



# AGELLAN COMMERCIAL REIT

## *CHARTER OF THE BOARD OF TRUSTEES*

The purpose of this mandate is to set out the mandate and responsibilities of the board of trustees (the “**Board**”) of Agellan Commercial Real Estate Investment Trust (the “**REIT**”), subject to the provisions of applicable statutes and the Declaration of Trust of the REIT.

### **1. Composition**

The Board shall be constituted with a majority of individuals who qualify as “independent” as defined in National Policy 58-201 – *Corporate Governance Guidelines*.

### **2. Responsibilities of the Board of Trustees**

The Board is responsible for the stewardship of the REIT and in that regard shall be specifically responsible for:

- (a) Participating in the development of and approving a strategic plan for the REIT;
- (b) supervising the activities and managing the investments and affairs of the REIT;
- (c) approving major decisions regarding the REIT;
- (d) defining the roles and responsibilities of management;
- (e) reviewing and approving the business and investment objectives to be met by management;
- (f) assessing the performance of and overseeing management;
- (g) reviewing the REIT’s debt strategy;
- (h) identifying and managing risk exposure;
- (i) ensuring the integrity and adequacy of the REIT’s internal controls and management information systems;
- (j) succession planning;
- (k) establishing committees of the Board, where required or prudent, and defining their mandate;
- (l) maintaining records and providing reports to Unitholders;
- (m) ensuring effective and adequate communication with Unitholders, other stakeholders and the public;
- (n) determining the amount and timing of distributions to Unitholders; and
- (o) acting for, voting on behalf of and representing the REIT as a holder of shares of Agellan Commercial REIT Holdings Inc. and, indirectly, shares of Agellan Commercial REIT U.S., Inc. and Class A Units of Agellan Commercial REIT U.S. L.P.

Notwithstanding the foregoing, the Board has the power and authority, subject to the limitations set forth in the Declaration of Trust of the REIT, to delegate any of its powers, duties and authorities to a committee of the Board or senior management, as the Board deems reasonable in the circumstances.

It is recognized that every trustee in exercising powers and discharging duties must act honestly and in good faith with a view to the best interest of the REIT and its Unitholders. Trustees must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, trustees are expected to carry out their duties in accordance with policies and regulations adopted by the board of trustees from time to time, the current Trustees' regulations being annexed hereto as Schedule A.

It is expected that management of the REIT (“**Management**”) will co-operate in all ways to facilitate compliance by the Board with its legal duties by causing the REIT and its subsidiaries to take such actions as may be necessary in that regard and by promptly reporting any data or information to the Board that may affect such compliance.

### **3. Meetings**

The Board will meet not less than four times per year: three meetings to review quarterly results; and one prior to the issuance of the annual financial results of the REIT. The Board shall meet periodically without management present to ensure that the Board functions independently of management. At each Board meeting, unless otherwise determined by the Board, an in-camera meeting of independent trustees will take place, which session will be chaired by the Chair of the Board. The Board shall maintain a policy which permits individual trustees to engage outside advisors at the cost of the REIT.

The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the trustees in their deliberations. Management attendees who are not Board members will be excused for any agenda items which are reserved for discussion among trustees only.

### **4. Board Meeting Agendas and Information**

The Chair, in consultation with management of the REIT, will develop the agenda for each Board meeting. Agendas will be distributed to the trustees before each meeting, and all Board members shall be free to suggest additions to the agenda in advance of the meeting

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the trustees in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

### **5. Measures for Receiving Unitholder Feedback**

All publicly disseminated materials of the REIT shall provide for a mechanism for feedback of unitholders.

### **6. Telephone Board Meetings**

A trustee may participate in a meeting of the trustees or in a committee meeting by means of telephone, electronic or such other communications facilities as permit all persons participating in the meeting to communicate with each other and a trustee participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the Board to follow an agreed meeting schedule as closely as possible, it is felt that, from time to time, with respect to time sensitive matters telephone board meetings may be required to be called in order for trustees to be in a position to better fulfill their legal obligations. Alternatively, management may request the trustees to approve certain matters by unanimous written consent.

### **7. Expectations of Management**

Management shall be required to report to the Board at the request of the Board on the performance of the REIT, new and proposed initiatives, the REIT's business and investments, management concerns and any other matter the Board or its Chair may deem appropriate. In addition, the Board expects Management to promptly report to the Chair any significant developments, changes, transactions or proposals respecting the REIT or its subsidiaries.

## **8. Communications Policy**

The Board approves the content of the REIT's major communications to unitholders and the investing public including any Annual Report, Management Information Circular, Annual Information Form and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including the Management Discussion & Analysis) and press releases relating to financial matters. The Board also has responsibility for monitoring all of the REIT's external communications. However, the Board believes that it is the function of Management to speak for the REIT in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public.

The Board shall have responsibility for reviewing the REIT's policies and practices with respect to disclosure of financial and other information including insider reporting and trading. The Board shall approve and monitor the disclosure policies designed to assist the REIT in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the REIT's policies relating to communication and disclosure on an annual basis.

Generally, communications from unitholders and the investment community will be directed to the President, who will coordinate an appropriate response depending on the nature of the communication. It is expected, if communications from stakeholders are made to the Chair or to other individual trustees, that Management will be informed and consulted to determine any appropriate response.

## **9. Internal Control and Management Information Systems**

The Board has responsibility for the integrity of the REIT's internal control and management information systems. All material matters relating to the REIT and its business require the prior approval of the Board. Management is authorized to act, without Board approval, on all ordinary course matters relating to the REIT's business.

The Audit Committee has responsibility for ensuring internal controls are appropriately designed, implemented and monitored and for ensuring that management and financial reporting is complete and accurate, even though management may be charged with developing and implementing the necessary procedures.

## SCHEDULE A

### AGELLAN COMMERCIAL REAL ESTATE INVESTMENT TRUST

#### TRUSTEES' REGULATIONS

##### INTERPRETATION

1. **Interpretation.** In these Trustees' Regulations, unless the context otherwise specifies or requires:
  - (a) all terms used in these Trustees' Regulations not otherwise defined herein shall have the meanings given to such terms in the Declaration of Trust;
  - (b) words importing the singular number only shall include the plural and vice versa and words importing a specific gender shall include the other gender; and
  - (c) the headings used in these Trustees' Regulations are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

##### MEETINGS OF TRUSTEES

2. **Place and Time of Meeting.** All meetings of the Trustees called by the giving of notice shall be held at a place in Canada and, unless consented to in writing by a majority of the Trustees, on a Business Day which place and time shall be specified in the notice.
3. **Notice.** The notice of any meeting may but need not specify the purpose of or the business to be transacted at the meeting.
4. **Adjournment.** Any meeting of Trustees may be adjourned from time to time by the chairperson of the meeting, with the consent of the meeting, to another business day at a fixed time and place. Notice of any adjourned meeting of Trustees is not required to be given if the time and place of the adjourned meeting is announced at the original meeting, but notice of the adjourned meeting shall be given to the Trustees not present at such original meeting by delivering (not mailing) the same not less than one day (exclusive of the day on which the notice is delivered but inclusive of the day for which notice is given) before the adjourned meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The Trustees who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.
5. **Minutes of Meetings.** The Chair of Trustees shall appoint a secretary to act as secretary of each meeting of the Trustees and of the Unitholders. Written records and minutes of all meetings of Trustees shall be maintained by the secretary of each meeting and shall be placed in the minute book of the Trust. Any written records and minutes of meetings of any committee of Trustees shall be maintained by the secretary of such meeting but need not be placed in the minute book of the Trust. There shall be inserted or entered into the records and minutes of the meetings of Trustees all written disclosures or requests made to have entered into the minutes of the meeting, of the nature and extent of a Person's interest in a material agreement or transaction or proposed material agreement or transaction with the Trust made pursuant to the Declaration of Trust.

##### FOR THE PROTECTION OF TRUSTEES AND OFFICERS

6. **For the Protection of Trustees and Officers.** The provisions of the Declaration of Trust pertaining to the liability and indemnification of Trustees shall apply *mutatis mutandis* to the officers of the Trust or Persons

who act or acted at the Trust's request as a director or officer of a body corporate of which the Trust is or was a shareholder or creditor, and his heirs and legal representatives.

The Trust shall also indemnify any such Person in such other circumstances as the Declaration of Trust or law permits, subject to the Declaration of Trust, or requires. Nothing in these Trustees' Regulations shall limit the right of any Person entitled to indemnity to claim indemnity apart from the provisions of these Trustees' Regulations to the extent permitted by the Declaration of Trust or law.

## OFFICERS

7. **Appointment and Removal.** The Trustees may annually or more often, pursuant to the provisions of the Declaration of Trust, appoint the officers of the Trust who may or may not be Trustees. Notwithstanding the foregoing, each incumbent officer of the Trust shall continue in office until the earliest of (a) his resignation, which resignation shall be effective at the time a written resignation is received by the Trust or at the time specified in the resignation, whichever is later, (b) the appointment of his successor, (c) his removal, and (d) his death. The Trustees may from time to time and subject to the provisions of the Declaration of Trust, prescribe, vary, add to or limit the duties and powers of any officer.

All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the Trustees at any time, with or without cause.

8. **Chairperson.** The Chair of Trustees shall be appointed from among the Trustees. The Chair shall preside as chair at all meetings of the Trustees and at all meetings of the Unitholders, unless a Trustee who is not the Chair is selected to do so by the Trustees in accordance with the Declaration of Trust.
9. **Powers and Duties.** Subject to the provisions of the Declaration of Trust, all officers of the Trust shall sign such contracts, documents or instruments in writing as require their respective signatures and shall respectively have and perform all powers and duties incident to their respective offices and such other powers and duties respectively as may from time to time be assigned to them by the Trustees.
10. **Duties May be Delegated.** Subject to the provisions of the Declaration of Trust, in case of the absence or inability to act of any officer of the Trust or for any other reason that the Trustees may deem sufficient, the Trustees may delegate all or any of the powers of such officer to any other officer or to any Trustee for the time being.
11. **Vacancies.** If the office of any officer of the Trust shall be or become vacant by reason of death, resignation, removal or otherwise, the Trustees may appoint a Person to fill such vacancy.

## UNITHOLDERS' MEETINGS

12. **Place and Time of Meetings.** Each meeting of the Unitholders shall be held at a place in Canada on a Business Day which place and time shall be specified in the notice calling the meeting.
13. **Notice.** A printed, written or typewritten notice stating the day, hour and place of any meeting of the Unitholders as well as the purpose shall be given by serving such notice on each Unitholder entitled to vote at such meeting, on each Trustee and on the auditor of the Trust in the manner provided for in the Declaration of Trust and in these Trustees' Regulations. A meeting of the Unitholders may be held for any purpose on any day and at any time without notice if all of the Unitholders and all other Persons entitled to attend such meeting are present in Person or, where appropriate, represented by proxy at the meeting (except where a Unitholder or other Person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all of the Unitholders and all other Persons entitled to attend such meeting who are not present in Person or, where appropriate, represented by proxy thereat waive notice before or after the date of such meeting.
14. **Waiver of Notice.** A Unitholder and any other Person entitled to attend a meeting of the Unitholders may in any manner waive notice of a meeting of the Unitholders and attendance of any such Person at a meeting of the Unitholders shall constitute a waiver of notice of the meeting except where such Person attends a

meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

- 15. **Votes.** Every question submitted to any meeting of the Unitholders, other than in respect of a Special Resolution, shall be decided in the first instance by a show of hands unless a Person entitled to vote at the meeting has demanded a ballot.

A ballot may be demanded either before or after any vote by show of hands by any Person entitled to vote at the meeting. If at any meeting a ballot is demanded on the election of a chairperson or on the question of adjournment it shall be taken forthwith without adjournment. If at any meeting a ballot is demanded on any other question or as to the election of Trustees, the vote shall be taken by ballot in such manner and either at once, later in the meeting or after adjournment as the chairperson of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be withdrawn.

Where two or more Persons hold the same Unit or Units jointly, one of those holders present at a meeting of the Unitholders may, in the absence of the other or others, vote the Unit or Units but if two or more of those Persons who are present, in Person or by proxy vote, they shall vote as one on the Unit or Units jointly held by them.

At any meeting of the Unitholders unless a ballot is demanded, a declaration by the chairperson of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

- 16. **Proxies.** At every meeting at which he is entitled to vote, every Unitholder and/or Person appointed by proxy and/or individual so authorized to represent a Unitholder who is present in Person shall have one vote on a show of hands. Upon a ballot at which he is entitled to vote, every Unitholder present in Person or represented by proxy or by an individual so authorized shall (subject to the provisions, if any, of the Declaration of Trust) have one vote for every Unit held by him.

A proxy shall be executed by the Unitholder or his attorney authorized in writing or, if the Unitholder is a body corporate or association, by an officer or attorney thereof duly authorized. If the Units are publicly traded, a proxy appointing a proxyholder ceases to be valid one year from its date.

A proxy may be in the following form:

The undersigned Unitholder of Agellan Commercial Real Estate Investment Trust hereby appoints \_\_\_\_\_ of \_\_\_\_\_ or falling him, \_\_\_\_\_ as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the said meeting of the Unitholders of the said Trust to be held on the day of and at any adjournment thereof in the same manner, to the same extent and with the same power as if the undersigned were present at the said meeting or such adjournment thereof. This proxy is [not] solicited by or on behalf of management of the Trust.

DATED this day of

\_\_\_\_\_  
Signature of Unitholder

The Trustees may from time to time institute procedures regarding the lodging of proxies at some place or places other than the place at which a meeting or adjourned meeting of the Unitholders is to be held and for particulars of such proxies to be sent by telecopier or in writing before the meeting or adjourned meeting to the Trust or any agent of the Trust for the purpose of receiving such particulars and providing that proxies so lodged may be voted upon as though the proxies themselves were produced at the meeting or adjourned meeting and votes given in accordance with such procedures shall be valid and shall be counted. The chairperson of any meeting of the Unitholders may, in his discretion, accept telecopier or written communication as to the authority of any Person claiming to vote on behalf of and to represent a Unitholder

notwithstanding that no proxy conferring such authority has been lodged with the Trust, and any votes given in accordance with such telecopier or written communication accepted by the chairperson of the meeting shall be valid and shall be counted.

17. **Adjournment.** The chairperson of any meeting of the Unitholders may with the consent of the meeting adjourn the same from time to time to another Business Day at a fixed time and place and no notice of such adjournment need be given to the Unitholders. Any business may be brought before or dealt with at any adjourned meeting for which no notice is required which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The Persons who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting the original meeting shall be deemed to have terminated forthwith after its adjournment.

18. **Quorum.** No business shall be transacted at any meeting of the Unitholders unless the requisite quorum be present at the time of the transaction of such business. If a quorum is not present at the time appointed for a meeting of the Unitholders or within 30 minutes thereafter, the Persons present and entitled to vote may adjourn the meeting to another business day not less than 14 days later at a fixed time and place but may not transact any other business and the provisions of paragraph 17 with regard to notice shall apply to such adjournment.
19. **Minutes of Meetings.** Written records and minutes of each meeting of the Unitholders shall be maintained by the secretary of each meeting and shall be placed in the minute book of the Trust.

#### **CERTIFICATES**

20. **Certificates.** Certificates representing Units shall be signed by at least one Trustee or officer of the Trust holding office at the time of signing and unless otherwise decided by the Trustees, by or on behalf of a registrar, transfer agent, branch transfer agent or issuing or other authenticating agent of the Trust and any signatures required on a certificate representing Units may be printed or otherwise mechanically reproduced thereon.

A certificate representing Units containing the signature of a Person which is printed, engraved, lithographed or otherwise mechanically reproduced thereon may be issued notwithstanding that the Person has ceased to be a Trustee or an officer, as the case may be, of the Trust and shall be as valid as if he were a Trustee or an officer, as the case may be, at the date of its issue.

#### **TRANSFER OF UNITS**

21. **Register.** The Register shall be kept as provided for in the Declaration of Trust at the principal office of the Trust in Toronto, Ontario.

#### **VOTING SHARES AND SECURITIES IN BODIES CORPORATE**

22. **Voting Shares and Securities in Bodies Corporate.** All of the shares or other securities carrying voting rights of any body corporate held from time to time by the Trust may be voted at any and all meetings of shareholders or holders of other securities (as the case may be) of such body corporate and in such manner and by such Person or Persons as the Trustees shall from time to time determine. The duly authorized signing officers of the Trust may also from time to time execute and deliver for and on behalf of the Trust proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the Trustees.

#### **NOTICES**

23. **Service.** If a notice or document is sent to a Unitholder by prepaid first-class mail in accordance with the provisions of the Declaration of Trust and the notice or document is returned on three consecutive

occasions because the Unitholder cannot be found, it shall not be necessary to send any further notices or documents to the Unitholder until he informs the Trust in writing of his new address.

24. **Units Registered in More Than One Name.** All notices or other documents with respect to any Units registered in more than one name shall be given to whichever of such Persons is named first in the records of the Trust and any notice or other document so given shall be sufficiently given to all of the holders of such Units.
25. **Deceased Unitholders.** Any notice or other document delivered or sent in a manner contemplated in the Declaration of Trust to the address of any Unitholder as the same appears in the records of the Trust shall, notwithstanding that such Unitholder be then deceased, and whether or not the Trust has notice of his death, be deemed to have been duly served in respect of the Units held by such Unitholder (whether held solely or with any other Person or Persons) until some other Person be entered in his stead in the records of the Trust as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all Persons, if any, interested through him or with him in such Units.
26. **Signature to Notices.** The signature of any Trustee or officer of the Trust to any notice or document to be given by the Trust may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.
27. **Computation of Time.** Where a given number of days' notice or notice extending over a period is required to be given under any provisions of the Declaration of Trust or these Trustees' Regulations, the day of service or posting of the notice or document shall not, unless it is otherwise provided, be counted in such number of days or other period, but the day of receipt of the notice or document shall, unless it is otherwise provided, be counted in such number of days or other period.
28. **Proof of Service.** With respect to every notice or other document sent by post it shall be sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed as provided in the Declaration of Trust and in these Trustees' Regulations and put into a post office or into a letter box. A certificate of an officer of the Trust in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of Units of the Trust as to facts in relation to the sending or delivery of any notice or other document to any Unitholder, Trustee, officer or auditor of the Trust or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every Unitholder, Trustee, officer or auditor of the Trust, as the case may be.

#### **CHEQUES, DRAFTS AND NOTES**

29. **Cheques, Drafts and Notes.** All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or officers of the Trust or Person or Persons, whether or not officers of the Trust, and in such manner as the Trustees may from time to time designate.

#### **CUSTODY OF SECURITIES**

30. **Custody of Securities.** All shares and other securities owned by the Trust shall be lodged (in the name of the Trust) with a chartered bank or a trust company, in a safety deposit box or with a law firm acting on behalf of the Trust or, if so authorized by resolution of the Trustees, with such other depositories or in such other manner as may be determined from time to time by the Trustees.

All shares and other securities belonging to the Trust may be issued, or held in the name of a nominee or nominees of the Trust (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and any shares or other securities so issued or held shall be endorsed in blank with endorsement guaranteed in order to enable transfer to be completed and registration to be effected.

## EXECUTION OF INSTRUMENTS

31. **Execution of Instruments.** All contracts, documents or instruments in writing requiring the signature of the Trust may be signed by any officer or Trustee of the Trust and all contracts, documents and instruments in writing so signed shall be binding upon the Trust without any further authorization or formality. The Trustees shall have power from time to time to appoint any officer or officers, or any Person or Persons, on behalf of the Trust either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The term “contracts, documents or instruments in writing” as used in these Trustees’ Regulations shall include (without limitation) security certificates, deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations and conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures or other securities and all paper writings.

Without limiting the foregoing, any officer or Trustee of the trust shall have authority to sell, assign, transfer, exchange, convert or convey any and all shares, stocks, bonds, debentures, rights, warrants or other securities owned by or registered in the name of the Trust and to sign and execute all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such shares, stocks, bonds, debentures, rights, warrants or other securities.

The signature or signatures of the officers and Trustees of the Trust and/or of any other Person or Persons appointed as aforesaid by the Trustees may, if specifically authorized by the Trustees, be printed, engraved, lithographed or otherwise mechanically reproduced upon any contracts, documents or instruments in writing or bonds, debentures or other securities of the Trust executed or issued by or on behalf of the Trust and all contracts, documents or instruments in writing or bonds, debentures or other securities of the Trust on which the signature or signatures of any one or more of the foregoing officers or Trustees or the officers or Persons authorized as aforesaid shall be so reproduced pursuant to such authorization by the Trustees shall be deemed to have been manually signed by each such officer, Trustee or Person whose signature is so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that any such officer, Trustee or Person whose signature is so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures or other securities of the Trust.

## INCONSISTENCIES WITH DECLARATION OF TRUST OF TRUST

**Inconsistencies.** In the event of any conflict or inconsistency between these Trustees’ Regulations and the provisions of the Declaration of Trust, as amended, restated or amended and restated from time to time, the provisions hereof shall be ineffective and shall be superseded by the provisions of such Declaration of Trust to the extent necessary to resolve such conflict or inconsistency.