (b) acquisitions pursuant to a Permitted Bid (which may include a Competing Permitted Bid), as described below; or (c) acquisitions of Units in exchange for additional properties being acquired by the REIT.

Permitted Bid Requirements

The requirements of a Permitted Bid in the Rights Plan include the following: (a) the take-over bid must be made by way of a take-over bid circular; (b) the take-over bid must be made to all holders of Units and holders of exchangeable securities attached to Special Voting Units (“Equivalent Securities”), if any, other than the bidder; (c) the take-over bid must not permit Units or Equivalent Securities tendered pursuant to the take-over bid to be taken up or paid for prior to the close of business on the day which is not less than 60 days following the date of the bid and then only if at such time more than 50% of all Voting Units held by Unitholders other than the bidder and its affiliates and persons acting jointly or in concert with the bidder (the “Independent Unitholders”) have been tendered pursuant to the take-over bid and not withdrawn; and (d) if more than 50% of the Voting Units held by Independent Unitholders are tendered to the takeover bid within the 60-day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits and tenders of all Voting Units and Equivalent Securities for not less than 10 business days from the date of such public announcement.

The Rights Plan allows a competing Permitted Bid (a “Competing Permitted Bid”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that, provided it is outstanding for a minimum period of 35 days it may expire on the same date as the earliest date for take-up specified in a Permitted Bid.

Waiver and Redemption

The Board of Trustees acting in good faith may determine, with the prior consent of the Unitholders, or the holders of Rights, as the case may be, at any time prior to the occurrence of a Flip-in Event, to redeem all, but not less than all, of the outstanding Rights at a redemption price of \$0.00001 per Right, subject to appropriate anti-dilution adjustments.

The Board of Trustees acting in good faith may determine, with the prior consent of the Unitholders, or the holders of Rights, as the case may be, at any time prior to the occurrence of a Flip-in Event that may 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 and Equivalent Securities, to waive the application of the Flip-in Event provisions to such Flip-in Event.

The Board of Trustees acting in good faith may determine, at any time prior to the occurrence of a Flip-in Event that may occur by reason of a take-over bid made by take-over bid circular sent to all holders of record of Units and Equivalent Securities, to waive the application of the Flip-in Event provisions to such Flip-in Event, provided that if the Board of Trustees do so, they shall be deemed to have waived the application of the Flip-in Event provisions to any other Flip-in Event occurring by reason of any take-over bid made by take-over bid circular to all holders of record of Units and Equivalent Securities which is made prior to the expiry of any take-over bid (as the same may be extended from time to time) in respect of which such waiver is, or is deemed to have been, granted.

Redemption of Rights on Withdrawal or Termination of Bid

Where a take-over bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-in Event, provided that the provisions of the Rights Plan are deemed to continue to apply as if the Separation Time had not occurred, the Board of Trustees acting in good faith may elect to redeem all the outstanding Rights at the applicable redemption price. Upon such redemption, the REIT is deemed to have issued replacement Rights to all holders of its then outstanding Voting Units.

Waiver of Inadvertent Flip-in Event

The Board of Trustees acting in good faith may, prior to the close of business on the tenth Business Day after a person has become an Acquiring Person, waive the application of the Rights Plan to an inadvertent Flip-in Event, on the condition that such person reduces its beneficial ownership of Units such that it is not an Acquiring Person within 14 days of the determination of the Board of Trustees.

Portfolio Managers

The provisions of the Rights Plan relating to portfolio managers are designed to prevent the occurrence of a Flip-in Event solely by virtue of the customary activities of such managers, including trust companies and other persons, where a substantial portion of the ordinary business of such person is the management of funds for unaffiliated investors, so long as any such person does not propose to make a take-over bid either alone or jointly with others.

General

Until a Right is exercised, the holder thereof, as such, will have no rights as a Unitholder.

Reconfirmation and Amendment

At Agellan's upcoming annual meeting, the Unitholders will be asked to re-confirm the Rights Plan. If the Rights Plan is re-confirmed, then the Board of Trustees will propose that Unitholders approve certain amendments to the Rights Plan. Information on the re-confirmation and amendment of the Rights Plan will be provided in the Management Information Circular.

MARKET FOR SECURITIES

Trading Price and Volume

The Units were listed and posted for trading on the TSX under the trading symbol “ACR.UN” on January 25, 2013.

The table below presents the high and low trading price and volume traded for the Units on the TSX for the year ending December 31, 2015, as reported by the TSX.

| Month | High | Low | Volume Traded |
|--------------|---------|---------|------------------|
| January | \$ 9.82 | \$ 8.66 | 562,018 |
| February | \$ 9.90 | \$ 9.50 | 569,185 |
| March | \$ 9.72 | \$ 8.95 | 867,009 |
| April | \$ 9.45 | \$ 9.17 | 400,066 |
| May | \$ 9.36 | \$ 8.75 | 574,068 |
| June | \$ 9.15 | \$ 8.67 | 562,250 |
| July | \$ 8.97 | \$ 8.35 | 481,476 |
| August | \$ 8.89 | \$ 8.31 | 638,098 |
| September | \$ 8.93 | \$ 8.33 | 509,239 |
| October | \$ 9.15 | \$ 8.49 | 683,129 |
| November | \$ 9.13 | \$ 8.63 | 441,490 |
| December | \$ 9.05 | \$ 8.46 | 397,883 |
| Total | | | 6,685,911 |

PRINCIPAL UNITHOLDERS

NAREP II Canadian REIT Holdings I L.P., one of the entities comprising the CarVal Retained Interest Holders, holds 2,396,070 Units, representing approximately 10.24% of the outstanding Units, as at December 31, 2015. The CarVal Retained Interest Holders, collectively, hold 3,743,846 Units, representing approximately 16.0% of the outstanding Units as at December 31, 2015.

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, the following are the only material agreements entered into by Agellan that are still in effect, particulars of which are disclosed elsewhere in this AIF:

- (a) the Declaration of Trust;
- (b) the External Management Agreement;
- (c) the Non-Competition and Non-Solicit Agreement;
- (d) the Property Management Agreements with ACPI and the Property Manager;
- (e) the Purchase Agreements;
- (f) the Registration Rights Agreement;
- (g) the Revolving Facility;
- (h) the Vendor Leases; and
- (i) the underwriting agreements between Agellan and various syndicates of underwriters regarding the issuance and sale of Units as referred to under “General Development of the Business – Three Year History”. Each underwriting agreement provided that Agellan would pay to the underwriters an aggregate fee in respect of the Units offered thereunder and that Agellan would indemnify the applicable underwriters and their directors, officers and employees against certain liability pursuant to the underwriting agreement, including liabilities under Canadian securities legislation.

Copies of the foregoing documents are available on the SEDAR at www.sedar.com.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described in this AIF and in the notes to the audited consolidated financial statements of Agellan, there are no material interests, direct or indirect, of the Trustees or officers of Agellan, any Unitholder that beneficially owns more than 10% of the Units of Agellan or any associate or affiliate of any of the foregoing persons in any transaction since the IPO or any proposed transaction that has materially affected or would materially affect Agellan or any of its Subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

None of Agellan or its Subsidiaries is involved in any outstanding, threatened or pending legal proceedings or regulatory actions that would have a material adverse effect on Agellan.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Agellan are KPMG LLP, located in Toronto, Ontario, and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The transfer agent and registrar for the Units is Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Agellan may be found on SEDAR at www.sedar.com. Additional information including trustees' and officers' remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans will be contained in Agellan's management information circular for its upcoming annual meeting of Unitholders. Additional financial information is provided in Agellan's financial statements and MD&A for its most recently completed financial year. Agellan will provide to any person or company, upon request to the Chief Financial Officer of Agellan (at 156 Front Street West, Suite 303, Toronto, Ontario, M5J 2L6), a copy of the financial statements of Agellan for the year ended December 31, 2015, together with the accompanying report of the auditors and the related MD&A.

SCHEDULE A: CHARTER OF THE AUDIT COMMITTEE

(the "Charter")

1. General

Purpose

The Audit Committee (the "Committee") is a committee of the Board of Trustees (the "Board") of Agellan Commercial Real Estate Investment Trust (the "REIT"). The members of the Committee and the chair of the Committee (the "Chair") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the REIT's financial controls and reporting and monitoring whether the REIT complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. Composition

The Committee should be comprised of a minimum of three trustees and a maximum of five trustees.

- (1) The Committee must be constituted as required under National Instrument 52-110 — *Audit Committees*, as it may be amended or replaced from time to time ("NI 52-110").
- (2) All members of the Committee must (except to the extent permitted by NI 52-110) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- (3) No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the REIT or any of its related parties or subsidiaries.
- (4) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the REIT's financial statements).
- (5) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a trustee. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

3. Limitations on Committee's Duties

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the REIT ("Management") as to the non-audit services provided to the REIT by the external auditor, (iv) financial statements of the REIT represented to them by a member of Management or in a written report of the external auditors to present fairly the financial position of the REIT in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other

person whose profession lends credibility to a statement made by any such person.

4. Meetings

The Committee should meet not less than four times annually. The Committee should meet within 45 days following the end of the first three financial quarters of the REIT and shall meet within 90 days following the end of the fiscal year of the REIT. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or such greater number as the Committee shall by resolution determine. The Committee shall keep minutes of each meeting of the Committee. A copy of the minutes shall be provided to each member of the Committee.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor shall be entitled to request that the Chair call a meeting.

The Committee may ask members of Management and employees of the REIT (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee shall have full access to information of the REIT (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the REIT with Management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the REIT's interim financial statements.

The Committee shall determine any desired agenda items.

5. Committee Activities

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

A. Financial Disclosure

- (1) Review, approve and recommend for Board approval the REIT's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related management's discussion & analysis and press release.
- (2) Review, approve and recommend for Board approval the REIT's annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form, and the related management's discussion & analysis and press release.
- (3) Review and approve any other press releases that contain financial information and such other financial information of the REIT provided to the public or any governmental body as the Committee requires.
- (4) Satisfy itself that adequate procedures have been put in place by Management for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements and the related management's discussion & analysis.
- (5) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the REIT and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

- (6) Receive periodically Management reports assessing the adequacy and effectiveness of the REIT's disclosure controls and procedures.

B. Internal Control

- (1) Review Management's process to identify and manage the significant risks associated with the activities of the REIT.
- (2) Review the effectiveness of the internal control systems for monitoring compliance with laws and regulations.
- (3) Have the authority to communicate directly with the internal auditor.
- (4) (Receive periodical Management reports assessing the adequacy and effectiveness of the REIT's internal control systems.
- (5) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with Management and the external auditors and assess whether recommendations made by the external auditors have been implemented by Management.

C. Relationship with the External Auditor

- (1) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.
- (2) Have the authority to communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the Board as needed.
- (3) Advise the external auditor that it is required to report to the Committee, and not to Management.
- (4) Monitor the relationship between Management and the external auditor, including reviewing any Management letters or other reports of the external auditor, discussing any material differences of opinion between Management and the external auditor and resolving disagreements between the external auditor and Management.
- (5) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- (6) Review and discuss on an annual basis with the external auditor all significant relationships they have with the REIT, Management or employees that might interfere with the independence of the external auditor.
- (7) Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable securities laws) to be provided by the external auditor.
- (8) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.
- (9) Periodically consult with the external auditor out of the presence of Management about (a) any significant risks or exposures facing the REIT, (b) internal controls and other steps that Management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the REIT, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- (10) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the REIT.

D. Audit Process

- (1) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.
- (2) Following completion of the annual audit and quarterly reviews, review separately with each of Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any

restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

- (3) Review any significant disagreements among Management and the external auditor in connection with the preparation of the financial statements.
- (4) Where there are significant unsettled issues between Management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- (5) Review with the external auditor and Management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.
- (6) Review the system in place to seek to ensure that the financial statements, management's discussion & analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

E. Financial Reporting Processes

- (1) Review the integrity of the REIT's financial reporting processes, both internal and external, in consultation with the external auditor.
- (2) Periodically consider the need for an internal audit function, if not present.
- (3) Review all material balance sheet issues, material contingent obligations and material related party transactions.
- (4) Review with Management and the external auditor the REIT's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with Management, the ramification of their use and the external auditor's preferred treatment and any other material communications with Management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

F. General

- (1) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.
- (2) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform.
- (3) Periodically review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.
- (4) Review the public disclosure regarding the Committee required from time to time by NI 52-110.
- (5) The Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the REIT) the compensation for any such advisors.
- (6) Review in advance, and approve, the hiring and appointment of the REIT's senior financial executives.
- (7) Perform any other activities as the Committee or the Board deems necessary or appropriate.

6. Complaint Procedures

- (1) Anyone may submit a complaint regarding conduct by the REIT or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing or other matters. The Chair will have the power and authority to oversee treatment of such complaints.
- (2) Complaints are to be directed to the attention of the Chair.

(3) The Committee should endeavour to keep the identity of the complainant confidential.

(4) The Chair will have the power and authority to lead the review and investigation of a complaint. The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.