



**SMART REAL ESTATE INVESTMENT TRUST**

**Notice of Annual General Meeting  
of Holders of Units and Special Voting Units to be held on  
June 10, 2016  
- and -  
Management Information Circular**

**May 6, 2016**



# SMARTREIT®

## INVITATION TO UNITHOLDERS

May 6, 2016

Dear Fellow Unitholders,

Smart Real Estate Investment Trust (“**SmartREIT**” or “**we**”) is pleased to invite you to join our Board of Trustees (the “**Board**”) and senior management team at the annual general meeting (the “**Meeting**”) of the holders of our Units and Special Voting Units. The meeting will be held at 9:00 a.m. (Toronto time) on June 10, 2016 at St. Andrew’s Club & Conference Centre, 27th Floor, 150 King Street West, Toronto, Ontario.

The Meeting provides SmartREIT’s unitholders with an important opportunity to consider and participate in key matters for SmartREIT, including SmartREIT’s approach to executive compensation, the election of SmartREIT’s trustees and the appointment of SmartREIT’s auditor. The accompanying Management Information Circular describes the business to be conducted at the Meeting and provides information on SmartREIT’s executive compensation and governance practices. At the Meeting, there will be an opportunity to ask questions and meet with management and the Board of Trustees. Huw Thomas, the President and Chief Executive Officer of SmartREIT, will also provide an overview on the direction for SmartREIT in the coming years.

On behalf of the Board, management and employees, we would like to thank you for your consideration of these important matters and for your continued support. We look forward to seeing you at the Meeting.

Sincerely,

Huw Thomas  
Trustee, President and Chief Executive Officer

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**SMART REAL ESTATE INVESTMENT TRUST**  
**NOTICE OF ANNUAL GENERAL MEETING OF VOTING UNITHOLDERS**  
**to be held on June 10, 2016**

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “**Meeting**”) of the holders of Units (“**Units**”) and Special Voting Units (“**Special Voting Units**”) of Smart Real Estate Investment Trust (“**SmartREIT**”) will be held at St. Andrew’s Club & Conference Centre, 27th Floor, 150 King Street West, Toronto, Ontario, on June 10, 2016 at 9:00 a.m. (Toronto time) for the following purposes:

1. To receive and consider the consolidated financial statements of SmartREIT for the year ended December 31, 2015 and the auditor’s report thereon;
2. To elect the persons named as proposed trustees in the Management Information Circular accompanying this Notice of Meeting as trustees of SmartREIT for the ensuing year;
3. To re-appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the auditor of SmartREIT for the ensuing year and to authorize the trustees of SmartREIT to fix the remuneration of such auditor;
4. To consider and vote on an advisory resolution on SmartREIT’s approach to executive compensation, as more particularly set forth in the Management Information Circular accompanying this Notice of Meeting; and
5. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The holders of Units (“**Unitholders**”) and the holders of Special Voting Units (“**Special Voting Unitholders**”) are collectively referred to herein as the “**Voting Unitholders**”. The Units and Special Voting Units are collectively referred to herein as the “**Voting Units**”.

The specific details of the matters proposed to be put before the Voting Unitholders at the Meeting are set forth in the accompanying Management Information Circular. The record date for determination of Voting Unitholders entitled to receive notice of and to vote at the Meeting is April 25, 2016 (the “**Record Date**”). Only Voting Unitholders whose names appear on the register of Voting Unitholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

**A registered Voting Unitholder may attend the Meeting in person or may be represented by proxy. Registered Voting Unitholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the form of proxy accompanying this Notice of Meeting sent to them (the “Form of Proxy”) for use at the Meeting or any adjournment or postponement thereof. To be effective:**

- (a) a Form of Proxy submitted by a registered Unitholder must be received by the Chief Financial Officer of SmartREIT, c/o Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1; and
- (b) a Form of Proxy submitted by a registered Special Voting Unitholder must be received by the Chief Financial Officer of SmartREIT at the head office of SmartREIT located at 700 Applewood Crescent, Suite 200, Vaughan, Ontario L4K 5X3;

**in each case at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment or postponement thereof.**

Non-registered Voting Unitholders who have received a Voting Instruction Form in connection with the Meeting should follow the instructions for completion and delivery as indicated on the form.

**DATED** at the City of Vaughan, in the Province of Ontario, this 6<sup>th</sup> day of May, 2016.

**BY ORDER OF THE BOARD OF TRUSTEES OF SMART  
REAL ESTATE INVESTMENT TRUST**

By:

A handwritten signature in black ink, appearing to read "Huw Thomas". The signature is written in a cursive style with a large initial "H".

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Huw Thomas  
Trustee, President and Chief Executive Officer

## Q&A RELATING TO THE MEETING

### 1. Where and when is the Meeting?

The annual general meeting of voting unitholders of SmartREIT (the “**Meeting**”) will take place at 9:00 a.m. (Toronto time) on June 10, 2016 at St. Andrew’s Club & Conference Centre, 27<sup>th</sup> Floor, 150 King Street West, Toronto, Ontario. You can vote at the Meeting in person (if you are a registered unitholder) or by proxy.

### 2. What are we voting upon at the Meeting?

Unitholders (“**Unitholders**”) are voting on the election of trustees for the coming year and the appointment of auditors. We are seeking the approval of these matters by Unitholders holding at least a majority of the votes cast at the Meeting. Unitholders will also vote on a non-binding say-on-pay advisory resolution as set out in further detail below.

### 3. What is an advisory say-on-pay vote?

The advisory vote on say-on-pay is being provided to allow Unitholders to show their approval or disapproval of SmartREIT’s executive compensation policies which are described in detail in the accompanying Management Information Circular. An advisory vote is non-binding on SmartREIT and it remains the duty of the Board of Trustees and the Corporate Governance and Compensation Committee of SmartREIT to develop and implement appropriate executive compensation policies for SmartREIT. The Corporate Governance and Compensation Committee will take into account the results of the vote when considering future executive compensation arrangements. At SmartREIT’s meeting of Unitholders held on May 26, 2015, Unitholders holding over 99% of the votes cast at the meeting voted in favour of SmartREIT’s approach to executive compensation.

### 4. How do I vote?

If you are a “non-registered” voting Unitholder (a “**Non-Registered Holder**”) because your Units or Special Voting Units (collectively, “**Voting Units**”) are not registered in your name but are instead registered in the name of Canadian Depository for Securities Limited, CDS Clearing and Depository Services Inc., CDS INC., CDS Innovations Inc. or their affiliates (“**CDS**”), or in the name of an intermediary (an “**Intermediary**”) that you deal with in respect of your Voting Units (which may include banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans), SmartREIT has elected to send you copies of the notice of the Meeting (the “**Notice**”), the accompanying Management Information Circular and the voting instruction form (“**VIF**”) (collectively, the “**Meeting Materials**”) indirectly through Intermediaries.

Intermediaries will frequently use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, a Non-Registered Holder who has not waived the right to receive Meeting Materials will be given a VIF by the Intermediary, which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company (as directed in such VIF), will constitute voting instructions which the Intermediary must follow.

Non-Registered Holders are kindly asked to return their voting instructions as specified in the VIF.

If you are a registered voting Unitholder, please refer to the accompanying Management Information Circular for further instructions on how to vote.

**SMART REAL ESTATE INVESTMENT TRUST  
MANAGEMENT INFORMATION CIRCULAR  
For the Annual General Meeting of Voting Unitholders to be held on June 10, 2016**

**MEANING OF CERTAIN REFERENCES**

Certain capitalized terms used in this Circular but not otherwise defined herein have the meaning set forth in the Glossary of Terms attached as Schedule "B" to the Circular. Reference to dollars or "\$" are to Canadian currency.

**SOLICITATION OF PROXIES AND VOTING AT THE MEETING**

**Solicitation of Proxies**

This Circular is furnished in connection with the solicitation of proxies by the management of SmartREIT to be used at the Meeting of Voting Unitholders to be held at St. Andrew's Club & Conference Centre, 27th Floor, 150 King Street West, Toronto, Ontario, on June 10, 2016 at 9:00 a.m. (Toronto time), and at any adjournment thereof, for the purposes set forth in the enclosed Notice of Meeting. Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, teletype or oral communication by trustees, officers, employees or agents of SmartREIT who may be specifically remunerated for such solicitations. All costs of the solicitation will be borne by SmartREIT. The information contained herein is given as of April 25, 2016 unless otherwise specified.

**Appointment and Revocation of Proxies**

If you are a registered Voting Unitholder, you will have received a Form of Proxy with the Notice of Meeting. The persons named in the Form of Proxy are Trustees or officers of SmartREIT. **A registered Voting Unitholder desiring to appoint a person (who need not be a Voting Unitholder) to represent such Voting Unitholder at the Meeting other than the persons designated in the Form of Proxy may do so either by inserting such person's name in the blank space provided in the Form of Proxy and sending or delivering the completed Form of Proxy to the Chief Financial Officer of SmartREIT. To be effective:**

- (a) a Form of Proxy submitted by a registered Unitholder must be received by the Chief Financial Officer of SmartREIT, c/o Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1; and
- (b) a Form of Proxy submitted by a registered Special Voting Unitholder must be received by the Chief Financial Officer of SmartREIT at the head office of SmartREIT located at 700 Applewood Crescent, Suite 200, Vaughan, Ontario L4K 5X3,

**in each case at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment thereof. Failure to so deposit a Form of Proxy shall result in its invalidation.**

**A registered Voting Unitholder who has given a Form of Proxy may revoke it as to any matter on which a vote has not already been held pursuant to its authority by an instrument in writing executed by such Voting Unitholder or by his attorney duly authorized in writing or, if the registered Voting Unitholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the abovementioned office of Computershare on or before the last business day preceding the day of the Meeting or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof. Notwithstanding the foregoing, if a registered Voting Unitholder attends personally at the Meeting, such Voting Unitholder may revoke the proxy and vote in person.**

Registered Voting Unitholders of SmartREIT of record as at the close of business on the Record Date are entitled to receive notice of, to attend and to vote at the Meeting.

**Signature of Proxy**

A Form of Proxy must be executed by the registered Voting Unitholder or his attorney authorized in writing or, if such Voting Unitholder is a corporation, the Form of Proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A Form of Proxy signed by a person acting

as attorney or in some other representative capacity should reflect such person's capacity following his signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with SmartREIT).

### **Voting of Proxies**

The persons named in the Form of Proxy will vote the Voting Units in respect of which they are appointed in accordance with the direction of the Voting Unitholder appointing them. **In the absence of such direction, such Voting Units will be voted in favour of the following resolutions:**

1. **Electing the persons named as proposed trustees in the Circular as Trustees of SmartREIT for the ensuing year;**
2. **Re-appointing PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the auditor of SmartREIT for the ensuing year and authorizing the Trustees to fix the remuneration of the auditor; and**
3. **Accepting SmartREIT's approach to executive compensation, as more particularly set forth in this Circular.**

### **Exercise of Discretion of Proxy**

**The Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and the Circular and with respect to other matters that may properly come before the Meeting.** At the date of the Circular, management of SmartREIT knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

### **Non-Registered Holders**

**Only registered Voting Unitholders or duly appointed proxyholders are permitted to attend and vote at the Meeting. Most Voting Unitholders are "non-registered" Voting Unitholders because the Voting Units they own are not registered in their names but are instead registered in the name of CDS, the depository in which the brokerage firm, or the bank or trust company through which they purchased the Voting Units, is a participant.** A person is a Non-Registered Holder in respect of Voting Units which are held on behalf of that person but which are registered either in the name of an Intermediary or in the name of a clearing agency such as CDS, of which the Intermediary is a participant.

In accordance with the requirements of NI 54-101, SmartREIT has elected to send copies of the Meeting Materials indirectly through Intermediaries to the non-objecting Non-Registered Holders. SmartREIT will pay all costs associated with the sending of the Notice of Meeting and the VIF by the Intermediary to the Non-Registered Holders.

Intermediaries will frequently use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, a Non-Registered Holder who has not waived the right to receive Meeting Materials will be given a VIF by the Intermediary, which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company (as directed in such VIF), will constitute voting instructions which the Intermediary must follow.

Non-Registered Holders are kindly asked to return their voting instructions as specified in the VIF.

VIFs should be completed and returned in accordance with the specific instructions noted thereon. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Voting Units which they beneficially own.

Should a Non-Registered Holder who received a VIF wish to attend the Meeting or to specify someone else to attend on his or her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder, or his or her nominee, the right to attend and vote at the Meeting.

**Non-Registered Holders should return their voting instructions as specified in the VIF. Non-Registered Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.**

## **INFORMATION RESPECTING SMART REAL ESTATE INVESTMENT TRUST**

### **General**

SmartREIT is an unincorporated “open-end” real estate investment trust constituted in accordance with the laws of the Province of Alberta pursuant to the Declaration of Trust. SmartREIT is focused on the ownership and development of high quality retail properties and office space. The principal and head office of SmartREIT is located at 700 Applewood Crescent, Suite 200, Vaughan, Ontario L4K 5X3.

### **Meetings of Voting Unitholders**

The Declaration of Trust provides that meetings of Voting Unitholders must be called and held for, among other matters, the election or removal of Trustees (except filling casual vacancies), the appointment or removal of the auditors of SmartREIT, the approval of amendments to the Declaration of Trust, an increase or decrease in the number of Trustees, the sale of the assets of SmartREIT in its entirety or substantially in its entirety (other than as part of an internal reorganization) or the termination of SmartREIT.

Registered Voting Unitholders may attend and vote at all meetings of Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attaching to all outstanding Voting Units shall constitute a quorum for the transaction of business at all such meetings.

### **Authorized Capital**

The Declaration of Trust authorizes the issuance of an unlimited number of two classes of units: Units and Special Voting Units.

As of the Record Date, SmartREIT had 129,190,078 Units and 25,531,639 Special Voting Units (not including the Additional Special Voting Units, as defined below) outstanding for a total of 154,721,717 outstanding Voting Units (not including the Additional Special Voting Units).

As described below, pursuant to the Voting Top-Up Right held by the MG Entities, SmartREIT had 896,010 Additional Special Voting Units outstanding as of the Record Date.

Limited partnership subsidiaries of SmartREIT have issued 25,531,639 Exchangeable Securities, including Class B LP Units and Class D LP Units, which are exchangeable on a one-for-one basis for Units (subject to any anti-dilution adjustments). Such Exchangeable Securities are economically equivalent to Units as they are entitled to distributions equal to those on the Units and are exchangeable for Units on a one-for-one basis. The issue of a Class B LP Unit and Class D LP Unit is accompanied by a Special Voting Unit that entitles the holder to vote at meetings of Voting Unitholders, as described in more detail below.

### **Units**

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit represents an equal fractional undivided beneficial interest in any distributions from SmartREIT, and in the net assets of SmartREIT in the event of termination or winding-up of SmartREIT. All Units are of the same class with equal rights and privileges, subject to the Voting Top-Up Right described below. Each Unit is transferable, entitles the holder thereof to participate equally in distributions, including the distributions of net income and net realized capital gains of SmartREIT and distributions on liquidation, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of Unitholders for each Unit held.

### **Special Voting Units**

An unlimited number of Special Voting Units may be created and issued pursuant to the Declaration of Trust. Special Voting Units shall only be issued by SmartREIT from time to time in connection with or in relation to

Exchangeable Securities on such terms and conditions as may be determined by the Trustees. Each Special Voting Unit shall entitle the holder of a Special Voting Unit to such number of votes at meetings of Voting Unitholders as is equal to the number of Units into which the Exchangeable Security to which such Special Voting Unit relates (other than an Exchangeable Security owned by SmartREIT or any subsidiary of SmartREIT) is then exchangeable or convertible for. For greater certainty, holders of Special Voting Units shall not be entitled, by virtue of their holding of Special Voting Units, to distributions of any nature whatsoever from SmartREIT nor shall they have any beneficial interest in any assets of SmartREIT on termination or winding up of SmartREIT. Special Voting Units are not separately transferable from the Exchangeable Security to which they relate and are automatically redeemed and cancelled upon the exercise or conversion of such Exchangeable Security.

Notwithstanding the foregoing, if in any given 365 day period prior to July 1, 2020, the average weighted aggregate number of Special Voting Units plus Units held or controlled by Mitchell Goldhar (while he remains alive) or the MG Entities (if Mitchell Goldhar is not alive) (not including any Additional Special Voting Units issued to the MG Entities as described below) is equal to or greater than the lesser of (i) 20% of the aggregate issued and outstanding Units plus Special Voting Units and (ii) 20,000,000 Units plus Special Voting Units provided that such securities represent no less than 10% of the voting rights attached to all of the issued and outstanding Units and Special Voting Units, then so long as Mr. Mitchell Goldhar or another individual appointed by the MG Entities remains a Trustee and the MG Entities directly or indirectly beneficially own or control less than 25% of the voting rights attached to all voting securities of SmartREIT, SmartREIT shall issue such number of additional Special Voting Units (“**Additional Special Voting Units**”) which will entitle Mitchell Goldhar (while he remains alive) or the MG Entities (if Mitchell Goldhar is not alive) to cast 25% of the votes eligible to be cast at a meeting of the holders of Voting Units (the “**Voting Top-Up Right**”). Mitchell Goldhar beneficially owned or controlled 22.5% of the Voting Units as of the Record Date (including all issued and outstanding Additional Special Voting Units). As a result, SmartREIT issued 896,010 Additional Special Voting Units to an entity controlled by Mitchell Goldhar so as to entitle Mitchell Goldhar to 25% of the votes to be cast at the Meeting.

### Principal Voting Unitholders

To the knowledge of SmartREIT, as at April 25, 2016, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of SmartREIT carrying more than 10% of the voting rights attached to any class of voting securities of SmartREIT except as set out below:

Voting Unitholder and Municipality of Residence	Type of Ownership	Units		Special Voting Units <sup>(2)</sup>		Voting Units	
		Number	Percentage	Number	Percentage	Number	Percentage
Mitchell Goldhar <sup>(1)</sup> Vaughan, ON	Beneficial	13,765,585	10.7%	21,924,798	83.0%	35,690,383	25%

Notes:

- (1) These Voting Units are held by certain members of the Penguin Group.
- (2) The Penguin Group also own 21,028,788 Class B LP Units with which such Special Voting Units are associated and that are exchangeable on a one-for-one basis for Units (subject to any anti-dilution adjustments). The foregoing includes 896,010 Additional Special Voting Units (with which the Class B LP Units are associated) issued to the MG Entities pursuant to the Voting Top-Up Right. See “Information Respecting Smart Real Estate Investment Trust – Special Voting Units”.

### Trustees

The following charts and notes thereto set out certain information with respect to each of the individuals to be nominated for election as a Trustee of SmartREIT at the Meeting or to be appointed by the MG Entities upon the conclusion of the Meeting (see “Particulars of Matters to be Acted Upon – Election of Trustees”). Trustees elected at the Meeting, or appointed by the MG Entities, will hold office from and after the closing of the Meeting until the conclusion of the next meeting of Voting Unitholders held to elect Trustees, unless re-elected or re-appointed at that meeting.



**HUW THOMAS, FCPA, FCA**

Age: 63

Ontario, Canada

*Trustee since 2011, President and CEO since July 2013*

**NOT INDEPENDENT<sup>(1)</sup>**

**Areas of Expertise:**

- Real estate
- Financial
- Investment
- Retail

**Principal Occupation**

Huw Thomas was appointed Interim President and Chief Executive Officer of SmartREIT in March 2013 and permanent President and Chief Executive Officer effective July 29, 2013. Previously, Mr. Thomas served in various senior financial roles at Canadian Tire Corporation Limited, including nine years as Chief Financial Officer from 2000 to 2009 and, from November 2009 until December 2010, as Executive Vice-President, Financial Strategy and Performance. Member of the board of directors, a member of the Audit Committee and a member of the Nominating and Governance Committee of Dollarama Inc. since 2011. Chairman and Chairman of the Audit Committee of K.P. Tissue Inc. from December 2012 until March 2014. Member of the board of trustees and Chairman of the Audit Committee of Chartwell Retirement Residences since March 2012. Trustee of SmartREIT since April 1, 2011 and Chairman of the Audit Committee from April 1, 2011 to March 2013. Member of the board of trustees of Connors Bros. Income Fund from 2005 to 2008. Mr. Thomas holds a Bachelor of Science degree in Economics from the University of London (U.K.), and is a U.K. Chartered Accountant and a fellow of the Ontario Institute of Chartered Professional Accountants.

**Other Public Board Memberships**

Dollarama Inc.  
Chartwell Retirement Residences

Board/Committee Memberships	Attendance at Regular Meetings	Attendance at Special Meetings	Overall Attendance
Board	4/4	1/1	100%
Investment Committee <sup>(2)</sup>	1/1	n/a	

**Securities Beneficially Owned or Controlled as at April 25, 2016**

<u>Voting Units</u>		<u>Deferred Units</u>		<u>Total Units</u>		<u>Unit Ownership Requirement<sup>(5)</sup></u>	
Number	Market Value	Number <sup>(3)</sup>	Market Value <sup>(4)</sup>	Number	Market Value	Minimum Ownership Requirement	Complies with Minimum Ownership Requirement
0	\$0	80,888	\$2,705,704	80,888	\$2,705,704	\$2,100,000	Yes (1.3 times requirement)

**Voting Results of 2015 Annual General and Special Meeting**

# Votes For	% Votes For	# Votes Withheld	% Votes Withheld
102,780,471	98.96	1,075,303	1.04

Notes:

- (1) As a senior officer of SmartREIT, Mr. Thomas is deemed not to be independent under NI 58-101. See "Information Respecting Smart Real Estate Investment Trust – Governance – Board of Trustees – Independence".
- (2) Mr. Thomas resigned as a member of the Investment Committee effective July 2, 2015 in connection with the 2015 Transactions.
- (3) This amount includes both vested and unvested Deferred Units held by Mr. Thomas pursuant to the Deferred Unit Plan. For further information, see "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan".
- (4) This amount was determined by multiplying the aggregate number of vested and unvested Deferred Units held by Mr. Thomas by the closing price of the Units on the TSX on April 25, 2016.
- (5) See "Information Respecting Smart Real Estate Investment Trust – Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by CEO".
- (6) Mr. Thomas is also a member of the Executive Committee and Real Estate Committee, which were established in connection with the 2015 Transactions and are comprised of executive officers of SmartREIT.



**MITCHELL GOLDHAR**

Age: 54

Ontario, Canada

*Trustee since 2005, Chair effective May 28, 2015*

**NOT INDEPENDENT<sup>(1)</sup>**

**Areas of Expertise:**

- Real estate
- Financial
- Property development
- Retail

**Principal Occupation**

Mitchell Goldhar is the owner of the Penguin group of companies (formerly the SmartCentres group of companies). Mr. Goldhar has been in the real estate development business for over 25 years. Since opening the first new Canadian Walmart store in Barrie, Ontario in 1994, Mr. Goldhar has developed over 200 shopping centres across Canada (including the development of 174 Walmart stores). Mr. Goldhar is a graduate of York University with a Bachelor of Political Science (1985). He teaches at the University of Toronto, Rotman School of Management and is a Director Emeritus of The Hospital for Sick Children, after serving a 9-year term on the board. Mr. Goldhar is also a member of the board of directors of Indigo Books & Music Inc. Trustee of SmartREIT since July 8, 2005 and Chair of the Board since May 28, 2015.

**Other Public Board Memberships**

Indigo Books & Music Inc.

Board/Committee Memberships	Attendance at Regular Meetings	Attendance at Special Meetings	Overall Attendance
Board (Chair)	3/4	n/a	80%
Investment Committee	1/1	n/a	

**Securities Beneficially Owned or Controlled as at April 25, 2016**

<u>Voting Units</u>		<u>Deferred Units</u>		<u>Total Units</u>		<u>Unit Ownership Requirement<sup>(5)</sup></u>	
Number <sup>(2)</sup>	Market Value <sup>(3)</sup>	Number	Market Value <sup>(4)</sup>	Number	Market Value	Minimum Ownership Requirement	Complies with Minimum Ownership Requirement
35,690,383	\$1,193,843,311	48,607	\$1,625,904	35,738,990	\$1,195,469,216	\$225,000	Yes (5313 times requirement)

**Voting Results of 2015 Annual General and Special Meeting**

Mr. Goldhar was appointed as a trustee by the MG Entities pursuant to their rights under the Declaration of Trust. See “Information Respecting Smart Real Estate Investment Trust – Trustees.”

Notes:

- (1) Mr. Goldhar holds a controlling equity interest in the Penguin Group, certain members of which have entered into the Governance and Investor Rights Agreement, a development services agreement, a services agreement, a trade-mark licence agreement and various other agreements with SmartREIT and its subsidiaries that are significant to SmartREIT. He is therefore not considered to be an independent Trustee under NI 58-101. See “Information Respecting Smart Real Estate Investment Trust – Governance – Board of Trustees – Independence”.
- (2) This amount includes 13,765,585 Units and 21,028,788 Special Voting Units beneficially owned or controlled by Mr. Goldhar. Mr. Goldhar beneficially owns or controls 21,028,788 Class B LP Units that are associated with such Special Voting Units and are exchangeable into Units. This amount also includes 896,010 Additional Special Voting Units issued in connection with the Meeting.
- (3) This amount was determined by multiplying the number of Voting Units (other than Additional Special Voting Units) held by Mr. Goldhar by the closing price of the Units on the TSX on April 25, 2016. For these purposes, it has been assumed that Special Voting Units (other than Additional Special Voting Units) beneficially owned or controlled by Mr. Goldhar have a value equal to the value of the underlying Exchangeable Securities for which such Special Voting Units have been issued and it has been assumed that such Exchangeable Securities have a value equal to the value of the Units for which they may be exchanged. It has further been assumed that the Additional Special Voting Units have a value of \$nil as they are not coupled with any Exchangeable Securities.
- (4) This amount was determined by multiplying the aggregate number of Deferred Units held by Mr. Goldhar by the closing price of the Units on the TSX on April 25, 2016.
- (5) See “Information Respecting Smart Real Estate Investment Trust – Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees”.
- (6) Mr. Goldhar also has the right to be an observer on the Real Estate Committee.



**JAMIE MCVICAR, M.B.A., LL.B**

Age: 58

Alberta, Canada

*Trustee since 2001*

**INDEPENDENT**

**Areas of Expertise:**

- Real estate
- Financial
- Legal
- Property development

**Principal Occupation**

Chief Financial Officer then Vice President Finance and Administration at Devonian Properties Inc., a property development company, from October 2000 to October 2011, whose job responsibilities included overseeing the preparation of audited financial statements for several joint venture investment vehicles and corporate financial statements. President of Newell Post Developments Ltd., a property development company, from June 1998 to June 2000. Legal counsel for Oxford Development Group, a property development company, from 1988 to June 1998. Mr. McVicar is currently a Director of Steel Reef Infrastructure Corp. Trustee of SmartREIT since December 4, 2001 and has served as a member of SmartREIT's Audit Committee since 2004. Mr. McVicar has a Bachelor of Commerce from the University of Alberta (1980), Bachelor of Laws from the University of Western Ontario (1981) and Masters of Business Administration from the University of Toronto (1982).

**Other Public Board Memberships**

None

<b>Board/Committee Memberships</b>	<b>Attendance at Regular Meetings</b>	<b>Attendance at Special Meetings</b>	<b>Overall Attendance</b>
Board	4/4	1/1	100%
Audit Committee	5/5	n/a	
Corporate Governance and Compensation Committee <sup>(1)</sup>	5/5	n/a	
Independent Trustees	n/a	n/a	

**Securities Beneficially Owned or Controlled as at April 25, 2016**

<b><u>Voting Units</u></b>		<b><u>Deferred Units</u></b>		<b><u>Total Units</u></b>		<b><u>Unit Ownership Requirement<sup>(4)</sup></u></b>	
Number	Market Value <sup>(2)</sup>	Number	Market Value <sup>(3)</sup>	Number	Market Value	Minimum Ownership Requirement	Complies with Minimum Ownership Requirement
52,850	\$1,767,833	74,555	\$2,493,865	127,405	\$4,261,697	\$142,500	Yes (29.9 times requirement)

**Voting Results of 2015 Annual General and Special Meeting**

<b># Votes For</b>	<b>% Votes For</b>	<b># Votes Withheld</b>	<b>% Votes Withheld</b>
101,578,845	97.81	2,276,929	2.19

Notes:

- (1) Mr. McVicar is the chair of the CGCC.
- (2) This amount was determined by multiplying the number of Voting Units held by Mr. McVicar by the closing price of the Units on the TSX on April 25, 2016.
- (3) This amount was determined by multiplying the aggregate number of Deferred Units held by Mr. McVicar by the closing price of the Units on the TSX on April 25, 2016.
- (4) See "Information Respecting Smart Real Estate Investment Trust – Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".



**KEVIN PSHEBNISKI, LL.B**

Age: 53  
Arizona, USA

*Trustee since 2001*

**INDEPENDENT**

**Areas of Expertise:**

- Real estate
- Financial
- Legal
- Property development

**Principal Occupation**

President of Hopewell Development Corporation, a property development company, from September 1998 to present. Chief Operating Officer of Hopewell Development Corporation from September 1997 to September 1998. Vice-President of Hopewell Group of Companies from January 1996 to September 1997. Trustee of SmartREIT since December 4, 2001 and has served on the Audit Committee since 2012. Mr. Pshebniski holds a Bachelor of Science (Geology Major) and a Bachelor of Laws from the University of Manitoba.

**Other Public Board Memberships**

None

Board/Committee Memberships	Attendance at Regular Meetings	Attendance at Special Meetings	Overall Attendance
Board	4/4	1/1	100%
Audit Committee	5/5	n/a	
Investment Committee	1/1	n/a	
Special Committee <sup>(1)</sup>	15/15	n/a	
Independent Trustees	n/a	n/a	

**Securities Beneficially Owned or Controlled as at April 25, 2016**

<u>Voting Units</u>		<u>Deferred Units</u>		<u>Total Units</u>		<u>Unit Ownership Requirement<sup>(4)</sup></u>	
Number	Market Value <sup>(2)</sup>	Number	Market Value <sup>(3)</sup>	Number	Market Value	Minimum Ownership Requirement	Complies with Minimum Ownership Requirement
27,263	\$911,947	66,768	\$2,233,390	94,031	\$3,145,337	\$120,000	Yes (26.2 times requirement)

**Voting Results of 2015 Annual General and Special Meeting**

# Votes For	% Votes For	# Votes Withheld	% Votes Withheld
99,152,725	95.47%	4,704,049	4.53

Notes:

- (1) Mr. Pshebniski was a member of the Special Committee formed in connection with the 2015 Transactions.
- (2) This amount was determined by multiplying the number of Voting Units held by Mr. Pshebniski by the closing price of the Units on the TSX on April 25, 2016.
- (3) This amount was determined by multiplying the aggregate number of Deferred Units held by Mr. Pshebniski by the closing price of the Units on the TSX on April 25, 2016.
- (4) See "Information Respecting Smart Real Estate Investment Trust – Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".



**MICHAEL YOUNG**

Age: 71  
Texas, USA

*Trustee since 2003, Lead Independent Trustee effective May 28, 2015*

**INDEPENDENT**

**Areas of Expertise:**

- Real estate
- Financial
- Investment

**Principal Occupation**

President of Quadrant Capital Partners Inc., a private equity firm in Dallas, Texas since November 2003. Managing Director for CIBC World Markets from 1994 to October 2003 and was appointed Global Head of Real Estate for CIBC World Markets in 1997. He was a Director of Brookfield Residential Properties Inc. from March 2011 until March 2015. Mr. Young has also been the Chairman of the board of trustees of Milestone Apartments Real Estate Investment Trust since January 2013. Trustee of SmartREIT since November 11, 2003, Chair of the Board from July 1, 2014 to May 28, 2015 and Lead Independent Trustee since May 28, 2015. Mr. Young holds a Bachelors degree from the University of Western Ontario (1967).

**Other Public Board Memberships**

Milestone Apartments Real Estate Investment Trust

Board/Committee Memberships	Attendance at Regular Meetings	Attendance at Special Meetings	Overall Attendance
Board (Lead Independent Trustee)	4/4	1/1	88%
Investment Committee <sup>(1)</sup>	1/1	n/a	
Corporate Governance and Compensation Committee	5/5	n/a	
Special Committee <sup>(2)</sup>	12/15	n/a	
Independent Trustees	n/a	n/a	

**Securities Beneficially Owned or Controlled as at April 25, 2016**

Voting Units		Deferred Units		Total Units		Unit Ownership Requirement <sup>(5)</sup>	
Number	Market Value <sup>(3)</sup>	Number	Market Value <sup>(4)</sup>	Number	Market Value	Minimum Ownership Requirement	Complies with Minimum Ownership Requirement
175,350	\$5,865,458	25,060	\$838,257	200,410	\$6,703,715	\$135,000	Yes (49.7 times requirement)

**Voting Results of 2015 Annual General and Special Meeting**

# Votes For	% Votes For	# Votes Withheld	% Votes Withheld
103,325,099	99.49	530,675	0.51

Notes:

- (1) Mr. Young is the chair of the Investment Committee.
- (2) Mr. Young was a member of the Special Committee formed in connection with the 2015 Transactions.
- (3) This amount was determined by multiplying the number of Voting Units held by Mr. Young by the closing price of the Units on the TSX on April 25, 2016.
- (4) This amount was determined by multiplying the aggregate number of Deferred Units held by Mr. Young by the closing price of the Units on the TSX on April 25, 2016.
- (5) See "Information Respecting Smart Real Estate Investment Trust – Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".

 <p><b>GREGORY HOWARD</b> Age: 60 Ontario, Canada <i>Trustee since 2015</i> <b>NOT INDEPENDENT<sup>(1)</sup></b> <b>Areas of Expertise:</b></p> <ul style="list-style-type: none"> <li>• Real estate</li> <li>• Financial</li> <li>• Legal</li> <li>• Property development</li> </ul>	<b>Principal Occupation</b>						
	<p>Greg Howard is a senior partner at Davies Ward Phillips &amp; Vineberg LLP, one of Canada's leading law firms, and is one of Canada's pre-eminent real estate lawyers. His wide-ranging expertise includes commercial real estate acquisitions and dispositions, joint ventures, development projects, project financing, commercial leasing, REITs, private equity funds, workouts, strategic planning and corporate matters. He has been recognized as one of the country's leading real estate lawyers by Chambers Global, The Legal 500, Real Estate Law and numerous other sources. He obtained his LL.B. (with Honours) from the University of Toronto Faculty of Law in 1978 and was admitted to the Ontario Bar in 1980. Trustee of SmartREIT since July 2, 2015.</p>						
	<b>Other Public Board Memberships</b>						
None							
<b>Board/Committee Memberships</b>							
	<b>Attendance at Regular Meetings (2)</b>	<b>Attendance at Special Meetings<sup>(2)</sup></b>	<b>Overall Attendance</b>				
Board	2/2	n/a	100%				
Investment Committee	n/a	n/a					
Corporate Governance and Compensation Committee	2/2	n/a					
<b>Securities Beneficially Owned or Controlled as at April 25, 2016</b>							
<b>Voting Units</b>		<b>Deferred Units</b>		<b>Total Units</b>		<b>Unit Ownership Requirement<sup>(4)</sup></b>	
Number	Market Value	Number	Market Value <sup>(3)</sup>	Number	Market Value	Minimum Ownership Requirement	Complies with Minimum Ownership Requirement
0	\$0	1,839	\$61,515	1,839	\$61,515	\$120,000	In progress
<b>Voting Results of 2015 Annual General and Special Meeting</b>							
Mr. Howard was appointed as a trustee by the MG Entities pursuant to their rights under the Declaration of Trust effective July 2, 2015. See "Information Respecting Smart Real Estate Investment Trust – Trustees."							

Notes:

- (1) Mr. Howard is a partner at Davies Ward Phillips & Vineberg LLP, a law firm that provides legal services to SmartREIT and the MG Entities from time to time. He is also appointed to the Board by the MG Entities. Neither of these facts result in Mr. Howard not qualifying as independent under applicable securities laws for general purposes. However, under the TSX rules and the Institutional Shareholder Services guidelines, Mr. Howard may be considered not independent by virtue of his relationships to SmartREIT and the MG Entities. Accordingly, the Board has determined that Mr. Howard is not independent for the purposes of NI 58-101.
- (2) This attendance record reflects Mr. Howard's attendance at meetings held since his appointment as Trustee and member of the Investment Committee and CGCC effective July 2, 2015.
- (3) This amount was determined by multiplying the aggregate number of Deferred Units held by Mr. Howard by the closing price of the Units on the TSX on April 25, 2016.
- (4) See "Information Respecting Smart Real Estate Investment Trust – Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".



**GARRY FOSTER, FCPA, FCA**

Age: 64

Ontario, Canada

Trustee since 2013

**INDEPENDENT**

**Areas of Expertise:**

- Real estate
- Financial
- Retail

**Principal Occupation**

Vice Chairman, Deloitte Canada from 2006 to 2013 and the National Managing Partner of Deloitte's Technology, Media and Telecommunication practice from 1998 to 2006. Mr. Foster was a member of the Deloitte's board of directors from 2004 to 2012. He is currently the President and Chief Executive Officer of Baycrest Foundation, and has previously served as the Chairman of the board of directors of Baycrest Centre for Geriatric Care. Mr. Foster has served as the Chair of the Presto Fare Card Committee since August 2015. Mr. Foster is also currently the Chief Executive Officer of Cortleigh Capital Inc. Mr. Foster is a Chartered Professional Accountant, holds a Bachelor of Business Administration (1974) and a Masters of Business Administration from Schulich School of Business (1975) and an ICD.D certification from the Rotman School of Business (2009). Trustee of SmartREIT since May 1, 2013.

**Other Public Board Memberships**

None

Board/Committee Memberships	Attendance at Regular Meetings	Attendance at Special Meetings	Overall Attendance
Board	4/4	1/1	100%
Investment Committee	1/1	n/a	
Audit Committee <sup>(1)</sup>	5/5	n/a	
Special Committee <sup>(1)</sup>	15/15	n/a	
Independent Trustees	n/a	n/a	

**Securities Beneficially Owned or Controlled as at April 25, 2016**

Voting Units		Deferred Units		Total Units		Unit Ownership Requirement <sup>(4)</sup>	
Number	Market Value <sup>(2)</sup>	Number	Market Value <sup>(3)</sup>	Number	Market Value	Minimum Ownership Requirement	Complies with Minimum Ownership Requirement
790	\$26,426	28,372	\$949,043	29,162	\$975,469	\$150,000	Yes (6.5 times requirement)

**Voting Results of 2015 Annual General and Special Meeting**

# Votes For	% Votes For	# Votes Withheld	% Votes Withheld
103,543,400	99.70	312,374	0.30

Notes:

- (1) Mr. Foster is the chair of the Audit Committee and acted as Chair of the Special Committee formed in connection with the 2015 Transactions.
- (2) This amount was determined by multiplying the number of Voting Units held by Mr. Foster by the closing price of the Units on the TSX on April 25, 2016.
- (3) This amount was determined by multiplying the aggregate number of Deferred Units held by Mr. Foster by the closing price of the Units on the TSX on April 25, 2016.
- (4) See "Information Respecting Smart Real Estate Investment Trust – Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the best of the knowledge of the management of SmartREIT, no person who is a proposed trustee of SmartREIT:

- (a) is, as at the date of the Circular, or has been, within 10 years before the date of the Circular, a director, chief executive officer or chief financial officer of any company (including SmartREIT) that,
  - (i) was subject to an order (as defined below) that was issued while the proposed trustee was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed trustee 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
- (b) is, as at the date of the Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including SmartREIT) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of the Circular, 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 the proposed trustee.

For the purposes of (a) above, “**order**” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

## Governance

### *Introduction*

The Board believes that sound governance practices are essential to achieve the best long-term interests of SmartREIT and the enhancement of value for all security holders. The CSA have issued NP 58-201 and have also adopted NI 58-101, which requires Canadian reporting issuers to annually disclose their corporate governance practices. Below is a discussion on the current composition of the Board and the current governance practices of SmartREIT.

### *Alignment of Interests with Unitholders*

The Board believes that an important element of sound governance is the alignment of interests between the Trustees, senior officers and Unitholders. This is achieved, in part, by encouraging investment in SmartREIT by the Trustees and senior officers through the Deferred Unit Plan (see “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan”). As well, SmartREIT introduced a long term incentive plan in 2013 to further align the incentives of certain senior officers of SmartREIT as determined by the Board from time to time with the long-term interest of its Unitholders. See “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long-Term Incentive Plan”.

### *Minimum Unit Ownership by Trustees*

SmartREIT encourages its Trustees to hold an equity position in SmartREIT. To this end, all Trustee compensation is eligible for investment in the Deferred Unit Plan. For further information, see “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan”.

The Board has adopted a policy whereby each Trustee is required to hold Units (and/or Deferred Units under the Deferred Unit Plan) with an aggregate value of not less than three times the annual retainer paid to the Trustee. Each Trustee will have three years from the date of that Trustee’s appointment to meet this ownership requirement. As of April 25, 2016, each of the Trustees then in office, excluding Mr. Howard, met this ownership requirement. Further, the Trustees, in aggregate, have increased the number of Units they hold by approximately 18.8% in the last 12 months. Please see the individual profiles on pages 5-11 of the Circular under the section “Information Respecting Smart Real Estate Investment Trust – Trustees” which set out the equity holdings, as at April 25, 2016, of each of the individuals to be nominated for election as a Trustee of SmartREIT at the Meeting or to be appointed by the MG Entities upon the conclusion of the Meeting.

*Minimum Unit Ownership by CEO*

The Board has adopted a policy whereby the CEO is required to hold Units (and/or Deferred Units under the Deferred Unit Plan, including both vested and unvested Deferred Units) with an aggregate value of not less than three times the annual base salary paid to the CEO. The CEO will have three years from the date of the CEO’s appointment to meet this ownership guideline. Mr. Thomas was appointed the President and CEO of SmartREIT effective July 29, 2013.

The following table sets out a summary of Mr. Thomas’ ownership of Units and Unit equivalents as at April 25, 2016:

<b>Required Multiple</b>	<b>Voting Units (\$)</b>	<b>Deferred Units (\$)</b>	<b>Total Units and Unit Equivalents (\$)</b>	<b>Total Ownership as a Multiple of Base Salary</b>
<b>3x</b>	nil	2,705,704	2,705,704	1.3

\* LTIP Units awarded to Mr. Thomas are not included in this tabulation, as the LTIP Units can only be settled for cash and therefore do not count towards Mr. Thomas’s Unit ownership. See “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan”.

*Minimum Unit Ownership by Executive Officers*

In order to further align the interests of executives with the interests of Unitholders, SmartREIT has ownership guidelines for its executive officers. Under the ownership guidelines, each of the named executive officers (as defined in Form 51-102F6 – *Statement of Executive Compensation*) (other than the CEO, who is subject to the ownership requirements discussed under “– Minimum Unit Ownership by CEO”) is required to hold Units (and/or Deferred Units under the Deferred Unit Plan) with an aggregate value of not less than 1.5 times the annual base salary paid to such named executive officer. Each named executive officer (other than the CEO) will have three years from the date of such named executive officer’s appointment to meet this ownership guideline. As of April 25, 2016, each named executive officer subject to the policy, excluding Mauro Pambianchi, met this ownership requirement.

***Board of Trustees***

*Composition*

The Board is currently composed of seven individuals. As of April 25, 2016, the members of the Board are Huw Thomas, Mitchell Goldhar, Jamie McVicar, Michael Young, Kevin Pshebniski, Gregory Howard and Garry Foster.

*Independence*

The principle factor underlying the determination of Trustee “independence” is whether or not a particular Trustee has a “material relationship” with SmartREIT which is a relationship which could be reasonably expected to interfere with the exercise of the Trustee’s independent judgement. Notwithstanding the foregoing, in the opinion of the CSA, as set out in NI 58-101, certain relationships are deemed to be “material relationships”. The following analysis has been based upon the definition of “material relationship” as set out in NI 58-101.

Four of the current and proposed Trustees to be elected at the Meeting qualify as independent under NI 58-101: Jamie McVicar, Kevin Pshebniski, Michael Young and Garry Foster. Kevin Pshebniski is the President of Hopewell, a company with which SmartREIT entered into a purchase and sale and a development agreement on June 21, 2007. Almost all of the work pursuant to these agreements was completed, and all consideration pursuant to these agreements was paid, by 2010, and any residual obligations of Hopewell are not considered material to SmartREIT

nor to Hopewell. Mr. Pshebniski is therefore considered an independent Trustee. Prior to the 2012 Meeting, Michael Young had been appointed to the Board by PII, a company controlled by Mitchell Goldhar who holds a significant interest in SmartREIT. At the 2012 Meeting and, subsequently, at the annual general and special meeting of Voting Unitholders held on May 9, 2013, the annual general meeting of Voting Unitholders held on May 8, 2014 and the annual general and special meeting of Voting Unitholders held on May 26, 2015, management of SmartREIT nominated Michael Young for election as Trustee. Mr. Young has again been nominated for election as a Trustee at the Meeting. The Board has considered the relationship of Mr. Young to SmartREIT and, by virtue of Mr. Young's prior nomination by the MG Entities, to the MG Entities and has determined that Mr. Young does not have a material relationship with SmartREIT that could be reasonably expected to interfere with the exercise of his independent judgement. Accordingly, Mr. Young is an independent Trustee within the meaning set out in NI 58-101.

Gregory Howard was appointed to the Board by the MG Entities effective July 2, 2015. Mr. Howard is a partner at Davies Ward Phillips & Vineberg LLP, a law firm that provides legal services to SmartREIT and the MG Entities from time to time. Neither of these facts result in Mr. Howard not qualifying as independent under applicable securities laws for general purposes. However, under the TSX rules, Mr. Howard may be considered not independent by virtue of his relationships to SmartREIT and the MG Entities. Accordingly, the Board has determined that Mr. Howard is not independent for the purposes of NI 58-101.

Huw Thomas was an independent Trustee prior to assuming the position of President and CEO. As a senior officer of SmartREIT, he is deemed not to be independent under NI 58-101.

Mitchell Goldhar also does not qualify as independent under NI 58-101. Mitchell Goldhar owns the Penguin Group, which has entered into service, licensing and development agreements that are material to SmartREIT and is therefore not considered to be an independent Trustee.

#### *Independent Chairs and Independent Trustees*

SmartREIT believes that separating the position of Chair and the position of CEO and having a Lead Independent Trustee is important in effectively providing independent Board oversight and in holding management accountable to the Board for SmartREIT's operations.

Each of the Chair, the CEO and the Lead Independent Trustee have separate position descriptions as outlined under the section "-Position Descriptions".

In addition, the chair of each Board committee is an independent Trustee. Garry Foster is the Chair of the Audit Committee. Michael Young is the Chair of the Investment Committee. Jamie McVicar is the Chair of the CGCC. Garry Foster is the primary contact under the Board's "Whistleblower" policy as discussed under "Ethical Business Conduct".

The independent Trustees meet at every Board meeting and otherwise as they deem necessary. The goal of the independent Trustees is to provide corporate governance by overseeing the activities of the Board and management to ensure all decisions are made in the best interests of SmartREIT and its Unitholders. The independent Trustees report to the full Board after each meeting with any identified issues. Issues requiring further actions will be tabled, responsibility assigned and a reporting deadline agreed upon.

#### *Board and Committee Attendance*

The table below shows the record of attendance by trustees at meetings of the Board and its committees, as well as the number of Board and Board committee meetings held during the 12-month period ended December 31, 2015.

Trustee	Number and % of Meetings Attended								
	Board	Audit Committee	Investment Committee	CGCC	Special Meetings of the Board	Special Meetings of the Independent Trustees	Special Committee of the Board	Committees (Total) <sup>(1)</sup>	Overall
Huw Thomas	4/4 100%	5/5 <sup>(2)</sup>	1/1 <sup>(3)</sup>	n/a	1/1	n/a	15/15 <sup>(2)</sup>	6/6 100%	26/26 100%
Mitchell Goldhar	3/4 75%	n/a	1/1	n/a	n/a	n/a	n/a	1/1 100%	4/5 80%
Jamie McVicar	4/4 100%	5/5	n/a	5/5	1/1	n/a	7/7 <sup>(4)</sup>	10/10 100%	22/22 100%
Kevin Pshebniski	4/4 100%	5/5	1/1	n/a	1/1	n/a	15/15	6/6 100%	26/26 100%
Michael Young	4/4 100%	n/a	1/1	5/5	1/1	n/a	12/15	6/6 100%	23/26 88%
Gregory Howard <sup>(5)</sup>	2/2 100%	n/a	n/a	2/2	n/a	n/a	n/a	2/2 100%	4/4 100%
Garry Foster	4/4 100%	5/5	1/1	n/a	1/1	n/a	15/15	6/6 100%	26/26 100%

Notes:

- (1) Does not include the special meetings of committees.
- (2) Huw Thomas attended these meetings as a member of management and an observer at the request of the Special Committee.
- (3) Huw Thomas resigned as a member of the Investment Committee effective July 2, 2015.
- (4) Jamie McVicar attended these meetings as an observer at the request of the members of the Special Committee.
- (5) Gregory Howard was appointed as Trustee and a member of the Investment Committee and the CGCC effective July 2, 2015. His attendance record reflects his attendance at meetings held since July 2, 2015.

### ***Individual Voting in Trustee Elections***

The Board has adopted a policy that allows for Voting Unitholders to vote for the election of individual Trustees at each annual meeting of Voting Unitholders rather than for a fixed slate of Trustees. In addition, the Board has adopted a policy stipulating that if the votes in favour of the election of a Trustee nominee at the Meeting represent less than a majority of the Units voted and withheld, the nominee will submit his or her resignation promptly after the Meeting for the consideration of the CGCC. The CGCC will make a recommendation to the Board after reviewing the matter, and the Board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the Meeting. The nominee will not participate in any CGCC or Board deliberations on the resignation offer. The policy does not apply in circumstances involving contested elections.

### ***Board Mandate***

The Board is responsible for the stewardship of SmartREIT. The Board supervises management of SmartREIT with the goal of providing stable and growing cash distributions and enhancing long-term Unitholder value. Management, in turn, is responsible for the day-to-day management of the business and affairs of SmartREIT and its subsidiaries. Management is also responsible for establishing strategic planning initiatives for SmartREIT. The Board assists in the development of these goals and strategies by acting as a sounding board and by contributing ideas. The Board ultimately approves the strategic plan, taking into account the risks and opportunities of the business of SmartREIT. The Board approves all significant decisions that affect SmartREIT before they are implemented, supervises the implementation and reviews the results.

The Board has specifically assumed responsibility for:

- (a) participating in the development of the strategic plan;
- (b) identifying and managing business risks;
- (c) verifying the integrity and adequacy of SmartREIT's internal controls and management information systems;
- (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 management and the performance of its subsidiaries;
- (g) succession planning;
- (h) ensuring effective and adequate communication with Unitholders and other stakeholders as well as the public at large; and
- (i) establishing committees of the Board, where required, and defining their mandates.

In addition, the Board has adopted a mandate that expands upon its objectives and responsibilities. The full text of the Board mandate is attached as Schedule “A” to the Circular.

### *Position Descriptions*

#### *Chair of each Board Committee*

The Board has not developed written position descriptions for the chair of each Board committee. However, the Board has adopted written mandates for the Board and for each Board committee. The Board as a whole and the members of each Board committee are responsible for taking such steps as may be necessary to ensure that the Board and the committees of the Board fulfill their respective mandates.

#### *Chair*

The Board has developed a position description for the Chair of SmartREIT, which affirms that the Chair is expected to provide leadership to the Board in discharging its mandate.

The Chair is responsible for, among other things, overseeing the Board’s discharge of its duties; governing the conduct of the Board; assisting Board committees; reviewing and monitoring the long term business plan, strategies and policies of SmartREIT; and presiding over meetings of the Board.

#### *Chief Executive Officer*

The Board has developed a position description for the CEO involving the definition of the CEO’s responsibilities, which are subject to the limits prescribed in the Executive Committee and Real Estate Committee mandates (see “ – Executive Committee” and “– Real Estate Committee”). In addition, the Board has developed objectives which the CEO is responsible for meeting and the Board assesses the CEO against those objectives.

In addition, the Board has developed a procedure to manage succession for the position of CEO should that position become vacant for any reason. Pursuant to that succession planning procedure, it is contemplated that the Board will appoint an existing and duly qualified member of the Board or management to serve as interim CEO while an independent external executive management search firm is retained to canvass for qualified external candidates in addition to any qualified internal candidates that may be identified by the Board. See “Information Respecting Smart Real Estate Investment Trust – Talent Management and Succession Planning Philosophy”.

#### *Lead Independent Trustee*

The Board appointed a Lead Independent Trustee of SmartREIT effective May 28, 2015. The Board has developed a position description for the Lead Independent Trustee, which affirms that the Lead Independent Trustee is expected to facilitate the functioning of the Board independently of management of SmartREIT and to provide independent leadership to the Board.

The Lead Independent Trustee is responsible for, among other things, acting as a leader for the independent Trustees; in the absence of the Chair, acting as chair of meetings of the Board; reviewing with the Chair and CEO items of importance for consideration by the Board; serving as an independent contact for independent Trustees on matters in respect of which the Chair has a conflict of interest; organizing and presenting the agenda for *in camera* meetings of the independent Trustees based on input from the Trustees and management; and communicating with the Chair and senior officers of SmartREIT so that they are aware of concerns of the independent Trustees, Unitholders and other stakeholders of SmartREIT.

### ***Orientation and Continuing Education***

The Board and management of SmartREIT have established an orientation and education program for new Trustees and new committee members regarding the role of the Board, its committees and the Trustees and the nature and operation of SmartREIT's business. This includes the provision of SmartREIT's core governance and financial reporting documents, comprised of the Declaration of Trust, the mandates and recent agendas, materials and minutes of the Board and its committees, the financial statements for the previous four quarters, the latest annual information form and management information circular, the codes of conduct and the disclosure policy, all of which are to be reviewed and discussed with a combination of representatives of management and the chairs of the committees. Further, every Trustee has access to management and relevant business information and management makes regular presentations to the Board on the main areas of SmartREIT's business. At least annually, the Board reviews the skills, knowledge and effectiveness of the Board, its committees and individual Trustees.

Trustees are encouraged to attend industry presentations, seminars and courses to deepen their understanding and knowledge of the business and operations of SmartREIT. In 2015, Trustees participated in the following:

<b>Topic/Event</b>	<b>Date</b>	<b>Presented/Hosted By</b>	<b>Attended By</b>
Focus on the Audit Committee	January 2015	Deloitte	Garry Foster
Issues for the Human Resources Committee	April 2015	Deloitte	Garry Foster
RealREIT Conference	September 2015	REALpac	Garry Foster
Disruption and Innovation – Are Directors Sufficiently Engaged?	October 2015	Deloitte	Garry Foster
Emerging Trends in Real Estate	October 2015	PwC	Garry Foster
Cybersecurity	October 2015	ICD	Jamie McVicar
Compensation Committees	October 2015	ICD	Jamie McVicar
Calgary Real Estate Forum	October 2015	Informa Canada Inc.	Kevin Pshebniski
Audit Committees	November 2015	ICD	Jamie McVicar
Annual Calgary CBRE Capital Markets Investment Update	December 2015	CBRE	Kevin Pshebniski
Colliers Annual Market Update	December 2015	Colliers International	Kevin Pshebniski

### ***Ethical Business Conduct***

The Board has adopted a written code of conduct for the Trustees and a written code of conduct for officers and employees of SmartREIT and its subsidiaries. A copy of each code of conduct may be obtained electronically at [www.sedar.com](http://www.sedar.com).

The Code of Business Conduct for Associates stipulates that officers and employees of SmartREIT and its subsidiaries will deal openly and honestly with investors, tenants, suppliers and colleagues. The Code of Business Conduct for Associates strives to create a culture in SmartREIT and its subsidiaries that values honesty, high ethical standards and compliance with laws, rules and regulations. In addition, the Code of Business Conduct for Associates includes SmartREIT's policies on human rights, equal opportunity employment, sexual harassment and workplace harassment. The Board has also adopted a separate insider trading policy effective November 9, 2015.

The Trustee Code of Conduct stipulates that the Trustees must act in an ethical and lawful manner while recognizing their responsibility to represent SmartREIT's best interests. The Trustee Code of Conduct provides that as fiduciaries of SmartREIT, the Trustees are expected to provide leadership in upholding and requiring adherence to applicable laws and must observe a high standard of morality in the conduct of their duties as Trustees regardless of their personal or financial interests. The Trustee Code of Conduct includes SmartREIT's policies on insider trading for Trustees, treatment of confidential information and intellectual property of SmartREIT, media statements, anti-corruption and the receiving and giving of gifts by Trustees.

The Board monitors compliance by having the Trustees and the officers and employees of SmartREIT and its subsidiaries annually certify that they have read and complied with the Trustee Code of Conduct or Code of Conduct for Associates, as applicable. The Trustees and the officers and employees of SmartREIT and its subsidiaries are

encouraged to raise compliance concerns with the Board, the Chair or the chair of the CGCC, in the case of the Trustees, and their manager or executive manager or the human resources department of SmartREIT, in the case of officers and employees of SmartREIT.

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitations on SmartREIT. Given that the Trustees of SmartREIT are engaged in a wide range of real estate and other business activities, the Declaration of Trust contains provisions, similar to those contained in the *Canada Business Corporations Act*, that require each Trustee to disclose to SmartREIT any interest in a material contract or transaction or proposed material contract or transaction with SmartREIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture arrangement) 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 SmartREIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that 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 SmartREIT or request to have entered into the minutes of the meeting of the 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 is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration as a Trustee, officer, employee or agent of SmartREIT or one for indemnity under the provisions of the Declaration of Trust or liability insurance.

The Board has advised each of the executive officers of SmartREIT and its subsidiaries that the terms of their employment require such executive officers to follow the same disclosure procedures and practices outlined above when such executive officers are in a situation that is, or may be considered to be, a “conflict of interest”.

The Audit Committee has also adopted a “whistleblower” policy that sets out procedures which allow Trustees, directors, officers and employees of SmartREIT and its subsidiaries to file reports on a confidential and anonymous basis with the appropriate arm’s length third parties regarding any concerns about accounting, internal accounting controls or auditing matters.

### *Nomination of Trustees*

The Board has appointed the CGCC which is responsible for, among other items: (i) reviewing the size and composition of the Board, (ii) recommending candidates for election to the Board, (iii) reviewing credentials of nominees for re-election, and (iv) recommending candidates for filling vacancies on the Board.

The Board reviews its size and composition from time to time to determine their impact on its effectiveness. The Board believes that a board of seven to nine Trustees is an appropriate size for a public entity with a capitalization and business of SmartREIT’s size. The Board is currently comprised of seven Trustees. However, the Board may determine to increase the size of the board to nine Trustees, as discussed under the heading “Particulars of Matters to be Acted Upon – Election of Trustees”. The Board believes that its current Trustees, and the proposed Trustees to be elected or appointed at the Meeting, comprise an appropriate mix of individuals with real estate, financial, legal, property development, non-real estate investment and retail industry experience. Set forth below is a skills matrix, as determined by the Board, with respect to the current members of the Board.

<b>Trustee</b>	<b>Real Estate</b>	<b>Financial</b>	<b>Legal</b>	<b>Property Development</b>	<b>Investment</b>	<b>Retail Industry</b>
Huw Thomas	x	x			x	x
Mitchell Goldhar	x	x		x		x
Jamie McVicar	x	x	x	x		
Kevin Pshebniski	x	x	x	x		
Michael Young	x	x			x	
Gregory Howard	x	x	x	x		
Garry Foster	x	x				x

With respect to recommending candidates for election to the Board, the CGCC initially determines the preferred traits, skills and experience of potential candidates. All Trustees and members of management are encouraged to propose candidates to the Committee through their business networks and contacts, with the Committee reviewing and considering all prospects against the identified criteria. All candidates are vetted by the full Committee and selected based on majority vote, which selections are then recommended to the full Board for approval, where the majority of the Trustees are independent. A quorum for the transaction of business of the CGCC is two and the CGCC must be composed of a minimum of three Trustees, meaning that the member of the CGCC appointed by the MG Entities (if any) does not have a veto in the case of nominating new Trustees.

### *Gender Diversity*

SmartREIT recognizes the value and importance of diversity at the Board level. For SmartREIT, diversity includes gender, sexual preference, disability, age, ethnicity, business experience, functional expertise, stakeholder expectations, culture and geography. Although diversity was a previous factor considered in the nomination of new Trustees, this year the Board adopted a written board diversity policy (the “**Board Diversity Policy**”) that memorializes SmartREIT’s belief in diversity and the benefits that diversity can bring to the organization.

SmartREIT seeks to maintain a Board comprised of talented and dedicated Trustees whose skills and backgrounds reflect the diverse nature of the business environment in which it operates. Accordingly, the composition of the Board is intended to reflect a diverse mix of skills, experience, knowledge and backgrounds, including an appropriate number of women Trustees. Board diversity promotes the inclusion of different perspectives and ideas, and ensures that SmartREIT has the opportunity to benefit from all available talent. The promotion of a diverse Board makes prudent business sense, helps maintain a competitive advantage and makes for better corporate governance.

In accordance with the Board Diversity Policy, the CGCC will periodically assess the skills, experience, knowledge and backgrounds of its Trustees in light of the needs of the Board, including the extent to which the current composition of the Board reflects a diverse mix of skills, experience, knowledge and backgrounds, including an appropriate number of female Trustees. The CGCC will review the Board Diversity Policy annually and assess its effectiveness in promoting a diverse Board with appropriate female representation. Since the Board Diversity Policy is new, there has not been sufficient opportunity to measure the effectiveness or the progress of the policy.

SmartREIT also believes that a diversity of backgrounds, opinions and perspectives and a culture of inclusion at the operational level helps to create a healthy and dynamic workplace, which improves overall business performance. To this end, the CGCC periodically reviews the succession plans relating to executive officers of SmartREIT to ensure that qualified personnel, reflecting a diverse population, are available for succession to senior management positions. The CGCC reviews the succession plans annually to assess their effectiveness in promoting a diverse management team with a view to the best interests of the Unitholders, which may include representation from an appropriate number of female executives.

In identifying nominees for election at the Meeting and candidates for executive officer positions, the CGCC does not target a specific representation of women. Gender diversity is one of several important factors that the CGCC takes into consideration in identifying nominees for the Board and qualified candidates to serve as executive officers of SmartREIT. The CGCC believes that each potential nominee should be evaluated based on his or her individual merits and experience, taking into account the needs of SmartREIT, the benefits of diversity and the current composition of the Board and management team.

### *Compensation*

The Board, through its CGCC, periodically reviews the adequacy and form of compensation provided to its Trustees and executive officers. The CGCC considers the time commitment, risks and responsibilities of Trustees and executive officers and takes into account the types of compensation and the amounts paid to directors and/or Trustees and executive officers of comparable publicly traded Canadian companies. No current or proposed member of the CGCC is an officer of SmartREIT, and, as such, the Board feels that the CGCC conducts its activities in an objective manner.

## ***Board Committees***

### *General*

The Trustees may appoint from among their number one or more committees of Trustees and may, subject to applicable law and to any provision in the Declaration of Trust to the contrary, delegate to such committee or committees any of the powers of the Trustees.

The Board has three standing committees: the Audit Committee, the Investment Committee and the CGCC. The Board may establish additional or special committees from time to time in its discretion.

As two of the Trustees are currently appointed by the MG Entities, certain Trustees who are independent of the MG Entities meet separately from time to time to consider matters relating to strategy and SmartREIT's relationship with the MG Entities, among other matters.

### *Audit Committee*

Pursuant to the Declaration of Trust, the Trustees shall appoint an Audit Committee to consist of not less than three Trustees. The Audit Committee shall be composed of Trustees who comply with the provisions of National Instrument 52-110 – *Audit Committees* respecting financial literacy and independence. Subject to the delegation to the Audit Committee of such other responsibilities as are determined by the Trustees from time to time and subject to such changes to its form and function as may be mandated by any relevant regulatory authorities, the Audit Committee shall:

- (a) review SmartREIT's procedures for internal control with the external auditor and SmartREIT's Chief Financial Officer;
- (b) review the engagement of the external auditors;
- (c) review and recommend to the Trustees for approval annual and quarterly financial statements and accompanying notes and management's discussion and analysis of financial condition and results of operation;
- (d) assess SmartREIT's financial and accounting personnel; and
- (e) review any significant transactions outside SmartREIT's ordinary course of business, cash position and all pending litigation involving SmartREIT.

The external auditor of SmartREIT is entitled to receive notice of every meeting of the Audit Committee and, at the expense of SmartREIT, to attend and be heard thereat and, if so requested by a member of the Audit Committee, shall attend any meeting of the Audit Committee held during the term of office of the external auditor.

For further details on the Audit Committee, please refer to the section entitled "Audit Committee" in the Annual Information Form of SmartREIT dated February 10, 2016 prepared for the financial year ended December 31, 2015.

### *Investment Committee*

Pursuant to the Declaration of Trust, the Trustees shall appoint an Investment Committee to consist of not less than three Trustees and not more than five Trustees, a majority of whom shall be outside Trustees (i.e. independent of management), two of whom shall be Trustees appointed by the MG Entities for so long as the MG Entities are the beneficial owners in aggregate of in excess of 15% of the issued and outstanding Voting Units (unless the prior written consent to the contrary or a written waiver of the MG Entities, acting through one representative, is obtained) and Mitchell Goldhar remains alive and two-thirds of whom shall have had at least 5 years of substantive experience in the real estate industry. The duties of the Investment Committee are to:

- (a) review all proposals regarding investments;
- (b) review and approve or reject proposed acquisitions and dispositions of investments by SmartREIT or any of its subsidiaries or affiliates that do not exceed the applicable financial thresholds determined by the Trustees;
- (c) review and approve or reject proposed transactions on behalf of SmartREIT or any of its subsidiaries or affiliates that do not exceed the applicable financial thresholds determined by the Trustees; and

- (d) review and approve or reject all borrowings and the assumption or granting of any mortgage or other security interest in real property, including any assignment of rents and other monies derived from or related to real property, by SmartREIT or any of its subsidiaries and affiliates that do not exceed the applicable financial thresholds determined by the Trustees from time to time.

Where for any reason a member of the Investment Committee is disqualified from voting on or participating in a decision, any other independent and disinterested Trustee not already a member of the Investment Committee may be designated by the Trustees to act as an alternate. The Investment Committee shall be entitled to delegate its responsibility to the management of SmartREIT for the foregoing matters provided that such matters do not exceed the applicable financial thresholds determined by the Trustees from time to time to be appropriate for management to consider and approve and may provide additional requirements, including setting out pre-determined financing terms, requiring management to review a matter with the chair of the Investment Committee prior to approving such matter and requiring appropriate reporting requirements.

Notwithstanding the foregoing, in order to ensure compliance with the applicable securities laws relating to related party transactions, including the rules prescribed by Multinational Instrument 61-101 – *Take-Over Bids and Special Transactions*, all related party transactions will be approved by either the disinterested members of the Board or the disinterested members of the Investment Committee and any Trustees with an interest in such a transaction will abstain from voting.

Notwithstanding the appointment of the Investment Committee and its ability to delegate to the management of SmartREIT, the Trustees may consider and approve any matter which the Investment Committee or the management of SmartREIT has the authority to consider or approve. The Trustees must also consider and approve any matter which exceeds the financial thresholds as determined by the Trustees from time to time.

#### *Corporate Governance and Compensation Committee*

Pursuant to the Declaration of Trust and except as otherwise set forth below, the Trustees shall appoint a CGCC to consist of not less than three Trustees and not more than four Trustees, one of whom shall be a Trustee appointed by the MG Entities for so long as the MG Entities are the beneficial owners in aggregate of in excess of 15% of the issued and outstanding Voting Units (unless the prior written consent to the contrary or a written waiver of the MG Entities, acting through one representative, is obtained) and Mitchell Goldhar remains alive. The duties of the CGCC will be to review the governance of SmartREIT with the responsibility for SmartREIT's corporate governance, human resources and compensation policies. In particular, the CGCC is responsible for:

- (a) assessing the effectiveness of the Board and each of its committees;
- (b) considering questions of management succession;
- (c) participating in the recruitment and selection of candidates as Trustees;
- (d) considering and approving proposals by the Trustees to engage outside advisers on behalf of the Board;
- (e) administering SmartREIT's long term incentive plans;
- (f) assessing the performance of the CEO;
- (g) reviewing and approving the compensation of senior management and consultants of SmartREIT and its subsidiaries; and
- (h) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to the Trustees.

Where for any reason a member of the CGCC is disqualified from voting on or participating in a decision, any other independent and disinterested Trustee not already a member of the CGCC may be designated by the Trustees to act as an alternate.

Until the earlier of (i) the date that is five years from May 28, 2015 and (b) the date on which the MG Entities no longer beneficially own Voting Units representing at least 10% of the issued and outstanding Voting Units:

- (a) notwithstanding the foregoing, the CGCC shall consist of not more than three Trustees, one of whom shall be a Trustee appointed by the MG Entities, who, for greater certainty, shall not be required to be independent for purposes of applicable securities laws, but, for greater certainty, at

least two members of the CGCC shall be independent for purposes of the applicable securities laws and shall be independent of Mitchell Goldhar and any MG Entity; and

- (b) the mandate of the CGCC shall include the following responsibilities:
  - (i) the appointment and removal of the Chief Operating Officer and the Chief Development Officer of SmartREIT;
  - (ii) reviewing and approving any change in the compensation, including benefits, of the Chief Operating Officer and the Chief Development Officer of SmartREIT (other than any change to Unit based compensation plans generally applicable to all senior executives) where such change may be adverse to such officer; and
  - (iii) reviewing and approving significant changes in the responsibilities of the Chief Operating Officer and the Chief Development Officer of SmartREIT.

All decisions of the CGCC relating to the matters described in paragraph (b) above require the unanimous approval of the members of the CGCC. Notwithstanding the appointment of the CGCC, the Trustees may consider and approve any matter which the CGCC has authority to consider or approve.

The CGCC is composed of Trustees who are knowledgeable about issues related to human resources, leadership, compensation, governance and risk management. Each such Trustee's understanding of such issues may be enhanced by participating in educational programs (see "Information Respecting Smart Real Estate Investment Trust – Governance – Orientation and Continuing Education"). For more information on the experiences of each committee member, as well as their occupations and education, please see the individual profiles on pages 5 – 11 of the Circular under the section "Information Respecting Smart Real Estate Investment Trust – Trustees".

#### *Executive Committee*

Pursuant to the terms of the Governance and Investor Rights Agreement, SmartREIT established the Executive Committee comprised of SmartREIT's CEO, Chief Financial Officer, Chief Operating Officer, Chief Development Officer, Executive Vice President, Portfolio Management and Investments (formerly, the position of Executive Vice President (Asset Management)) and such other senior management as the CEO shall designate from time to time, provided that the Executive Committee shall be comprised of a maximum of seven senior employees of SmartREIT. Under the direction of the CEO, the Executive Committee is responsible for overseeing all significant matters affecting SmartREIT. For so long as the MG Entities beneficially own Units and Special Voting Units representing at least 10% of the outstanding Units and Special Voting Units, the Executive Committee will be maintained by SmartREIT and will include the CEO, the Chief Operating Officer and the Chief Development Officer.

#### *Real Estate Committee*

Pursuant to the terms of the Governance and Investor Rights Agreement, SmartREIT established the Real Estate Committee comprised of SmartREIT's CEO, Chief Financial Officer, Chief Operating Officer, Chief Development Officer, Executive Vice President, Portfolio Management and Investments and certain executives and leaders of the business units transferred to SmartREIT pursuant to the 2015 Platform Transaction.

For a period of five years from May 28, 2015 and during an additional five year period (if the term is extended by Mitchell Goldhar), so long as the MG Entities beneficially own Units and Special Voting Units representing at least 10% of the outstanding Units and Special Voting Units:

- (a) SmartREIT will maintain the Real Estate Committee which will be comprised of the CEO, Chief Financial Officer, Chief Operating Officer, Chief Development Officer, Executive Vice President, Portfolio Management and Investments, the individuals who head up each business unit of SmartREIT, the individuals who head up each of the leasing and construction functions in SmartREIT, and such other persons as the CEO may designate from time to time; and
- (b) the following matters are subject to review by the Real Estate Committee:
  - (i) the acquisition or disposition of any property adjacent to an existing property owned by SmartREIT or any MG Entity or with a price in excess of \$5,000,000;
  - (ii) the commencement of any new development project with Walmart Canada Realty Inc. or any of its affiliates as a tenant;

- (iii) all matters that are subject to the approval of the management committee, the investors committee or any co-owners committee in respect of the joint venture with Walmart Canada Realty Inc. or any of its affiliates;
- (iv) any lease with, or parcel sale to, a tenant for premises with an area in excess of 35,000 square feet, or any buy out of, renewal or extension of, acceptance of surrender of, material amendment to or any other material dealing with, or exercise of remedies under, any such lease;
- (v) any development project in excess of \$20,000,000 that actually or is forecast to exceed the then approved development budget for such project by more than 2%;
- (vi) any redevelopment of a property involving estimated total expenditures in excess of \$5,000,000;
- (vii) on a quarterly basis and at any other time as needed, the marketing and other plans to develop the brands of SmartREIT;
- (viii) the annual leasing plan of SmartREIT;
- (ix) on an annual basis, the portfolio of properties and land held by SmartREIT; and
- (x) any other real estate or brand related matter that (x) the CEO proposes be reviewed by the Real Estate Committee or (y) Mitchell Goldhar proposes be reviewed by the Real Estate Committee, subject to approval of such proposal by the CEO, acting reasonably.

The Governance and Investor Rights Agreement provides Mitchell Goldhar with the right to be an observer on the Real Estate Committee and the right to receive notice of all meetings of the Real Estate Committee and all meeting materials at the same time as the members of the Real Estate Committee (except materials in respect of matters in which any MG Entity is the counterparty) and to attend and, in his capacity as an observer, participate at all meetings of the Real Estate Committee (except the portion of a meeting in respect of matters in which any MG Entity is the counterparty).

***Hugessen Consulting Inc.***

In 2015, the CGCC again retained the services of Hugessen Consulting Inc. (“**Hugessen**”), an independent executive compensation consultant, to provide advice on matters related to executive compensation and corporate governance. At the direction of the chair of the CGCC, Hugessen worked with the CGCC to provide the following services for the CGCC during the year ended December 31, 2015:

- (a) Review and assessment of legacy compensation programs of SmartREIT and the Penguin group of companies which were in place prior to the 2015 Transactions;
- (b) Analysis of total direct compensation for senior executives in the competitive market; and
- (c) Assistance with the development of SmartREIT’s new compensation structure and policies following the 2015 Transactions.

Hugessen’s fees incurred during 2015 and 2014 regarding services provided to SmartREIT are as follows:

<b>Year</b>	<b>Executive Compensation Related Fees</b>
Year ended December 31, 2015	\$72,818.76
Year ended December 31, 2014	\$8,175.00

Hugessen does not provide any services to SmartREIT other than those provided to the CGCC, and the fees paid to Hugessen represented less than 5% of SmartREIT’s annual revenue in each of fiscal 2015 and fiscal 2014.

All of the executive compensation recommendations are made by the CGCC alone and may reflect factors and considerations other than the information and advice provided by Hugessen.

### *Assessments of Trustees*

The CGCC annually conducts a peer evaluation process to provide feedback to individual Trustees, including the chairs of each Board committee, on their effectiveness. The survey requires that every Trustee assess the contribution of each of his peers. The CGCC also conducts an annual evaluation of the effectiveness of the Board and each of the committees of the Board. The latter survey covers the operation of the Board and its committees, the adequacy of information provided to Trustees, Board structure and agenda planning for Board meetings. These assessments take into account the Board mandate and the relevant committee mandates. The results of the surveys form the basis of recommendations to the Board for change.

### *Board Renewal and Retirement*

SmartREIT does not have a mandatory age for the retirement of Trustees and there are no term limits. Instead, the CGCC reviews the composition of the Board on a regular basis in relation to approved trustee criteria and skill requirements and recommends changes as appropriate to renew the Board. The chair of the CGCC leads the effort to identify and recruit candidates to join the Board in current and future years, with a focus on enhancing the Board's diversity in accordance with the Board Diversity Policy. While term limits can be a way to effect change on boards, the CGCC believes that the imposition of trustee term limits implicitly discounts the value of experience and institutional memory on the Board and runs the risk of excluding effective Board members who have longstanding knowledge of SmartREIT and its operations as a result of an arbitrary determination. The CGCC believes that it can achieve the right balance between continuity and encouraging turnover and independence without mandated term limits and relies on its annual trustee assessment procedures in this regard. See “– Assessment of Trustees” for further details on such procedures.

### *Insurance for Trustees and Officers*

SmartREIT maintains trustees' and officers' liability insurance for the Trustees and officers of SmartREIT. The current trustees' and officers' liability insurance policies are in effect until July 1, 2016. The annual premium for the primary trustees' and officers' liability insurance policy is \$75,050 with a policy limit of \$15,000,000. This is coupled with additional premiums of \$65,050 for three excess layers, to create a policy limit of \$50,000,000. There is an additional limit of \$20,000,000 of Excess Side A DIC (Difference in Conditions) coverage with an annual premium of \$25,950. Therefore, the total limit for the trustees' and officers' liability insurance policy is \$70,000,000 and the total premiums are \$166,075 for the current term. No portion of the premium is directly paid by any of the Trustees. Under the policy, there is no deductible for individual Trustees, but a deductible of \$100,000 per loss must be absorbed by SmartREIT, except for securities claims, which have a \$250,000 deductible. No claims have been made or paid under such policy to date.

## **Executive Compensation**

### *Compensation Discussion and Analysis*

#### *Objectives and Design*

SmartREIT's goal is to provide Unitholders with stable and growing cash distributions by focusing on the ownership and development of high quality retail properties, enhancing the value through effective management, leasing and development of its assets, and effective control of long-term cost of capital. The objective of SmartREIT's executive compensation program is to attract, retain and motivate qualified individuals to its senior management team. To achieve that goal, SmartREIT is committed to a compensation policy that is competitive, drives business performance and encourages Unit ownership.

SmartREIT's executive compensation program is designed to provide commensurate reward for services rendered and appropriate incentive for the senior management team to implement both short-term and long-term strategies aimed at increasing Unitholder value and creating economic value for SmartREIT. SmartREIT's executive compensation strategy is therefore significantly weighted towards pay-for-performance components. Actual incentive rewards are directly linked to the results of SmartREIT and its senior management team. Financial and operational performance targets set each year represent targeted improvements to SmartREIT's financial and operational results and are therefore aligned with Unitholder interests. While performance targets are set each year, the CGCC is not tied to these criteria; it retains the discretion to alter the performance targets in response to outside economic conditions.

### *Components*

The main components of SmartREIT's executive compensation program are base salary, annual incentive bonuses and long-term incentives in the form of Deferred Units granted in accordance with the Deferred Unit Plan and LTIP Units granted in accordance with the LTIP put into place effective July 1, 2013.

#### *Base Salary*

SmartREIT reviews the compensation practices of other large Canadian publicly traded real estate entities with similar attributes to SmartREIT (and in particular those with market capitalizations in excess of \$2 billion) to ensure the base salary and annual and long term incentives that it is paying to its executive officers are competitive. Some of these large Canadian publicly traded real estate entities include:

- (a) Allied Properties Real Estate Investment Trust
- (b) Boardwalk Real Estate Investment Trust
- (d) Canadian Apartment Properties Real Estate Investment Trust
- (e) Canadian Real Estate Investment Trust
- (f) Cominar Real Estate Investment Trust
- (g) Dream Office Real Estate Investment Trust
- (h) First Capital Realty Inc.
- (i) H&R Real Estate Investment Trust
- (j) RioCan Real Estate Investment Trust

It also reviews the compensation practices of other real estate entities through the Real Property Association of Canada Compensation Survey ("**REALpac Survey**"). The REALpac Survey is comprised of over 40 publicly traded and private real estate entities from Canada and 85 North American entities. The goal of the review is to allow SmartREIT to retain the flexibility to change compensation as it deems necessary, while providing a guideline to ensure compensation levels remain competitive and within the overall goals of SmartREIT; it is therefore not to ensure that SmartREIT's compensation is fixed to a certain percentile. As such, the survey data is only one factor in the determination of compensation.

#### *Annual Incentives – Bonuses*

SmartREIT pays annual incentive bonuses to its named executive officers in order to incentivize and reward them for the positive performance of SmartREIT and individually in a given year. Annual incentive bonuses are paid to a maximum, generally, of 50% to 60% of each executive officer's annual base salary (60% for the CEO). Such annual incentive bonuses are based upon the assessment by the Board of the performance of each executive officer. SmartREIT measures the performance of its executive officers against a set of trust-level performance metrics and personal-level (i.e. position specific) performance metrics reflective of SmartREIT's strategic goals. Generally speaking, the trust-level performance metrics, in aggregate, account for between 60% to 80% of the maximum bonus payable to each named executive officer and the personal-level performance metrics, in aggregate, account for between 20% to 40%, depending on the particular named executive officer's employment or service agreement. In the event of unforeseen or unusual circumstances, the CGCC has the discretion to revise the weighting such that the trust-level performance metrics, in aggregate, account for 60% of the maximum bonus payable, the personal-level metrics, in aggregate, account for 20% and a subjective component accounts for the remaining 20%. In 2015, the CGCC determined that there were no unforeseen or unusual circumstances warranting the exercise of its discretion. Throughout the year, the Board may review the underlying strategy of SmartREIT and determine that the pursuit of a particular target becomes less relevant, or possibly deleterious, or that an additional target is desirable. Therefore, these performance metrics are guidelines for the gauging of performance and are not intended to be inflexible targets. As such, the criteria for the calculation of bonuses and the payment of such bonuses remain at the discretion of the Board.

#### *Trust-Level Performance Metrics*

Trust-level performance metrics include the broad, trust-wide objectives that drive SmartREIT's overall financial and operating performance. Many of these metrics are largely consistent year over year and include targets for

Funds from Operations, acquisitions and developments, leasing and occupancy levels, financing and staff succession and turnover. The weighting of the metrics may be revised annually to reflect shifting priorities. Finally, targets may be introduced for limited timeframes relating to a particular initiative, such as the introduction of new accounting software.

For each of the trust-level performance metrics, where appropriate, SmartREIT establishes a “base” level of achievement and a “target” level of achievement. When established, it is expected by SmartREIT that the “base” levels of achievement for each performance metric are attainable with reasonable diligence while attainment of the “target” levels of achievement would result from superior performance. As a guideline, achievement of “base” levels would earn 50% of the particular metric while achievement of “target” levels would earn 100%. The trust-level performance metrics were determined in this manner prior to the completion of the 2015 Transactions. Following completion of the 2015 Transactions, the CGCC approved an additional level of achievement, the “maximum” level. As a guideline, achievement of “maximum” levels of achievement would earn up to 150% of a particular metric. The CGCC has discretion when the results fall between the “base” and “target” levels and the “target” and “maximum” levels to determine the achievement level.

For the fiscal year ended December 31, 2015, the trust-level performance metrics included the following items, respective weighting and results achieved by the executive officers:

Target Performance Description	Specific Performance Measures	Weight	Specific Performance Measurement for Fiscal 2015 (Base – Target) <sup>(1)</sup> (Base – Target – Maximum) <sup>(2)</sup>	Specific Performance Achievement in Fiscal 2015	
				Actual Performance	Weighting Achieved
<i>Financial Results</i>	Meet or exceed annual FFO per Unit budget, adjusted for leverage changes	40%	\$2.05 – \$2.08 per Unit <sup>(1)</sup> \$2.05 – \$2.08 – \$2.10 per Unit <sup>(2)</sup>	\$2.10 <sup>(1)(3)</sup> \$2.10 <sup>(2)(3)</sup>	51.67%
	Achieve acquisitions during the year	10%	\$75 – \$100 – \$125 million <sup>(3)</sup>	\$80.8 million <sup>(3)</sup>	6.17%
	Complete developments and earn-outs	10%	\$80 – \$100 – \$110 million <sup>(3)</sup>	\$78.8 million <sup>(3)</sup>	0%
	Total	60%			57.84%
<i>Leasing/ Occupancy</i>	Maintain occupancy level throughout the year, as measured at end of each quarter	10%	98.3% – 98.7% <sup>(1)</sup> 98.3% – 98.7% – 98.8% <sup>(2)</sup>	98.6% <sup>(1)</sup> 98.7% <sup>(2)</sup>	9.38%
	Increase average renewal rental rate of expiring rents	10%	5.0% – 6.5% <sup>(1)</sup> 5.0% – 6.5% – 7.5% <sup>(2)</sup>	6.6% <sup>(1)(3)</sup> 6.6% <sup>(2)(3)</sup>	10.29%
	Total	20%			19.67%
<i>Liquidity/Cost of Capital</i>	Achieve interest coverage ratio, as measured at end of each quarter	7.5%	2.7x – 2.9x <sup>(1)</sup> 2.7x – 2.9x – 3.0x <sup>(2)</sup>	2.7x <sup>(1)</sup> 3.0x <sup>(2)</sup>	8.44%
	Achieve Total Debt to Adjusted EBITDA, as measured at end of each quarter	7.5%	8.0x – 7.8x <sup>(1)</sup> 9.3x – 9.15x – 9.0x <sup>(2)</sup>	7.7x <sup>(1)</sup> 8.4x <sup>(2)</sup>	9.69%
	Total	15%			18.13%
<i>Talent Management</i>	Maintain/increase staff retention	5%	85% – 90% – 92% <sup>(3)</sup>	87.8% <sup>(3)</sup>	3.89%
	Total	5%			3.89%
<b>AGGREGATE TOTAL</b>		<b>100%</b>			<b>99.53%</b>

Notes:

- (1) These measurements of performance were in place during fiscal 2015 prior to the completion of the 2015 Transactions.
- (2) These measurements of performance were in place during fiscal 2015 following the completion of the 2015 Transactions.
- (3) This performance metric was measured as at December 31, 2015.

During 2015, SmartREIT’s management delivered another year of strong results as evidenced by the 99.53% overall achievement of the target trust-level performance metrics and sub-metrics.

#### Personal-Level Performance Metrics

Personal-level performance metrics are job-specific and either build upon trust-level performance metrics or address specific priorities for each position so as to align with overall corporate strategy. As a result, the targets and weighting are more likely to vary year over year as they are tailored to emerging detailed initiatives.

For fiscal 2015, reflecting the strategic importance of the 2015 Transactions in making SmartREIT a fully integrated real estate developer and operator, a significant component of the personal performance assessment of all named executive officers was based on such named executive officer's contribution towards the completion of the 2015 Transactions and the successful integration of the SmartREIT and SmartCentres businesses. In addition, each named executive officer was also evaluated against goals and objectives related to such named executive officer's position and functional responsibilities.

Based on these criteria, the CGCC determined the following personal-level performance rating for each named executive officer: Mr. Thomas, 75%; Mr. Sweeney, 92%; Mr. Gobin, 75%; Mr. Forde, 94%; and Mr. Pambianchi, 78%.

For all five named executive officers, the weights given to the aggregate total trust-level versus personal-level performance metrics in respect of 2015 are 80% and 20%, respectively. Based on these weights, the overall achievement percentage of the total bonus for 2015 are as follows: Mr. Thomas, 94.6%; Mr. Sweeney, 98.0%; Mr. Gobin, 94.6%; Mr. Forde, 96.3%; and Mr. Pambianchi, 93.1%.

In addition to the discretionary annual incentive bonuses described above, the Board may, in its discretion and from time to time, declare an additional cash bonus (not tied to any specific trust-level or personal level performance metric) in favour of one or more members of SmartREIT's management team in circumstances where it is determined that the executive(s) in question have made an exceptional contribution to the performance of SmartREIT and other special circumstances during the fiscal year. In 2015, the Board exercised this discretion to declare additional bonuses to each of Messrs. Thomas, Sweeney and Gobin in the amounts of \$75,000, \$60,000 and \$75,000, respectively, in connection with the 2015 Transactions.

#### *Equity Incentive Plans*

##### Deferred Unit Plan

SmartREIT provides its named executive officers with the right to participate in the Deferred Unit Plan in order to promote a greater alignment of interests between them and the Unitholders by more closely linking their compensation with the market price of the Units. For further information, including information about the vesting provisions, see "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan".

##### Inducement Award Agreements

In addition, SmartREIT may, from time to time, grant awards of Deferred Units as an employment inducement to new officers of SmartREIT, provided that any such award recipient was not previously employed and not previously an insider of SmartREIT, all in accordance with the applicable laws and rules of the TSX (each, an "**Inducement Award**"). For further information, see "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Inducement Award Agreements".

##### Long Term Incentive Plan

The CGCC believes that a significant component of the compensation of certain officers and employees of SmartREIT should be based on the total Unitholder return and the amount of monthly distributions paid on the Units. To that end, SmartREIT has a LTIP in which its named executive officers may participate at the discretion of the Board. The purpose of the LTIP is to promote a greater alignment of interests between senior executives and the Unitholders by linking a component of the compensation of such senior executives (the "**LTIP Compensation**") to the total Unitholder return compared to the Peer Group. The LTIP Compensation of a participating senior executive will also be partly dependent on the amount of monthly distributions paid on the Units. For further information, including information about the vesting provisions, see "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan".

#### *Executive Compensation Claw-back*

In March 2010, the Board adopted an executive compensation claw-back policy concerning future awards made under SmartREIT's annual and equity incentive plans, including LTIP Compensation. Under this policy, which applies to all executives, the Board may, in its sole discretion, to the full extent permitted by governing laws and to

the extent it determines that it is in SmartREIT's best interest to do so, require reimbursement of all or a portion of annual and equity incentive compensation received by an executive. The Board may seek reimbursement of full or partial compensation from an executive or former executive officer in situations where:

- (a) the amount of incentive compensation received by the executive or former executive officer was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of SmartREIT's financial statements;
- (b) the executive officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; and
- (c) the incentive compensation payment received would have been lower had the financial results been properly reported.

#### *Perquisites and Personal Benefits*

Perquisites and personal benefits provided to senior management reflect competitive practices and particular business needs. Generally speaking they are not a significant component of SmartREIT's executive compensation program.

#### *Review / Modifications*

SmartREIT's executive compensation program is reviewed and considered at least annually by the CGCC to determine if the objectives of the executive compensation program are being achieved and whether any modifications to that program are required. This includes a review of base salaries payable, incentive bonuses payable and the degree of participation in the Deferred Unit Plan and the LTIP. It also includes a review of the metrics used to assess performance, the targets established with respect to those performance metrics, whether previously established targets have been achieved and to what degree, and whether the performance metrics and targets are still appropriate in light of the then current real estate market, stock market and general economic conditions as well as the overall business strategy of SmartREIT. The CGCC considers the establishment of new performance metrics and related targets to be used to assess executive officer performance and determines executive officer compensation on a going-forward basis. In completing this review, the CGCC considers the recommendations of management and the CEO in particular. The CGCC structures management's incentive plan to reward both short and long-term objectives. This balanced approach mitigates the risk of management pursuing a strategy that would negatively impact the price of the Units over the long-term. SmartREIT also prohibits short selling of the Units and the purchasing of financial instruments to hedge a decrease in market value of the Units held by management. Upon completion of that review, the CGCC in turn makes its recommendations with respect to SmartREIT's executive compensation program to the full Board. The Board then approves the executive compensation program, including the individual components thereof, subject to any modifications it deems necessary.

#### *Management of Compensation Risk*

In conjunction with its annual executive compensation review, the CGCC considers the implications of the risks associated with SmartREIT's compensation policies and practices. In particular, the policies and practices of the incentive bonus structure are scrutinized focusing on the detailed bonus metrics and calculations, including:

- (a) the risks of the chosen metrics encouraging management to take inappropriate or excessive risks;
- (b) the risk of the chosen metrics being affected by variables beyond the control of management; and
- (c) the risks of possible errors and omissions in the input data and/or calculations used to determine achievement of bonuses.

In mitigating such risks, the CGCC relies on, in part:

- (a) the limits on management's discretion to undertake material business transactions without the input and/or consent of the Board and/or its committees;
- (b) on the role of the Audit Committee, with the input from SmartREIT's auditors in its quarterly review of financial data, to ensure accuracy in such key measures that are used in bonus metrics such as FFO;

- (c) the role of the Investment Committee, in its review and approval of all major acquisitions and development proposals and financings, to ensure the same are in the best interests of SmartREIT; and
- (d) the receipt and review by the CGCC of the input data and calculations used to determine achievement of bonuses.

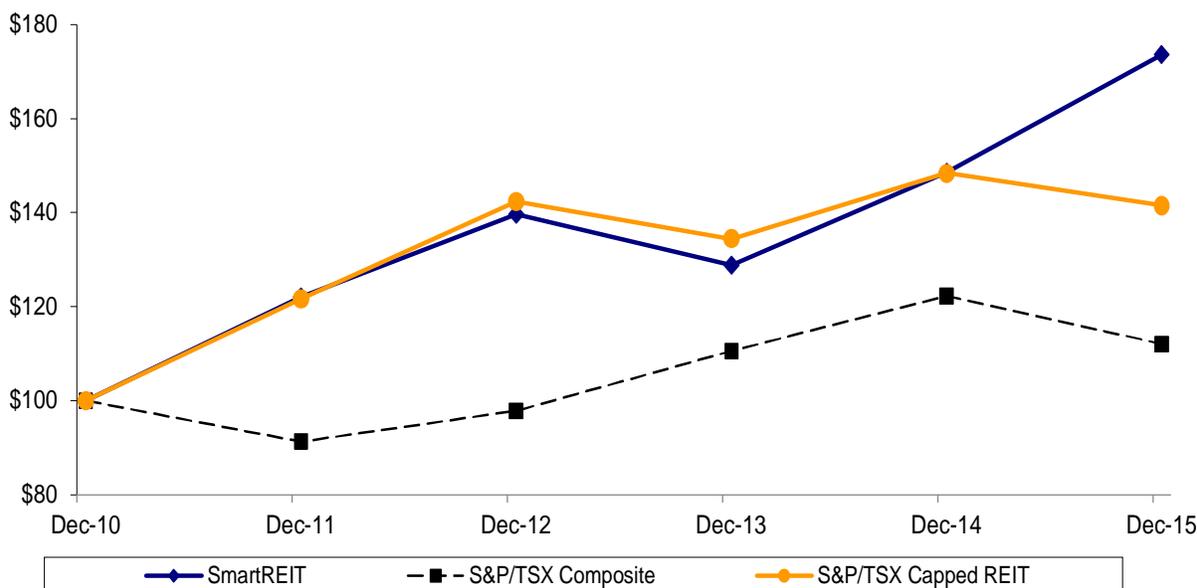
In addition, SmartREIT’s committee membership contains cross-representation whereby at least one member of the CGCC sits on the Audit Committee and the Investment Committee. Finally, the core components of the trust-level performance metrics remain largely unchanged from year to year allowing the CGCC to monitor management’s performance in regard to inappropriate or excessive risks. As a result of the foregoing, the CGCC is of the view that the risks arising from SmartREIT’s compensation policies and practices are not reasonably likely to have a material adverse effect on SmartREIT and that such policies and practices are appropriate and consistent with industry standards.

*Non-IFRS Measures*

In the subsection “Annual Incentives – Bonuses” above, there are references to certain terms used in this Circular, such as “FFO” and “AFFO” which are not GAAP measures and are not defined under IFRS. However these are measures sometimes used by Canadian real estate income trusts as indicators of financial performance. SmartREIT uses these measures to analyze operating performance. As one of the factors that may be considered relevant by prospective investors is the cash distributed by SmartREIT relative to the price of the units, management believes these measures are a useful supplemental measure that may assist Unitholders and prospective investors in assessing their holdings of or investment in Units. SmartREIT analyzes its cash distributions against these measures to assess the stability of the monthly cash distributions to Unitholders. As these measures are not standardized, as prescribed by IFRS, they may not be comparable to similar measures presented by other real estate investment trusts. These measures are not intended to represent operating profits for any period nor should they be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. A full definition of certain of such non-IFRS terms and examples of reconciliations of such terms to the most directly comparable measure calculated in accordance with IFRS are provided in SmartREIT’s most recent management discussion and analysis.

*Performance Graph*

The following graph, and the table below it, compares the cumulative total Unitholder return on the Units of SmartREIT with (i) the cumulative total return of the S&P/TSX Composite Index for the five-year period ending December 31, 2015\* and (ii) the cumulative total return of the S&P/TSX Real Estate Capped Index for the five-year period ending December 31, 2015\*.



\* Assuming that the initial value of the investment in Units of SmartREIT on the TSX was \$100 at the close of trading on December 31, 2010. Values include distributions payable but exclude brokerage fees and all income taxes.

	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15
SmartREIT	\$100.00	\$122.07	\$139.67	\$128.85	\$148.60	\$173.67
S&P/TSX Composite	\$100.00	\$91.29	\$97.85	\$110.56	\$122.23	\$112.06
S&P/TSX Capped REIT	\$100.00	\$121.67	\$142.31	\$134.45	\$148.38	\$141.48

### *Trends*

The trend of the performance of the Units has followed the general trend of the S&P/TSX Capped REIT Index, the index of SmartREIT's Peer Group, with the performance of the Units in each year outpacing that of the S&P/TSX Composite Index, the broad market index of Canadian listed companies, and in each year except for 2012 and 2013 outpacing that of the S&P/TSX Capped REIT Index. The total executive compensation paid by SmartREIT to its named executive officers has modestly reflected the superior performance of the Units compared to the broader market appearing in the S&P/TSX Composite Index in the past five years, while generally remaining comparable to that of SmartREIT's industry peers appearing in the S&P/TSX Capped REIT Index.

The total compensation value paid to the named executive officers of SmartREIT for the 2015 financial year was \$5,564,767 (2014 - \$3,869,995) which amounts to 1.87% (2014 - 1.55%) of SmartREIT's 2015 FFO (see "Information Respecting Smart Real Estate Investment Trust - Executive Compensation - Compensation Discussion and Analysis - Non-GAAP Measures") and 2.32% (2014 - 1.82%) of SmartREIT's 2015 annual cash distributions to Unitholders. The increase in total compensation in 2015 compared to 2014 was in large part due to the compensation paid by SmartREIT in the aggregate amount of approximately \$1,300,000 to its Chief Operating Officer and Chief Development Officer, who were appointed on May 28, 2015, and the discretionary bonuses paid to Messrs. Thomas, Sweeney and Gobin in the aggregate amount of \$210,000 in connection with the 2015 Transactions.

### *Summary Compensation Table*

The following table sets forth the annual compensation paid for the three most recently completed financial years of SmartREIT to each of its named executive officers.

Name and Principal Position	Year	Salary (\$)	Unit-Based Awards <sup>(1)(3)</sup> (\$)		Annual Non-Equity Incentive Plan Compensation <sup>(2)(3)</sup> (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
			DUP	LTIP			
Huw Thomas <i>President &amp; Chief Executive Officer</i> <sup>(5)</sup>	2015	700,000	397,460	620,000	472,460 <sup>(6)</sup>	26,356	2,216,276
	2014	662,404	345,870	600,000	345,870	26,173	1,980,317
	2013	631,096	199,520 <sup>(7)</sup>	200,000	172,770	39,385 <sup>(8)</sup>	1,242,771
Peter Sweeney <i>Chief Financial Officer</i> <sup>(9)</sup>	2015	420,000	265,884 <sup>(10)</sup>	240,000	205,884	14,356	1,146,124
	2014	48,461 <sup>(11)</sup>	620,000 <sup>(12)</sup>	nil	23,415 <sup>(13)</sup>	1,654	693,530
Rudy Gobin <i>Executive Vice President, Portfolio Management and Investments</i>	2015	365,000	254,912 <sup>(14)</sup>	100,000	179,912	17,479	917,303
	2014	318,048	149,421	nil	149,421	30,568	647,458
	2013	308,855	162,373	nil	162,373	18,488	653,089

Name and Principal Position	Year	Salary (\$)	Unit-Based Awards <sup>(1)(3)</sup> (\$)		Annual Non-Equity Incentive Plan Compensation <sup>(2)(3)</sup> (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
			DUP	LTIP			
Peter Forde <i>Chief Operating Officer</i> <sup>(15)</sup>	2015	256,667 <sup>(16)</sup>	123,552	116,667	123,552	38,174 <sup>(17)</sup>	658,613
Mauro Pambianchi <i>Chief Development Officer</i> <sup>(18)</sup>	2015	256,667 <sup>(19)</sup>	119,497	116,667	119,497	8,290	620,618

Notes:

- (1) The value shown is determined as at the date of grant of each award. In the case of Deferred Units granted in connection with annual incentive bonuses or annual retainers, the value shown is equal to the DUP Elected Amount. Deferred Units generally vest upon grant. The payout of Matching Deferred Units (as defined below) is subject to a time-based vesting schedule. In the case of LTIP Units, the value shown is determined as at the date of grant of each award. The payout of LTIP Units is subject to a time- and performance- based vesting schedule and will also depend on the distributions made on the Units throughout the vesting period. For further information, see “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan” and “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan”.
- (2) These amounts represent annual cash incentive bonuses awarded to the named executive officers. However, each of the named executive officers have elected to be paid 100% of their annual incentive bonus for 2015 in the form of Deferred Units, in lieu of cash, pursuant to the Deferred Unit Plan. For further information regarding the Deferred Unit Plan, see “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan”.
- (3) Annual incentive bonuses are earned in respect of the referenced year but are not determined, and therefore not paid, until the following year. Consequently, awards granted in connection with annual incentive bonuses under the Deferred Unit Plan are also earned in respect of the referenced year but not paid until the following year.
- (4) These amounts include vehicle allowances and medical, life and other insurance premiums.
- (5) Mr. Thomas has been a Trustee of SmartREIT since April 1, 2011 but currently receives no compensation in that capacity as he is the President and CEO of SmartREIT.
- (6) This amount includes a \$75,000 cash bonus paid to Mr. Thomas in connection with the 2015 Transactions.
- (7) This amount includes \$26,750 of Deferred Units received by Mr. Thomas as a Trustee prior to becoming the Interim President and CEO of SmartREIT on March 21, 2013.
- (8) This amount includes \$26,750 of fees received by Mr. Thomas as a Trustee prior to becoming the Interim President and CEO of SmartREIT on March 21, 2013.
- (9) Mr. Sweeney was named the Chief Financial Officer effective November 17, 2014.
- (10) This amount includes a \$60,000 bonus paid in the form of Deferred Units to Mr. Sweeney in connection with the 2015 Transactions.
- (11) This amount reflects Mr. Sweeney’s salary from November 17, 2014 to December 31, 2014.
- (12) Mr. Sweeney was granted 22,542.74 Deferred Units by SmartREIT under two separate Inducement Award agreements dated November 17, 2014 as an inducement to become the Chief Financial Officer of SmartREIT. Except as otherwise specified in such Inducement Award agreements, these awards were granted upon the terms and conditions set out in the Deferred Unit Plan. All of the 11,634.96 Deferred Units granted pursuant to Mr. Sweeney’s first Inducement Award agreement vested on November 17, 2014. One-third of the 10,907.78 Deferred Units granted pursuant to Mr. Sweeney’s second Inducement Award agreement vests each year, commencing on January 1, 2015. Each of Mr. Sweeney’s Inducement Award agreements provides that any additional Deferred Units granted to Mr. Sweeney in lieu of distributions paid on the Units shall vest in accordance with the terms of such Inducement Award agreement. Further, SmartREIT will not match the amount of the award under the Inducement Award agreements by crediting additional Deferred Units to his Deferred Unit Account.
- (13) This amount represents a pro-rated bonus for the period of Mr. Sweeney’s employment in 2014 and was received by him in cash.
- (14) This amount includes a \$75,000 bonus paid in the form of Deferred Units to Mr. Gobin in connection with the 2015 Transactions.
- (15) Mr. Forde was appointed the Chief Operating Officer effective May 28, 2015 and resigned as a Trustee and a member of the CGCC and Investment Committee effective July 2, 2015.
- (16) This amount reflects Mr. Forde’s salary from May 28, 2015 to December 31, 2015.
- (17) This amount reflects \$30,000 in compensation earned by Mr. Forde in his capacity as Trustee and a member of the CGCC and Investment Committee from January 1, 2015 to July 2, 2015.
- (18) Mr. Pambianchi was appointed the Chief Development Officer effective May 28, 2015.
- (19) This amount reflects Mr. Pambianchi’s salary from May 28, 2015 to December 31, 2015.

## ***Termination and Change of Control Benefits***

*Huw Thomas, President and Chief Executive Officer*

The employment agreement of Mr. Thomas provides that he will be entitled to receive a specified cash payment in the case of resignation, termination without cause, death, disability or a “change of control” of SmartREIT.

If Mr. Thomas resigns, he will be eligible for a pro-rated annual bonus, based on the partial year worked, as determined by the Board in its sole discretion. Upon resignation, all LTIP Units awarded to Mr. Thomas but not yet vested as of the resignation date will be forfeited.

Upon termination without cause, Mr. Thomas is entitled to the greater of a severance payment as set out below (provided that Mr. Thomas signs a release of liability in favour of SmartREIT at the time of such termination) and the statutory minimum amount required under applicable employment legislation. The amount of the severance payment will be determined as follows:

- (a) if Mr. Thomas’s employment is terminated before January 1, 2017, an amount equal to 1.5 multiplied by his then current annual base salary, plus an amount equal to 1.5 multiplied by the actual annual bonus paid to Mr. Thomas in the year preceding the termination; or
- (b) if Mr. Thomas’s employment is terminated on or after January 1, 2017, an amount equal to one-twelfth of the his then current annual base salary and one-twelfth of the actual annual bonus paid to him in the year preceding the termination, multiplied by the number of months between his termination and June 30, 2018.

Upon termination without cause, provided that the Board is satisfied that Mr. Thomas has left SmartREIT on agreed-upon terms, LTIP Units will continue to vest for a period of time following Mr. Thomas’s termination as follows:

- (a) if Mr. Thomas’s employment is terminated before January 1, 2017, LTIP Units will continue to vest for 1.5 years; or
- (b) if Mr. Thomas’s employment is terminated on or after January 1, 2017, LTIP Units will continue to vest until June 30, 2018.

In the case of death or disability, Mr. Thomas’s employment will automatically end. He or his estate, as applicable, will be entitled to a pro-rated bonus for the partial year worked based on the annual bonus paid to him in the previous year. Additionally in the case of disability, Mr. Thomas will be entitled to any statutory amount required under applicable employment legislation. In the case of death, all LTIP Units awarded to date to Mr. Thomas will vest and be paid out to his estate. In the case of disability, however, the unvested LTIP Units awarded to Mr. Thomas will vest and be paid out according to the original schedule.

If Mr. Thomas is terminated without cause within six months of a change of control event, or if he is not offered continued employment on a comparable basis after a change of control event, he will be entitled to receive, instead of the severance payment described above, an amount equal to 1.5 times his then current annual base salary, plus an amount equal to 1.5 times the actual bonus paid to him for the previous year. LTIP Units awarded to Mr. Thomas will continue to vest for 1.5 years following the date of the termination of his employment.

The table below sets out the estimated incremental amounts that would have been payable by SmartREIT to Mr. Thomas, had his employment been terminated on December 31, 2015. The table includes base salary, bonus, car allowance and benefits, as applicable. For information on the treatment of any Deferred Units and LTIP Units held by Mr. Thomas in such circumstances, refer to “– Treatment of Deferred Units and LTIP Units” and “– Outstanding Unit Based Awards”.

<b>Resignation</b>	<b>Termination without Cause</b>	<b>Death</b>	<b>Disability</b>	<b>Change of Control</b>
\$397,460	\$1,569,792	\$345,870	\$345,870	\$1,569,792 <sup>(1)</sup>

Notes:

- (1) Assuming that the Board does not exercise its discretion pursuant to the terms of the LTIP to accelerate the vesting of Mr. Thomas’s LTIP Units upon the change of control event.

*Peter Sweeney, Chief Financial Officer*

The employment agreement of Mr. Sweeney provides that he will be entitled to receive a specified cash payment in the case of termination without cause or a “change of control” of SmartREIT.

Upon termination without cause, Mr. Sweeney is entitled to a severance payment, within 30 days of his termination, that will be an amount equal to 1.5 times his then current annual base salary, plus an amount equal to 1.5 multiplied by the actual annual bonus paid to Mr. Sweeney in the year preceding the termination plus continuing group benefits for 8 weeks following termination.

If Mr. Sweeney is not offered continued employment on a comparable basis after a change of control event, he will be entitled to receive, within 30 days of such termination, an amount equal to 1.5 times his then current annual base salary, plus an amount equal to 1.5 multiplied by the actual annual bonus paid to Mr. Sweeney in the year preceding such termination.

The table below sets out the estimated incremental amounts that would have been payable by SmartREIT to Mr. Sweeney, had his employment been terminated on December 31, 2015. The table includes base salary, bonus, car allowance and benefits, as applicable. For information on the treatment of any Deferred Units and LTIP Units held by Mr. Sweeney in such circumstances, refer to “– Treatment of Deferred Units and LTIP Units” and “– Outstanding Unit Based Awards”.

<b>Resignation</b>	<b>Termination without Cause</b>	<b>Death</b>	<b>Disability</b>	<b>Change of Control</b>
\$nil	\$666,110	\$nil	\$nil <sup>(1)</sup>	\$695,123

Notes:

- (1) Pursuant to SmartREIT’s employee disability policy, if the amount of employment insurance received by an employee upon short-term disability is less than 55% of that employee’s salary at the time that disability occurred, SmartREIT will pay to the employee an amount equal to the difference between the amount that is 55% of that employee’s salary at the time that disability occurred and the amount received by the employee pursuant to his or her employment insurance for a period of up to 15 weeks. The figure above does not include this additional payment.

*Rudy Gobin, Executive Vice President, Portfolio Management and Investments*

The employment agreement of Mr. Gobin provides that he will be entitled to receive a specified cash payment in the case of termination without cause or a “change of control” of SmartREIT.

Upon termination without cause, Mr. Gobin is entitled to a severance payment, within 30 days of his termination, that will be an amount equal to 1.5 times his then current annual compensation, including base salary and bonus based on the target amount for the relevant year, and car allowance, plus continuing group benefits for 18 months following termination.

If Mr. Gobin is not offered continued employment on a comparable basis after a change of control event, he will be entitled to receive, within 30 days of such termination, an amount equal to 1.5 times his then current annual compensation, including salary and target bonus for the relevant year, and car allowance, plus continuing group benefits for 18 months following such termination and all amounts due under the Deferred Unit Plan and LTIP in accordance with the terms of the plans.

The table below sets out the estimated incremental amounts that would have been payable by SmartREIT to Mr. Gobin, had his employment been terminated on December 31, 2015. The table includes base salary, bonus, car allowance and benefits, as applicable. For information on the treatment of any Deferred Units and LTIP Units held by Mr. Gobin in such circumstances, refer to “– Treatment of Deferred Units and LTIP Units” and “– Outstanding Unit Based Awards”.

<b>Resignation</b>	<b>Termination without Cause</b>	<b>Death</b>	<b>Disability</b>	<b>Change of Control</b>
\$nil	\$854,873	\$nil	\$nil <sup>(1)</sup>	\$854,873

Notes:

- (1) Pursuant to SmartREIT’s employee disability policy, if the amount of employment insurance received by an employee upon short-term disability is less than 55% of that employee’s salary at the time that disability occurred, SmartREIT will pay to the employee an amount

equal to the difference between the amount that is 55% of that employee's salary at the time that disability occurred and the amount received by the employee pursuant to his or her employment insurance for a period of up to 15 weeks. The figure above does not include this additional payment.

*Peter Forde, Chief Operating Officer*

Mr. Forde's employment agreement provides that he will be entitled to receive a specified cash payment in the case of termination without cause or a "change of control" of SmartREIT.

Upon termination without cause, Mr. Forde is entitled to a severance payment, within 30 days of termination, that will be an amount equal to 2 times his then current annual compensation, including salary and bonus based on 100% target payout, and car allowance, plus continuing group health and welfare benefits for 24 months following the termination. All unvested Deferred Units under the Deferred Unit Plan credited to Mr. Forde will vest immediately and be redeemable by Mr. Forde upon termination without cause and any other amounts payable as of the date of termination under the LTIP will be redeemable in accordance with the terms of the LTIP.

If Mr. Forde is not offered continued employment on a comparable basis after a change of control event, he will be entitled to receive, within 30 days of such termination, an amount equal to 2 times his then current annual compensation, including base salary and bonus based on 100% target payout, and car allowance, plus continuing group health and welfare benefits for 24 months following such termination.

The table below sets out the estimated incremental amounts that would have been payable by SmartREIT to Mr. Forde, had his employment been terminated on December 31, 2015. The table includes base salary, bonus, car allowance and benefits, as applicable. For information on the treatment of any Deferred Units and LTIP Units held by Mr. Forde in such circumstances, refer to "- Treatment of Deferred Units and LTIP Units" and "- Outstanding Unit Based Awards".

<b>Resignation</b>	<b>Termination without Cause</b>	<b>Death</b>	<b>Disability</b>	<b>Change of Control</b>
\$nil	n/a <sup>(1)</sup>	\$nil	\$nil <sup>(2)</sup>	\$1,356,831

Notes:

- (1) Mr. Forde's employment agreement provides that Mr. Forde shall not be terminated by SmartREIT other than with cause prior to June 1, 2017.
- (2) Pursuant to SmartREIT's employee disability policy, if the amount of employment insurance received by an employee upon short-term disability is less than 55% of that employee's salary at the time that disability occurred, SmartREIT will pay to the employee an amount equal to the difference between the amount that is 55% of that employee's salary at the time that disability occurred and the amount received by the employee pursuant to his or her employment insurance for a period of up to 15 weeks. The figure above does not include this additional payment.

*Mauro Pambianchi, Chief Development Officer*

Mr. Pambianchi's employment agreement provides that he will be entitled to receive a specified cash payment in the case of termination without cause or a "change of control" of SmartREIT.

Upon termination without cause, Mr. Pambianchi is entitled to a severance payment, within 30 days of termination, that will be an amount equal to 1.5 times his then current annual compensation, including salary and bonus based on 100% target payout, and car allowance, plus continuing group health and welfare benefits for 18 months following the termination.

If Mr. Pambianchi is not offered continued employment on a comparable basis after a change of control event, he will be entitled to receive, within 30 days of such termination, an amount equal to 1.5 times his then current annual compensation, including base salary and bonus based on 100% target payout, and car allowance, plus continuing group health and welfare benefits for 18 months following such termination.

The table below sets out the estimated incremental amounts that would have been payable by SmartREIT to Mr. Pambianchi, had his employment been terminated on December 31, 2015. The table includes base salary, bonus, car allowance and benefits, as applicable. For information on the treatment of any Deferred Units and LTIP Units held by Mr. Pambianchi in such circumstances, refer to "- Treatment of Deferred Units and LTIP Units" and "- Outstanding Unit Based Awards".

<b>Resignation</b>	<b>Termination without Cause</b>	<b>Death</b>	<b>Disability</b>	<b>Change of Control</b>
\$nil	n/a <sup>(1)</sup>	\$nil	\$nil <sup>(2)</sup>	\$1,017,623

Notes:

- (1) Mr. Pambianchi's employment agreement provides that Mr. Pambianchi shall not be terminated by SmartREIT other than with cause prior to June 1, 2017.
- (2) Pursuant to SmartREIT's employee disability policy, if the amount of employment insurance received by an employee upon short-term disability is less than 55% of that employee's salary at the time that disability occurred, SmartREIT will pay to the employee an amount equal to the difference between the amount that is 55% of that employee's salary at the time that disability occurred and the amount received by the employee pursuant to his or her employment insurance for a period of up to 15 weeks. The figure above does not include this additional payment.

#### *Treatment of Deferred Units and LTIP Units*

Any Deferred Units and LTIP Units held by any of the named executive officers at the end of such named executive officer's employment will be treated in accordance with the Deferred Unit Plan, the LTIP and any Inducement Award agreement, as applicable, subject, in the case of LTIP Units, to a named executive officer's employment or service agreement. See "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan", "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan" and "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Inducement Award Agreements".

#### *Outstanding Unit-Based Awards*

The following table indicates for each named executive officer all Unit-based awards outstanding at the end of the most recently completed financial year.

<b>Name</b>	<b>Unit-Based Awards<sup>(1)</sup></b>		
	<b>Number of Units That Have Not Vested<sup>(2)</sup></b>	<b>Market or Payout Value of Unit-Based Awards That Have Not Vested<sup>(3)</sup></b>	<b>Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed<sup>(3)</sup></b>
	<b>(#)</b>	<b>(\$)</b>	<b>(\$)</b>
Huw Thomas	68,330	2,091,487	1,510,181
Peter Sweeney	13,874	422,551	489,685
Rudy Gobin	25,530	772,179	2,486,765
Peter Forde	1,863	57,370	602,512 <sup>(4)</sup>
Mauro Pambianchi	1,863	57,370	n/a

Notes:

- (1) These figures include Deferred Units and LTIP Units received as distribution equivalents under the Deferred Unit Plan and LTIP, respectively.
- (2) These awards were issued pursuant to the Deferred Unit Plan, the LTIP, or Inducement Award agreements, although the awards granted under the LTIP are only settled in cash. As of December 31, 2015, each of the named executive officers were participants under the LTIP. For further information, see "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan", "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan" and "Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Inducement Award Agreements".
- (3) Based on the market value of the Units as at December 31, 2015.
- (4) These awards were issued to Peter Forde while he served as Trustee.

#### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table indicates for each named executive officer the value of all indicated compensation awards that vested during the most recently completed financial year.

Name	Unit-Based Awards - Value Vested During the Year <sup>(1)(2)</sup> (\$)	Annual Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Huw Thomas	572,317	472,460 <sup>(3)</sup>
Peter Sweeney	99,762	205,884
Rudy Gobin	188,280	179,912
Peter Forde	293,987 <sup>(4)</sup>	123,552
Mauro Pambianchi	n/a	119,497

Notes:

- (1) These awards were issued pursuant to the Deferred Unit Plan, the LTIP, or Inducement Award agreements, although the awards granted under the LTIP are only settled in cash. These figures include Deferred Units received as distribution equivalents under the Deferred Unit Plan. As of December 31, 2015, each of the named executive officers were participants under the LTIP. No awards granted under the LTIP vested in 2015. For further information, see “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan”, “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan” and “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Inducement Award Agreements”.
- (2) Based on the market value of the Units as at the date of vesting.
- (3) This amount includes a \$75,000 cash bonus paid to Mr. Thomas in connection with the 2015 Transactions.
- (4) These awards were issued to Mr. Forde while he served as Trustee.

## Trustee Compensation

### *General*

The Trustees, other than any Trustee who is an employee of SmartREIT, are entitled to compensation for their services rendered to SmartREIT in their capacities as Trustees. The following table summarizes the fees paid to such Trustees by SmartREIT for such services during the 2015 financial year, exclusive of fees paid to Trustees who were members of the Special Committee.

Item	Fee
Annual Retainer – Trustee	\$40,000
Annual Retainer – Chair of Board	Plus \$35,000 <sup>(1)</sup>
Annual Retainer – Lead Independent Trustee	Plus \$35,000 <sup>(2)</sup>
Annual Retainer – Chair of Investment Committee	Plus \$5,000
Annual Retainer – Chair of Corporate Governance and Compensation Committee	Plus \$7,500
Annual Retainer – Chair of the Audit Committee	Plus \$10,000
Attendance of Board or Committee Meetings (other than Audit Committee Meetings)	Plus \$2,000 per meeting
Attendance of Audit Committee Meetings	Plus \$2,500 per meeting
Out of Town Travel to Attend Board or Committee Meeting	Plus \$500 per meeting

Notes:

- (1) Mr. Goldhar was appointed Chair of SmartREIT on May 28, 2015 and waived his right to the annual retainer payable to the Chair in respect of 2015.
- (2) The Board approved an annual retainer of \$35,000 for the Lead Independent Trustee; however, the Lead Independent Trustee was paid a pro-rated retainer for services rendered in 2015 based on an annual retainer of \$5,000. The balance will be paid in 2016.

The Trustees are also entitled to be reimbursed for reasonable travel and other expenses properly incurred by them in attending meetings of the Trustees or any committee thereof or otherwise incurred by them in connection with their services as Trustees.

### *Deferred Unit Plan*

SmartREIT provides its Trustees with the right to participate in the Deferred Unit Plan. All of the current Trustees have elected to be paid 100% of their Trustee fees in the form of Deferred Units in lieu of cash pursuant to the Deferred Unit Plan. This is representative of the Trustees being fully committed to SmartREIT’s long-term success.

Effective April 16, 2015 and in accordance with best practices, the Trustees approved an amendment to the vesting schedule in respect of Deferred Units granted to Trustees such that all such grants vest immediately upon

grant. For further information, see “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan”.

### ***Trustee Compensation Table***

The following table sets forth all compensation paid for the most recently completed financial year of SmartREIT to each of the Trustees, other than the President and CEO, in his capacity as trustee of SmartREIT.

<b>Name<sup>(1)</sup></b>	<b>Fees Earned (\$)</b>	<b>Unit –Based Awards<sup>(2)</sup> (\$)</b>	<b>Total (\$)</b>
Mitchell Goldhar	48,000 <sup>(3)</sup>	48,000	96,000
Jamie McVicar	89,000	89,000	178,000
Kevin Pshebniski	124,000 <sup>(4)</sup>	124,000	248,000
Michael Young	140,083 <sup>(4)(5)</sup>	140,083	280,167
Gregory Howard	28,000 <sup>(6)</sup>	28,000	56,000
Garry Foster	150,500 <sup>(4)</sup>	150,500	301,000

Notes:

- (1) Huw Thomas, the President and CEO, has been a Trustee since April 1, 2011, but does not currently receive any compensation in that capacity. For a summary of the compensation paid by SmartREIT to Mr. Thomas in his capacity both as an executive officer and as a Trustee of SmartREIT, see the section titled “Information Respecting Smart Real Estate Investment Trust – Executive Compensation”.
- (2) These awards were issued pursuant to the Deferred Unit Plan. For further information, see “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan”.
- (3) Mr. Goldhar was appointed Chair of SmartREIT on May 28, 2015 and waived his right to the annual retainer payable to the Chair in respect of 2015.
- (4) As part of the periodic assessment of the long-term strategic direction of SmartREIT, Kevin Pshebniski, Michael Young and Garry Foster received additional base fees of \$42,000, in the case of Mr. Pshebniski and Mr. Young, and \$60,000, in the case of Mr. Foster, as compensation for additional duties assigned to them as members of the Special Committee. They also received additional fees of \$16,500, in the case of Mr. Pshebniski and Mr. Foster, and \$12,500, in the case of Mr. Young, as additional compensation for attendance at the meetings of the Special Committee.
- (5) Mr. Young resigned as Chair of the Board and was appointed Lead Independent Trustee effective May 28, 2015. Mr. Young received a pro-rated retainer of \$2,500 as compensation for additional duties assigned to him in his capacity as Lead Independent Trustee.
- (6) This amount reflects Mr. Howard’s compensation as Trustee since his appointment on July 2, 2015.

### ***Outstanding Unit-Based Awards***

Effective April 16, 2015 and in accordance with best practices, the Trustees approved an amendment to the vesting schedule in respect of Deferred Units granted to Trustees such that all such grants vest immediately upon grant. This resulted in the immediate vesting of all outstanding Deferred Units held by Trustees that were not vested as of April 16, 2015. Consequently, there were no unvested Unit-based awards for Trustees outstanding at the end of the most recently completed financial year.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table indicates for each Trustee, other than the President and CEO of SmartREIT, the value of all indicated compensation awards that vested during the most recently completed financial year.

<b>Name<sup>(1)</sup></b>	<b>Unit-Based Awards – Value Vested During The Year<sup>(2)(3)</sup> (\$)</b>	<b>Annual Non-Equity Incentive Plan Compensation – Value Earned During The Year (\$)</b>
Mitchell Goldhar	255,695	nil
Jamie McVicar	430,040	nil
Kevin Pshebniski	457,625	nil
Michael Young	454,745	nil
Gregory Howard	nil	nil
Garry Foster	255,193	nil

Notes:

- (1) Huw Thomas, the President and CEO, has been a Trustee since April 1, 2011, but does not currently receive any compensation in that capacity. For a summary of the compensation paid by SmartREIT to Mr. Thomas in his capacity both as an executive officer and as a Trustee of SmartREIT, see the section titled “Information Respecting Smart Real Estate Investment Trust – Executive Compensation”.
- (2) These awards were issued pursuant to the Deferred Unit Plan and the figures include Deferred Units received as distribution equivalents under the Deferred Unit Plan. For further information, see “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan”.
- (3) Based on the market value of the Units as at the date of vesting.

### Equity Compensation Plan Information

The following table summarizes certain information as of December 31, 2015 regarding the deferred compensation plans of SmartREIT under which equity securities of SmartREIT are authorized for issuance or under which the amount of compensation paid to participants is determined by reference to the market value of the Units.

Plan Category	Units To Be Issued Upon Exercise of Outstanding Deferred Units (#)	Units Remaining Available for Future Issuance Under the Deferred Unit Plan (#)
Equity compensation plans approved by Unitholders – <i>Deferred Unit Plan</i> <sup>(1)</sup>	664,337	1,028,715
Equity compensation plans not approved by Unitholders – <i>Long Term Incentive Plan and Inducement Awards</i> <sup>(2)</sup>	-	-

Notes:

- (1) Pursuant to the Deferred Unit Plan, the aggregate number of Units authorized for issuance upon the redemption of all Deferred Units granted under the Deferred Unit Plan is 2,000,000. A total of 306,948 Units have been issued upon the redemption of Deferred Units issued under the Deferred Unit Plan. SmartREIT has also issued a further 664,337 Deferred Units which have not yet been redeemed, leaving 1,028,715 Deferred Units available for future grants (assuming that all outstanding Deferred Units are redeemed for Units). The Deferred Units granted under any Inducement Award Agreement are deducted from the number of Deferred Units reserved for future grants under the Deferred Unit Plan.
- (2) SmartREIT may, from time to time, grant awards of Deferred Units under Inducement Award agreements. Except as otherwise specified in an Inducement Award agreement, such awards are granted upon the terms and conditions set out in the Deferred Unit Plan.
- (3) Under the LTIP, all LTIP Units are forthwith paid out in cash upon vesting. The LTIP does not entitle any participant thereunder to receive any Units, although the payout value of the LTIP Units are calculated in part by reference to the market value of the Units.

### *Deferred Unit Plan*

The Deferred Unit Plan is administered by the CGCC. The purpose of the Deferred Unit Plan is to promote a greater alignment of interests between the Trustees, officers and employees of SmartREIT and/or its subsidiaries (such persons hereinafter collectively referred to in this section as “**Eligible Person**”) and Unitholders.

Each Eligible Person is given the right to elect to be a participant (a “**DUP Participant**”) of the Deferred Unit Plan. An Eligible Person who elects to be a DUP Participant shall be paid such amount as set out in an election notice delivered by such DUP Participant to SmartREIT, which shall not exceed:

- (a) in respect of a Trustee, the annual retainer paid by SmartREIT to that Trustee for services rendered in a calendar year for service on the Board, together with committee fees, attendance fees and additional fees and retainers to committee chairs in respect of the same calendar year;
- (b) in respect of the CEO, Chief Financial Officer, Chief Development Officer, Chief Operations Officer or Executive Vice-President, Portfolio Management and Investments, the annual bonus paid by SmartREIT to that executive officer for services rendered in a calendar year; and
- (c) in respect of other senior management, 50% of the annual bonus paid by SmartREIT to that employee for services rendered in a calendar year;

(the “**DUP Elected Amount**”) in the form of Deferred Units in lieu of cash, provided that SmartREIT shall match the DUP Elected Amount for each DUP Participant such that the number of Deferred Units issued to each DUP Participant shall be equal in value to two times the DUP Elected Amount (“**Matching Deferred Units**”) (i.e., if a DUP Participant elects to be paid \$100 of that DUP Participant’s annual bonus or Trustee fees in the form of Deferred Units, SmartREIT matches that election by issuing that DUP Participant a further \$100 worth of Matching Deferred Units, subject to certain vesting conditions).

The number of Deferred Units (including fractional Deferred Units) granted at any particular time pursuant to this Deferred Unit Plan will be calculated by dividing (i) the dollar amount of the DUP Elected Amount allocated to the DUP Participant by (ii) the Market Value (as defined below) of a Unit on the award date. For purposes of the Deferred Unit Plan and this section, “**Market Value**” at any date in respect of the Units means the volume weighted average price of all Units traded on the TSX for the ten trading days immediately preceding such date (or, if such Units are not listed and posted for trading on the TSX, on such stock exchange on which such Units are listed and posted for trading as may be selected for such purpose by the Board). In the event that such Units are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Units as determined by the Board in its sole discretion.

Under no circumstances shall Deferred Units be considered Units nor entitle a DUP Participant to any Unitholder rights, including, without limitation, voting rights, distribution entitlements (other than as set out below) or rights on liquidation. One Deferred Unit is equivalent to one Unit. A DUP Participant may designate a beneficiary for purposes of the Deferred Unit Plan by delivering a notice to the Chief Financial Officer of SmartREIT.

Generally, Deferred Units (other than Matching Deferred Units and Deferred Units received as distribution equivalents) granted to DUP Participants pursuant to the Deferred Unit Plan are fully vested when granted. Matching Deferred Units granted to Trustees vest immediately upon grant. Matching Deferred Units granted to DUP Participants other than Trustees shall vest in accordance with the following schedule:

- (a) 50% of the Matching Deferred Units shall vest on the third anniversary of the grant;
- (b) 25% of the Matching Deferred Units shall vest on the fourth anniversary of the grant; and
- (c) 25% of the Matching Deferred Units shall vest on the fifth anniversary of the grant.

Unvested Matching Deferred Units credited to a DUP Participant shall vest immediately and be redeemable by the DUP Participant (or, where the DUP Participant has died, his or her beneficiary) on the date such DUP Participant ceases to be an employee or Trustee of SmartREIT or an employee or director of a subsidiary of SmartREIT (the “**Termination Date**”) for any reason other than termination for cause or voluntary resignation. In any other circumstance where a DUP Participant ceases to be an employee or Trustee of SmartREIT or an employee or director of a subsidiary of SmartREIT, all unvested Deferred Units of such DUP Participant shall be forfeited and cancelled as of the Termination Date.

The Deferred Units credited to a DUP Participant’s Deferred Unit Account that have vested may be redeemable in whole or in part on the date in which the DUP Participant files a written notice of redemption with the Chief Financial Officer of SmartREIT (the “**Redemption Date**”). The DUP Participant shall receive, within five business days after the Termination Date or Redemption Date, as applicable, a whole number of Units from SmartREIT equal to the whole number of Deferred Units then recorded in the DUP Participant’s Deferred Unit Account, net of any applicable withholding taxes. Participants have no right to receive any fractional Units with respect to any fractional Deferred Units remaining in the DUP Participants’ Deferred Unit Account, including no right to receive any cash payment in lieu thereof. Upon payment in full of the value of the Deferred Units, the Deferred Units shall be cancelled. Alternatively, a DUP Participant may elect to receive the cash equivalent of some or all of the Deferred Units to be redeemed, in which event SmartREIT will arrange to sell as soon as practical the Units issued upon redemption of such Deferred Units on behalf of such DUP Participant.

Whenever cash distributions are paid on Units, additional Deferred Units will be credited to the DUP Participant’s Deferred Unit Account as distribution equivalents. The number of such additional Deferred Units shall be calculated by dividing (i) the amount determined by multiplying (a) the number of Deferred Units in such DUP Participant’s Deferred Unit Account on the record date for the payment of such distribution by (b) the distribution paid per Unit, by (ii) 97% of the Market Value of a Unit on the distribution payment date for such distribution, in each case, with fractions computed to two decimal places. Such additional Deferred Units granted as distribution equivalents shall vest in the same manner in proportion to the underlying Deferred Units to which they relate, subject to compliance with SmartREIT’s insider trading policy.

As of December 31, 2015, SmartREIT had 128,673,857 Units outstanding (not including the 25,414,350 Units issuable upon the exercise or conversion of the Exchangeable Securities outstanding). The aggregate number of Units authorized for issuance upon the redemption of all Deferred Units granted under the Deferred Unit Plan shall not exceed 2,000,000, or approximately 1.6% of the outstanding Units of SmartREIT as at December 31, 2015, or such greater number of Units as may be determined by the Board and approved by the Unitholders and, if required, by any relevant stock exchange or other regulatory authority; provided, however, that: (i) at no time shall the

number of Units reserved for issuance to insiders of SmartREIT pursuant to outstanding Deferred Units, together with the number of Units reserved for issuance to such persons pursuant to any other compensation arrangements, exceed 10% of the then outstanding Units, as calculated immediately prior to the issuance in question; and (ii) the number of Units issued to insiders of SmartREIT pursuant to outstanding Deferred Units together with the number of Units issued to such persons pursuant to any other compensation arrangements, within any one year period, shall not exceed 10% of the then outstanding Units.

### *Inducement Award Agreements*

SmartREIT, from time to time, may grant awards of Deferred Units to new officers of SmartREIT under an Inducement Award agreement with the approval of the Board. The purpose of the Inducement Award agreements is to induce persons not previously employed and not previously an insider of SmartREIT to become a member of SmartREIT's executive team. Except as otherwise specified in an Inducement Award agreement, the awards are granted upon the terms and conditions set out in the Deferred Unit Plan. Deferred Units granted under the Inducement Award agreements are deducted from the number of Deferred Units reserved for future grants under the Deferred Unit Plan.

### *Long Term Incentive Plan*

The LTIP is administered by the Board, which may delegate all or any of its powers to the CGCC. The purpose of the LTIP is to provide officers and key employees of SmartREIT (each, for purposes of the LTIP and this section, an "**Eligible Person**") with the opportunity to acquire LTIP Units in order to promote a greater alignment of such Eligible Persons' interests with the interests of the Unitholders by linking a component of such Eligible Persons' LTIP Compensation to the price performance of the Units compared to the Peer Group and to the distributions paid on the Units.

LTIP Units vest over time and are settled for cash, with the amount of the payment determined based on performance over the specified period of time as an incentive to contribute to SmartREIT's long-term success. LTIP Units are non-transferable and non-assignable.

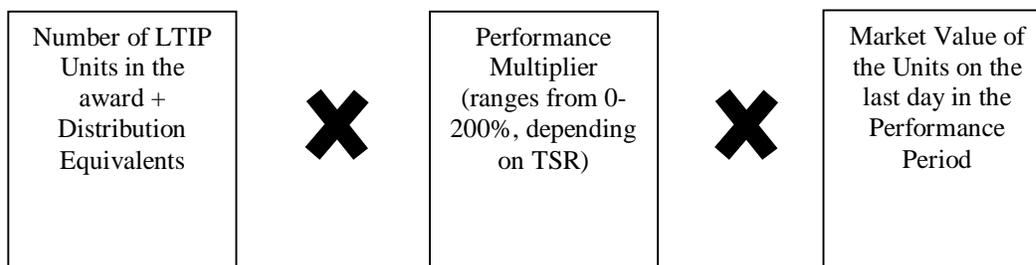
The Board may, from time to time, award LTIP Units to any Eligible Person (each Eligible Person receiving such award being referred to as a "**LTIP Participant**"). The number of LTIP Units (including fractions) to be credited to each LTIP Participant's account shall be determined by the Board in its sole discretion in accordance with the LTIP and having regard to the Market Value (as defined below) of the Units at the time of the award. For purposes of the LTIP and this section, "**Market Value**" on any date in respect of the units or shares of an entity means the volume weighted average price of the units or shares, as the case may be, traded on the TSX (or any other stock exchange on which such units or shares, as the case may be, may from time to time be primarily listed) for the ten trading days (or for awards made on or before July 1, 2014, five trading days) immediately preceding such date. In the event that the units or shares of an entity do not trade on any stock exchange at any time during such ten trading day period, the Market Value of such units or shares, as the case may be, shall be the fair market value of the Units as determined by the Board in its sole and absolute discretion.

Under no circumstances shall LTIP Units be considered Units or other securities of SmartREIT, nor shall they entitle a LTIP Participant to exercise voting rights or any other rights attaching to the ownership of Units or other securities of SmartREIT, nor shall any LTIP Participant be considered the owner of Units by virtue of an award of LTIP Units.

Unless otherwise specified by the Board at the time of granting an award of LTIP Units as reflected in the applicable award notice, and except as otherwise provided under the LTIP, each LTIP Unit will vest on December 31 of the second year following the calendar year in which it is awarded.

LTIP Units that are vested shall be settled for cash and paid out in immediately available funds within 90 days of the end of the Performance Period of such LTIP Units. The "**Performance Period**" of any series of LTIP Units awarded means the three year period commencing on the first day of the calendar year in which the LTIP Units are awarded and ending on the last day of the second calendar year following such year. For example, if a series of LTIP Units are awarded on February 1, 2016, the Performance Period for such LTIP Units will be the period commencing on January 1, 2016 and ending on December 31, 2018.

The amount that is payable to a LTIP Participant at the conclusion of the Performance Period of a series of LTIP Units is a function of three factors: (1) a Performance Multiplier based on the TSR of SmartREIT relative to the Peer Group, (2) the Market Value of the Units on the last day of the Performance Period, and (3) the per Unit amount of monthly distributions on the Units during the Performance Period. The value to be paid out to each LTIP Participant following the Performance Period of an award of LTIP Units is equal to the amount obtained by multiplying the following:



Whenever cash distributions are paid on the Units, additional LTIP Units (“**Distribution Equivalents**”) will be credited to the LTIP Participant’s account based on the Market Value of the Units on the applicable distribution date. The Distribution Equivalents will vest and be settled for cash on the same schedule and in the same manner as, and in proportion to, the LTIP Units to which they relate.

The “**Performance Multiplier**” is determined with reference to the Peer Group as follows:

<i>Performance Multiplier</i>	<i>SmartREIT’s TSR Relative to the TSR for the Peer Group</i>
0%	Below 40 <sup>th</sup> percentile
75%	at 40 <sup>th</sup> percentile
100%	at 50 <sup>th</sup> percentile
200%	at 90 <sup>th</sup> percentile or above

The Performance Multiplier will be derived by linear interpolation when performance is between the 40th percentile and median or between median and 90th percentile

“**TSR**” means, in respect of any entity for any Performance Period, the return that would have been realized on an investment in the units or shares of the entity over the Performance Period assuming the reinvestment of cash distributions or dividends paid during the period and shall be calculated by comparing the Market Value of the units or shares of the entity on the first day in the Performance Period to the Market Value of the units or shares of the entity on the last day in the Performance Period, with distributions and dividends assumed to be reinvested based on the Market Value of the units or shares of the entity in effect on each dividend payment date, all as determined by the Board, provided that where the Performance Period of three years has elapsed and SmartREIT’s TSR for the Performance Period is less than 6.1%, the Performance Multiplier shall not exceed 100%.

In addition, unless otherwise determined by the Board prior to payment in respect of an award of LTIP Units, if at any time in the final calendar year of the Performance Period for such award the per Unit amount of monthly cash distributions paid on the Units (as adjusted for any subdivision, consolidation, dividends paid in the form of Units or units or stock of another entity, capital reorganization, reclassification, exchange or other change with respect to the Units, or a consolidation, amalgamation merger, spin-off, sale lease or exchange of all or substantially all of the property of SmartREIT or other distribution of SmartREIT’s assets to Unitholders) is below the per Unit amount of monthly distributions paid on the Units in effect on the award date for such LTIP Units, such LTIP Units shall be forfeited (the “**Distribution Criterion**”).

If a LTIP Participant resigns (other than in the course of retirement) or is terminated for cause, any of such LTIP Participant’s LTIP Units which have not yet vested will terminate without payment.

In the case of the retirement of a LTIP Participant, any of such LTIP Participant's LTIP Units that have not yet vested will terminate without payment unless the Board determines at its discretion that such LTIP Units will continue to vest in accordance with the original vesting schedule and will be settled for cash at the end of their respective Performance Periods, all in the manner described above.

If a LTIP Participant's employment or service is terminated without cause, such LTIP Participant's vested LTIP Units will be settled for cash in the manner described above. Any of such LTIP Participant's LTIP Units that have not yet vested will terminate without payment.

If a LTIP Participant becomes disabled, any of the LTIP Participant's LTIP Units that have not yet vested will vest on a pro-rated basis, based on the whole number of months from the start of the Performance Period for such LTIP Units to the date that such LTIP Participant ceased active employment, divided by 36, and such pro-rated LTIP Units will vest in accordance with their original vesting schedule and will be settled for cash following their respective Performance Period in the manner described above. Any of the LTIP Participant's LTIP Units not vested in accordance with the foregoing will terminate without payment.

If a LTIP Participant dies, for LTIP Units awarded in the year of death, a pro-rated number of such LTIP Units based on the number of whole months lapsed in the Performance Period for such LTIP Units shall vest and become payable based on the Market Value of such LTIP Units on the date of death, subject to the Distribution Criterion. For the LTIP Units awarded in a year prior to the year of death, the Performance Period in respect of such LTIP Units will be deemed to have ended on December 31 of the year prior to the year of death, and the amount payable in respect of such LTIP Units will be equal to (i) the number of such LTIP Units, multiplied by (ii) the applicable Performance Multiplier, multiplied by (iii) the Market Value of the Units at the end of the applicable Performance Period.

Notwithstanding the foregoing, the Board shall have the discretion to vary the manner in which LTIP Units vest for any LTIP Participant. If there is a conflict between any of the foregoing provisions as to the treatment of the LTIP Units in a LTP Participant's account upon termination, retirement, death or disability and the employment or service agreement of the LTIP Participant, the provisions of the LTIP Participant's employment or service agreement, as the case may be, will govern.

Subject to the foregoing or as hereinafter described, LTIP Units previously granted under the LTIP, whether or not then vested, are not affected by any change in the ownership of SmartREIT.

As of December 31, 2015, 73,813 LTIP Units have thus far been awarded pursuant to the LTIP.

### **Indebtedness of Trustees and Officers**

The table below sets out, as at the date indicated, the aggregate indebtedness of the current and former Trustees, directors and executive officers of SmartREIT and its subsidiaries, any proposed Trustee, and any associate of any one of them, to:

- (a) SmartREIT or any of its subsidiaries; or
- (b) another entity which such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by SmartREIT or any of its subsidiaries.

<b>Aggregate Indebtedness as at April 25, 2016</b>		
<b>Purpose</b>	<b>To SmartREIT or its Subsidiaries (\$)</b>	<b>To Another Entity (\$)</b>
Mortgages/Loans/Notes	142,046,000	n/a

Other than as set out in the table below, no individual who is, or at any time during the most recently completed financial year of SmartREIT was, a Trustee, director or executive officer of SmartREIT or one of its subsidiaries, nor any proposed Trustee, nor any associate of any one of them:

- (a) is, or was at any time since the beginning of the most recently completed financial year of SmartREIT, indebted to SmartREIT or any of its subsidiaries; or

- (b) is, or was at any time since the beginning of the most recently completed financial year of SmartREIT, indebted to another entity, which such indebtedness is, or was during such time, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by SmartREIT or any of its subsidiaries.

Name and Principal Position	Involvement of SmartREIT or Subsidiary	Commitment (\$)	Largest Amount Outstanding During the Year Ending December 31, 2015 (\$)	Amount Outstanding as at April 25, 2016 (\$)	Security For Indebtedness
Penguin Group <sup>(1)</sup>	Lender	278,897,000	127,333,000 <sup>(2)</sup>	129,233,000	First or second charges on title, assignments of rents and leases, GSA, and indemnities and guarantees
Penguin Group <sup>(1)</sup>	Lender	2,928,000	2,928,000 <sup>(3)</sup>	2,969,000	Second charge against the property and guarantees
Penguin Group <sup>(1)</sup>	Lender	20,000,000	9,786,000 <sup>(4)</sup>	9,844,000	Unsecured. Borrower has directed that earn-out payments to the borrower will be paid to repay amounts owing under the facility.

Notes:

- (1) The Penguin Group is controlled by Mitchell Goldhar, a Trustee.
- (2) Mortgages receivable of \$127,333,000 (2014 - \$137,110,000) have been provided pursuant to agreements with certain members of the Penguin Group in which SmartREIT will lend up to \$278,897,000 (2014 - \$316,435,000) for use in acquiring and developing 9 (2014 - 11) properties in Ontario, Québec and British Columbia. These mortgages bear interest payable monthly at variable rates ranging from bankers' acceptance rates plus 1.75% to 2.00% (2014 - 1.75% to 2.00%) and fixed rates from 6.35% to 7.75% (2014 - 6.35% to 7.75%) and the principal amounts are due at the maturity of the mortgages at various dates between 2015 and 2022. The mortgages are secured by first or second charges on properties, assignments of rents and leases, and general security agreements. In addition, other members of the Penguin Group have provided certain limited indemnities and guarantees on some mortgages receivable.
- During the year, \$8,085,000 (2014 - \$8,983,000) was funded, offset by repayments of \$17,862,000 (2014 - \$37,444,000).
- For mortgages totalling \$93,387,000, SmartREIT has an option to acquire a 50% interest in the five properties upon substantial completion at an agreed upon formula using the net operating rents and a capitalization rate based on the ten-year Government of Canada bond rate at the time of completion plus a fixed predetermined negotiated spread ranging from 2.55% to 3.25% within a specified range as follows. Should the capitalization rate exceed the upper limit (ranging from 7.75% to 8.50%), the owner is not obligated to sell, with one exception, when the owner is obligated to sell, as there is no upper limit. Should the capitalization rate be less than the lower limit, then the lower limit (ranging from 6.50% to 7.00%) is deemed to be the capitalization rate, with one exception, where no lower limit exists.
- SmartREIT has also entered into two agreements to loan certain members of the Penguin Group up to \$50,341,000 maturing in October 2017 and December 2020, for the Penguin Group to use in acquiring and developing two properties in which SmartREIT has the other 50% co-ownership interest. SmartREIT has advanced \$33,946,000 on these mortgages as at December 31, 2015.
- SmartREIT has two (December 31, 2014 - three) agreements to loan certain members of the Penguin Group their share of future investments in Mirabel, Mirabel Adjacent Lands and Option Lands on the terms set out below, under which facilities an aggregate of \$nil have been funded as at December 31, 2015:
- \$18,262,000 at an interest rate of 7.50% per annum for a ten year term maturing in December 2022, secured by a first charge on the Penguin Groups' interest in the property and a guarantee by PPI, and
  - \$5,721,000 at an interest rate of 7.50% per annum for a nine year term maturing in December 2022, secured by a first charge on the Penguin Groups' interest in the property and a guarantee by PPI.
- (3) Notes receivable at December 31, 2015 of \$2,928,000 (2014 - \$2,928,000) have been provided to certain members of the Penguin Group. These secured demand notes bear interest at 9% per annum. During the year, \$nil (2014 - \$10,000) was funded.

- (4) Loan receivable of \$9,786,000 has been provided pursuant to a loan agreement with certain members of the Penguin Group with a total loan facility of \$20,000,000. The loan bears interest at 10 basis points plus the lower of: (i) the Canadian prime rate plus 45 basis points, and (ii) the Canadian Dealer Offer Rate plus 145 basis points.

### **Talent Management and Succession Planning Philosophy**

SmartREIT has a talent management and succession planning process in place that ensures key positions in SmartREIT have the necessary bench strength for effective continuance of business activities. SmartREIT's philosophy is to develop and promote from within for these key positions, and uses an approach that includes identification, assessment and development of high-performing associates who demonstrate a readiness for such key positions.

Interim successors are also identified for each key role, who can take over the role on an emergency-basis until a long-term successor can be identified. Such interim successor is distinct from a succession planning candidate.

To build ongoing bench strength, SmartREIT has:

- (a) implemented an extensive recruitment and onboarding process to ensure the right fit of the candidate for the role within SmartREIT, and to promote diversity and varied perspectives within SmartREIT;
- (b) developed an Individual Career Discussion program (ICD) for qualifying associates that outlines future development and growth objectives that the associates work towards over a 3-5 year period. The program includes special assignments, mentoring, cross-training, increased responsibilities and leadership, attending and eventually presenting at key business and board meetings and ongoing internal and external training/courses;
- (c) implemented a nomination and sponsorship process for high-potential candidates for the identified key succession positions, based on past performance and formal assessments;
- (d) established formal managerial-leadership development curriculum that all managers are required to attend; and
- (e) business-related training sessions and courses, administered both internally and externally.

SmartREIT's succession planning activities are the responsibility of the Succession Planning Committee, which is comprised of executive officers of SmartREIT. The committee:

- (a) plays a key role in partnering with the CGCC to ensure that ongoing talent management and succession planning objectives are met annually;
- (b) meets annually to review and update the annual succession plan; and
- (c) provides bi-annual reports to the CGCC.

In addition, the President and CEO and senior leaders of SmartREIT have specific performance objectives relating to talent management and succession planning and are held accountable through the performance review process and bonus program. See "Executive Compensation – Compensation Discussion and Analysis".

SmartREIT's philosophy of building ongoing bench strength reinforces its core values and culture, helps promote retention of talent and provides more opportunity for succession.

### **Interests of Management and Others in Material Transactions**

Except as set out below and in the section of the Circular entitled "Indebtedness of Trustees and Officers" or in the section entitled "Corporate Structure – Additional Agreements with the Penguin Group" in the Annual Information Form of SmartREIT dated February 10, 2016, which section is incorporated by reference in the Circular, no Trustee, director or executive officer of SmartREIT or its subsidiaries, or insider of SmartREIT, or any associate or affiliate of any of the foregoing persons, has or had any material interest in any material transaction with SmartREIT since the commencement of SmartREIT's last financial period. A copy of the aforementioned annual information form may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Mitchell Goldhar, a Trustee and significant Unitholder, controls certain vendors involved in the 2015 Transactions that are members of the Penguin Group, including PPI, SCRI and PII.

Pursuant to the 2015 Property Transaction, SmartREIT acquired interests in a portfolio of 24 real estate properties from PPI, SCRI and various joint venture partners, including Walmart Canada Realty Inc. under a series of property purchase or lease agreements for an aggregate purchase price of approximately \$1.1 billion. Approximately \$571.9 million of the aggregate purchase price was payable to PPI and SCRI, \$24.0 million of the aggregate purchase price was payable to other vendors related to Mr. Goldhar and the balance of the aggregate purchase price was payable to the third party co-owner joint venture vendors. The vendors were issued Class B LP Units and Class C LP Units in partial satisfaction of the purchase price. Following the closing of the 2015 Property Transaction, Mr. Goldhar controlled, directly or indirectly, approximately 22.6% of the outstanding Units and Special Voting Units, as compared to 21.3% immediately prior to closing.

Pursuant to the 2015 Platform Transaction, certain subsidiary limited partnerships of SmartREIT acquired the SmartCentres development platform from Mitchell Goldhar for aggregate consideration of approximately \$55.1 million.

SmartREIT entered into a services agreement in connection with the 2015 Transactions. Pursuant to this agreement, PII will provide master planning services under the direct supervision of Mr. Goldhar in respect of developments in which SmartREIT and/or certain subsidiary limited partnerships have an interest for a five-year period following the closing of the 2015 Transactions for a fee of \$3.5 million per year, payable quarterly, plus fees for certain limited consulting services.

Peter Forde was the Chief Operating Officer of PII and a Trustee of SmartREIT at the time of the 2015 Transactions. Following the closing of the 2015 Transactions, Mr. Forde resigned from the Board of Trustees and joined SmartREIT's executive team as Chief Operating Officer. Mauro Pambianchi was the Chief Development Officer of PII at the time of the 2015 Transactions and, following closing, he joined SmartREIT's executive team as Chief Development Officer. Due to their respective interests in the 2015 Transactions, Mr. Goldhar and Mr. Forde were not entitled to vote on the approval of the 2015 Transactions at the meeting of Unitholders held on May 26, 2015 and the related Trustees' meetings.

Following the closing of the 2015 Transactions and the resignation of Mr. Forde from the Board, Gregory Howard was appointed as a Trustee. Mr. Howard is a senior partner at Davies Ward Phillips & Vineberg LLP and the firm has acted as counsel to Mitchell Goldhar and the Penguin Group on a number of matters, including the 2015 Transactions.

### **Additional Information**

Additional information relating to SmartREIT may be found on SEDAR at [www.sedar.com](http://www.sedar.com) including additional financial information which is provided in SmartREIT's consolidated comparative financial statements and management's discussion and analysis for its most recently completed financial year. Voting Unitholders may contact SmartREIT at any time to receive a copy of SmartREIT's consolidated comparative financial statements and management's discussion and analysis for its most recently completed financial year. Any such request should be made to the Chief Financial Officer of SmartREIT, 700 Applewood Crescent, Suite 200, Vaughan, Ontario L4K 5X3 Facsimile: 905-326-0783 or by email to [investorrelations@smartreit.com](mailto:investorrelations@smartreit.com).

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Financial Statements**

The audited financial statements of SmartREIT for the year ended December 31, 2015 and the auditor's report thereon will be tabled before the Voting Unitholders at the Meeting for the consideration of the Voting Unitholders. The audited financial statements have been approved by the Audit Committee and by the Board.

### **Election of Trustees**

Pursuant to the Declaration of Trust, for so long as the MG Entities collectively beneficially own at least 5% but less than 15% of the issued and outstanding Units and Special Voting Units, in aggregate, they shall be entitled to appoint one Trustee to the Board and the number of Trustees on the Board shall be limited to eight; for so long as the MG Entities collectively beneficially own at least 15% but less than 25% of the issued and outstanding Units and Special Voting Units, in aggregate, they shall be entitled to appoint a total of two Trustees to the Board and the number of Trustees on the Board shall be limited to a maximum of eight; and for so long as the MG Entities are the

beneficial owners of at least 25% of the issued and outstanding Units and Special Voting Units of SmartREIT, in aggregate, they shall be entitled to appoint a total of three Trustees to the Board and the number of Trustees on the Board shall be limited to a maximum of nine.

At the Meeting, it is proposed that an aggregate of seven trustees of SmartREIT be elected or appointed to hold office from the closing of the Meeting until the next annual meeting or until their successors are elected or appointed. There are presently seven Trustees of SmartREIT, five of whom were elected by the Voting Unitholders on May 26, 2015 and two of whom were appointed by the MG Entities in accordance with the Declaration of Trust. Although the MG Entities have the right to appoint three Trustees to the Board of Trustees, they have only appointed two Trustees. Each Trustee will cease to hold office following the closing of the Meeting, unless re-elected at the Meeting or re-appointed by the MG Entities. In the event that (i) the MG Entities decide to have a third Trustee as its nominee, SmartREIT will add one further additional Trustee, or (ii) the Board decides to add an additional Trustee, the MG Entities will add a third Trustee as its nominee, so that, in either case, the MG Entities will have a total of three Trustees on the board of nine total Trustees.

At the Meeting, it is proposed that Huw Thomas, Jamie McVicar, Michael Young, Kevin Pshebniski and Garry Foster be elected as Trustees of SmartREIT to hold office until the next annual meeting or until their successors are elected or appointed. Mr. Goldhar has confirmed that Mitchell Goldhar and Gregory Howard will be the MG Entities' appointees to the Board.

### **Re-Appointment of the Auditor**

It is proposed that PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Toronto, Ontario, be re-appointed to serve as the auditor of SmartREIT until the next annual meeting of Voting Unitholders. It is further proposed that the Board be authorized to fix the auditor's remuneration. PricewaterhouseCoopers LLP has been SmartREIT's auditor since September 30, 2005.

### **Approach to Executive Compensation**

SmartREIT's executive compensation program has the objectives of attracting and retaining highly qualified executives, motivating their performance and aligning the interests of executives with the interests of Unitholders. Compensation under the program is linked to achieving both current and longer-term goals of SmartREIT and to optimizing long-term total Unitholder return through sustaining and growing SmartREIT's distributions. SmartREIT believes that its compensation programs are consistent with those objectives, and are in the best interest of Unitholders. See "Compensation Discussion and Analysis" for detailed disclosure of SmartREIT's executive compensation program.

In 2015, the Board adopted a policy to hold a non-binding advisory vote on the approach to executive compensation as disclosed in the management information circular at each annual meeting. This Unitholder vote forms an important part of the ongoing process of engagement between Unitholders and the Board on executive compensation. At the meeting of Voting Unitholders held on May 26, 2015, Voting Unitholders holding over 99% of the votes cast at the meeting voted in favour of SmartREIT's approach to executive compensation.

At the Meeting, Voting Unitholders will have an opportunity to vote on SmartREIT's approach to executive compensation through consideration of the following advisory resolution:

Be it resolved, on an advisory basis and not to diminish the role and responsibilities of the board of trustees of SmartREIT, that the approach to executive compensation disclosed in the Management Information Circular of SmartREIT dated May 6, 2016 is accepted.

As the vote is advisory, it will not be binding upon the Board; however, the CGCC will take into account the results of the vote when considering future executive compensation arrangements. **The Board recommends that Unitholders vote in favour of the above resolution.**

### **Interest of Certain Persons in Matters to be Acted Upon**

Other than the election of trustees of SmartREIT or as otherwise set out in the Circular, no Trustee, officer or insider of SmartREIT, or any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

**Other Business**

Management of SmartREIT is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying Forms of Proxy confer discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters that properly may come before the Meeting in the best judgement of the persons voting the proxy.

**APPROVAL OF TRUSTEES**

The contents of the Circular have been approved by the Board.

**DATED** at Vaughan, Ontario this 6<sup>th</sup> day of May, 2016.

**BY ORDER OF THE BOARD OF TRUSTEES OF SMART  
REAL ESTATE INVESTMENT TRUST**

By:



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Huw Thomas  
Trustee, President and Chief Executive Officer

**SCHEDULE “A”  
MANDATE OF THE BOARD**

**1. Adoption**

The Board of Trustees (the “**Board**”) of SmartREIT Real Estate Investment Trust (the “**Trust**”) adopted this Mandate by resolution dated March 8, 2004.

**2. Policy Statement**

The Board of the Trust has, subject to all of the provisions of the Declaration of Trust of the Trust, as amended from time to time (the “**Declaration of Trust**”), the responsibility to oversee the conduct of the business of the Trust and to oversee the activities of management who are responsible for the day-to-day conduct of the business of the Trust.

**3. Composition and Operation**

The Board operates by delegating certain of its authorities to management and to Committees of the Board and by reserving certain powers to itself all as prescribed by the Declaration of Trust. The Board retains the responsibility of managing its own affairs including selecting its Chairman, nominating candidates for election to the Board, constituting committees of the full Board and determining compensation for the trustees. Subject to the Declaration of Trust and all amendments thereto, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

**4. Responsibilities**

The Board’s fundamental objectives are to enhance and preserve long-term unitholder value, to ensure the Trust meets its obligations on an ongoing basis and that the Trust operates in a reliable manner. In performing its functions, the Board should also consider the legitimate interests its other stakeholders such as employees, customers and communities may have in the Trust. In broad terms, the stewardship of the Trust involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

**5. Specific Duties**

Subject only to the express limitations contained in the Declaration of Trust including, without limitation sections 5.1 and 5.2 of the Declaration of Trust, and in addition to any powers and authorities conferred by the Declaration of Trust or which the trustees may have by virtue of any present or future statute or rule or law, the Board shall have and may exercise the following powers and authorities (with all defined terms having the meaning prescribed by the Declaration of Trust):

- (a) To retain, invest and reinvest the capital or other funds of the Trust in Real Property of any kind, and to possess and exercise all the rights, powers and privileges appertaining to the ownership of the property of the Trust and to increase the capital of the Trust at any time by the issuance of additional Units for such consideration as they deem appropriate;
- (b) For such consideration as they deem proper, to invest in, purchase or otherwise acquire for cash or other property or through the issuance of Units or through the issuance of notes, debentures, bonds or other obligations or securities of the Trust and hold for investment the entire or any participating interest in mortgages. In connection with any such investment, purchase or acquisition, the Board shall have the power to acquire a share of rents, lease payments or other gross income from or a share of the profits from or a share in the equity or ownership of Real Property;
- (c) To sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any or all of the

property of the Trust by deeds, trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or any nominee of the Trust;

- (d) To enter into leases, contracts, obligations and other agreements for a term extending beyond the term of office of the Trustees and beyond the possible termination of the Trust or for a lesser term;
- (e) To borrow money from or incur indebtedness to any person; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of third parties; to enter into other obligations on behalf of the Trust; and to assign, convey, transfer, mortgage, subordinate, pledge, grant security interests in, or encumber, the property of the Trust to secure any of the foregoing;
- (f) To lend money, whether secured or unsecured;
- (g) To incur and pay out of the property of the Trust any charges or expenses and disburse any funds of the Trust, which charges, expenses or disbursements are, in the opinion of the Board, necessary or incidental to or desirable for the carrying out of any of the purposes of the Trust or conducting the affairs of the Trust including, without limitation, taxes or other governmental levies, charges and assessments of whatever kind or nature, imposed upon or against the Board in connection with the Trust or the property of the Trust or upon or against the property of the Trust or any part thereof and for any of the purposes herein;
- (h) To deposit funds of the Trust in banks, trust companies and other depositories, whether or not such deposits will earn interest, the same to be subject to withdrawal on such terms and in such manner and by such person or persons (including any one or more Trustees, officers, agents or representatives) as the Board may determine;
- (i) To possess and exercise all the rights, powers and privileges appertaining to the ownership of all or any mortgages or securities, issued or created by, or interest in, any person, forming part of the assets of the Trust, to the same extent that an individual might and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or action generally or for any particular meeting or action and may include the exercise of discretionary power;
- (j) To elect, appoint, engage or employ officers for the Trust (including a Chairman, a President, one or more Vice-Presidents and a Secretary and other officers as the Board may determine), who may be removed or discharged at the discretion of the Board, such officers to have such powers and duties, and to serve such terms as may be prescribed by the Board; to engage or employ any persons as agents, representatives, employees or independent contractors (including, without limitation, real estate advisors, investment advisors, registrars, underwriters, accountants, lawyers, real estate agents, property managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, and to pay compensation from the Trust for services in as many capacities as such persons may be so engaged or employed; and, except as prohibited by law, to delegate any of the powers and duties of the Board to any one or more Trustees, agents, representatives, officers, employees, independent contractors or other persons;
- (k) To collect, sue for and receive sums of money coming due to the Trust, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, demands or other litigation relating to the Trust, the assets of the Trust or the Trust's affairs, to enter into agreements therefore whether or not any suit is commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding the arbitration or settlement thereof,

- (l) To renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Trust;
- (m) To purchase and pay for, out of the assets of the Trust, insurance contracts and policies insuring the assets of the Trust against any and all risks and insuring the Trust and/or any or all of the Trustees, the Unitholders or officers of the Trust against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees, the Unitholders or the officers or otherwise;
- (n) To cause title to any of the assets of the Trust to be drawn up in the name of the Trustees, and/or, to the extent permitted by applicable law, in the name of the Trust or one or more of the Trustees or any other person, on such terms, in such manner with such powers in such person as the Board may determine and with or without disclosure that the Trust or Trustees are interested therein provided, however, that should title to any of the assets of the Trust be held by and/or in the name of any person or persons other than the Trust or Trustees as aforesaid, the Board shall require such person or persons to execute a declaration of trust acknowledging that title to such assets is held in trust for the benefit of the Trust;
- (o) To determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses, disbursements and property of the Trust;
- (p) To prepare, sign and file or cause to be prepared, signed and filed any prospectus, information circular, offering memorandum or similar document, and any amendment thereto, relating to or resulting from an offering of the Units or other securities issued or held by the Trust and to pay the cost thereof and related thereto and any fees related thereto out of the property of the Trust whether or not such offering is or was of direct benefit to the Trust or those persons (if any) who were Unitholders immediately prior to such offering;
- (q) To make or cause to be made application for the listing on any stock exchange of any Units or other securities of the Trust, and to do all things which in the opinion of the Board may be necessary or desirable to effect or maintain such listing or listings;
- (r) To determine conclusively the value of any or all of the property of the Trust from time to time and, in determining such value, to consider such information and advice as the Board, in their sole judgement, may deem material and reliable;
- (s) To do all such acts and things and to exercise such powers which are delegated to the Board by any person who co-owns Real Property with the Trust; and
- (t) To do all such other acts and things as are incidental to the foregoing and to exercise all powers which are necessary or useful to carry on the affairs of the Trust, to promote any of the purposes for which the Trust is formed and to carry out the provisions of the Declaration of Trust.

## **6. Independence, Orientation and Evaluation**

The Board shall have the responsibility to:

- (a) implement appropriate structures and procedures to permit the Board to function independently of management;
- (b) implement a system which enables an individual trustee to engage an outside advisor at the expense of the Trust in appropriate circumstances;
- (c) provide an orientation and education program for newly appointed members of the Board;

- (d) implement a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual trustees;
- (e) examine the size of the Board and the impact of the number of trustees upon the effectiveness of the Board; and
- (f) review the adequacy and form of the compensation provided to the trustees to ensure it adequately reflects the responsibilities and risks involved in being an effective trustee.

## **7. Strategy Determination**

The Board shall:

- (a) adopt and annually review a strategic planning process and approve the strategic plan of the Trust, which takes into account, among other things, the opportunities and risks of the business; and
- (b) annually review operating and financial performance results relative to established strategy, budgets and objectives.

## **8. Managing Risk**

The Board has the responsibility to understand the principal risks of the business in which the Trust is engaged, to achieve a proper balance between risks incurred and the potential return to unitholders, and to confirm that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Trust.

## **9. Appointment, Training and Monitoring of Senior Management**

The Board shall:

- (a) appoint the Chief Executive officer (“CEO”) and senior officers, develop position descriptions for such persons, approve (upon recommendations from the Compensation Committee) their compensation, and monitor the CEO’s performance against a set of mutually agreed corporate objectives directed at maximizing unitholder value;
- (b) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management; and
- (c) establish limits of authority delegated to management.

## **10. Reporting and Communication**

The Board has the responsibility to:

- (a) verify that the Trust has in place policies and programs to enable the Trust to communicate effectively with its unitholders, other stakeholders and the public generally;
- (b) verify the integrity of the Trust’s internal controls and management information systems;
- (c) verify that the financial performance of the Trust is adequately reported to unitholders, other security holders and regulators on a timely and regular basis;
- (d) verify that the financial results are reported fairly and in accordance with generally accepted accounting standards;

- (e) verify the timely reporting of any other developments that have a significant and material impact on the value of the Trust; and
- (f) report annually to unitholders on its stewardship of the affairs of the Trust for the preceding year.

#### **11. Monitoring and Acting**

The Board has the responsibility to:

- (a) review and approve the Trust's financial statements and oversee the Trust's compliance with applicable audit, accounting and reporting requirements;
- (b) verify that the Trust operates at all times within applicable laws and regulations to the highest ethical and moral standards;
- (c) approve and monitor compliance with significant policies and procedures by which the Trust is operated;
- (d) monitor the Trust's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (e) take such action as it determines appropriate when performance falls short of its goals and objectives or when other special circumstances warrant; and
- (f) verify that the Trust has implemented adequate internal control and information systems which ensure the effective discharge of its responsibilities.

#### **12. Committees**

- (a) There shall be three committees of the Board; the investment committee, the audit committee and the compensation and corporate governance committee. The Board may establish any other committee as it may deem appropriate from time to time.
- (b) The Board shall establish a mandate for each of the committees of the Board required by section 12(a) above.

#### **13. Other Activities**

- (a) The Board shall prepare and distribute the schedule of Board meetings for each upcoming year.
- (b) The Board may perform any other activities consistent with this mandate, the Declaration of the Trust and all amendments thereto and any other governing laws as the Board determines necessary or appropriate.

**SCHEDULE “B”  
GLOSSARY OF TERMS**

*Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the respective meanings set forth below when used in the Circular. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.*

“**2012 Meeting**” means the annual general and special meeting of Voting Unitholders held on May 10, 2012.

“**2015 Platform Transaction**” means the acquisition by SmartREIT through certain subsidiary limited partnerships of the SmartCentres development platform from Mitchell Goldhar completed on May 28, 2015.

“**2015 Property Transaction**” means the acquisition by SmartREIT and certain subsidiary limited partnerships of a significant portfolio of real estate from a number of vendors, including Mitchell Goldhar and certain members of the Penguin Group completed on May 28, 2015.

“**2015 Transactions**” means, collectively, the 2015 Property Transaction and the 2015 Platform Transaction.

“**Additional Special Voting Units**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Special Voting Units”.

“**AFFO**” means the adjusted funds from operation of SmartREIT.

“**Board**” means the board of Trustees of SmartREIT.

“**Board Diversity Policy**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Governance – Gender Diversity Policy”.

“**CDS**” means the Canadian Depository for Securities Limited, CDS Clearing and Depository Services Inc., CDS INC., CDS Innovations Inc. and their affiliates.

“**CEO**” means the Chief Executive Officer of SmartREIT.

“**CGCC**” means the Corporate Governance and Compensation Committee of SmartREIT.

“**Circular**” means the management information circular of SmartREIT pertaining to the Meeting.

“**Class B LP Units**” means Class B units of subsidiary limited partnerships of SmartREIT, each of which will be convertible to Units.

“**Class C LP Units**” means Class C units of subsidiary limited partnership interests of SmartREIT, each of which will be convertible into Class B LP Units of the subsidiary limited partnership.

“**Class D LP Units**” means Class D units of subsidiary limited partnerships of SmartREIT, each of which will be convertible to Units.

“**Code of Business Conduct for Associates**” means the SmartREIT Code of Business Conduct dated November 11, 2015.

“**Computershare**” means Computershare Trust Company of Canada.

“**CSA**” means the Canadian Securities Administrators.

“**Declaration of Trust**” means the declaration of the trust of SmartREIT dated December 4, 2001, as most recently amended and restated as of July 3, 2015.

**“Deferred Unit Account”** means an account maintained by SmartREIT for each DUP Participant that is credited with notional grants of Deferred Units received by a DUP Participant from time to time.

**“Deferred Unit Plan”** or **“DUP”** means the Deferred Unit Plan of SmartREIT, as more particularly described under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan”.

**“Deferred Units”** means a bookkeeping entry, equivalent in value to a Unit, credited to a DUP Participant’s Deferred Unit Account.

**“Distribution Criterion”** has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan”.

**“Distribution Equivalents”** has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan”.

**“DUP Elected Amount”** has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan.”

**“DUP Participant”** has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan”.

**“Exchangeable Security”** means any security of any trust, limited partnership or corporation other than SmartREIT that is convertible or exchangeable directly for Units without the payment of additional consideration therefor, including Class B LP Units and Class D LP Units.

**“Executive Committee”** means SmartREIT’s Executive Committee.

**“Form of Proxy”** means the form of proxy received in connection with the Meeting.

**“Funds from Operations”** or **“FFO”** has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Executive Compensation – Compensation Discussion and Analysis – Non-IFRS Measures”.

**“GAAP”** means generally accepted accounting principles.

**“Governance and Investor Rights Agreement”** means the governance and investor rights agreement dated May 28, 2015 between SmartREIT, Mitchell Goldhar, PPI, SCRI and certain other persons.

**“Hopewell”** means Hopewell Development Corporation.

**“Hugessen”** has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Governance – Hugessen Consulting Inc.”.

**“ICD”** means Institute of Corporate Directors.

**“IFRS”** means the International Financial Reporting Standards.

**“Inducement Award”** has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Executive Compensation – Compensation Discussion and Analysis – Equity Incentive Plans – Inducement Award Agreements”.

**“Intermediaries”** means an intermediary that a Non-Registered Holder deals with in respect of its Voting Units and may include banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans.

“**Investment Committee**” means SmartREIT’s Investment Committee.

“**LTIP**” means the Long Term Incentive Plan of SmartREIT, as more particularly described under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan”.

“**LTIP Compensation**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Executive Compensation – Compensation Discussion and Analysis – Equity Incentive Plans – Long Term Incentive Plan”.

“**LTIP Participant**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan”.

“**LTIP Units**” means “Performance Units” awarded under the LTIP.

“**Matching Deferred Units**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan.”

“**Meeting**” means the annual general meeting of the Voting Unitholders to be held on June 10, 2016.

“**Meeting Materials**” means the Notice of Meeting, the VIF and the Circular.

“**MG Entities**” means (i) Mitchell Goldhar, (ii) any heir(s), executor(s), administrator(s) or legal representative(s) of Mitchell Goldhar; (iii) any individual who is the child, spouse, common law spouse, father, mother, brother, sister, niece or nephew of Mitchell Goldhar, or is married to any such individual; (iv) any trust(s) in respect of which all of the beneficiaries shall be solely one or more of those persons referred to in clause (iii) above; (v) any combination of persons referred to in clauses (i), (ii), (iii) or (iv) above; and (vi) any person who is controlled by any person referred to in clauses (i), (ii), (iii) or (iv) above or any combination thereof.

“**NI 54-101**” means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Guidelines*.

“**NI 58-201**” means National Instrument 58-201 – *Corporate Governance Guidelines*.

“**Non-Registered Holder**” means a person that is not a registered Voting Unitholder.

“**Notice of Meeting**” means the notice of the Meeting.

“**NP 58-201**” means National Policy 58-201 – *Corporate Governance Guidelines*.

“**Peer Group**” means the peer group of public entities which is currently comprised of the entities included in the S&P/TSX Capped REIT Index.

“**Penguin Group**” means, collectively, Mitchell Goldhar, the group of companies formerly referred to as the SmartCentres group of companies and related and affiliated parties.

“**Performance Multiplier**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan.”

“**Performance Period**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Long Term Incentive Plan”.

“**PII**” means Penguin Investments Inc. (formerly, SmartCentres Management Inc.).

“**PPI**” means Penguin Properties Inc.

“**Real Estate Committee**” means SmartREIT’s Real Estate Committee.

“**REALpac Survey**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Executive Compensation – Compensation Discussion and Analysis – Base Salary”.

“**Record Date**” means April 25, 2016.

“**Redemption Date**” has the meaning ascribed thereto under “Information respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan.”

“**SCRI**” means SmartCentres Realty Inc.

“**SmartREIT**” or “**we**” means Smart Real Estate Investment Trust.

“**Special Committee**” means the special committee of independent trustees consisting of Garry Foster (chair), Kevin Pshebniski and Michael Young established by the Board to assess the 2015 Transactions.

“**Special Voting Unitholders**” means the holders of Special Voting Units.

“**Special Voting Units**” means the Special Voting Units of SmartREIT.

“**Termination Date**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Equity Compensation Plan Information – Deferred Unit Plan.”

“**Trustees**” means the trustees from time to time of SmartREIT.

“**TSR**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust –Equity Compensation Plan Information – Long Term Incentive Plan”.

“**TSX**” means the Toronto Stock Exchange.

“**Trustee Code of Conduct**” means the SmartREIT Code of Business Conduct for Trustees.

“**Unitholders**” means the holders of Units.

“**Units**” means Variable Voting Units of SmartREIT.

“**VIF**” means the voting instruction form.

“**Voting Top-Up Right**” has the meaning ascribed thereto under “Information Respecting Smart Real Estate Investment Trust – Special Voting Units”.

“**Voting Unitholders**” means the Unitholders and the Special Voting Unitholders.

“**Voting Units**” means the Special Voting Units and Units.