# SMARTCENTRES REAL ESTATE INVESTMENT TRUST

## Notice of Annual General Meeting

## of Holders of Units and Special Voting Units to be held on

## May 31, 2019

## - and -

## Management Information Circular

**April 30, 2019**

**INVITATION TO UNITHOLDERS**

April 30, 2019

Dear Fellow Unitholders,

SmartCentres Real Estate Investment Trust ("**SmartCentres**" or "**we**") is pleased to invite you to join our Board of Trustees and senior management team at the annual general meeting of the holders of our Units and Special Voting Units. The meeting will be held at 9:00 a.m. (Toronto time) on May 31, 2019 at Vantage Venues (formerly St. Andrew's Club & Conference Centre), 27th Floor, 150 King Street West, Toronto, Ontario.

The annual meeting provides SmartCentres' Unitholders with an important opportunity to consider and participate in key matters for SmartCentres. The accompanying management information circular describes the business to be conducted at the annual meeting and provides information on SmartCentres' executive compensation and governance practices. At the annual meeting, there will be an opportunity to ask questions and meet with management and the Board of Trustees.

As a Unitholder, your participation in the affairs of SmartCentres is important to us. On behalf of the Board of Trustees, management and employees, we would like to thank you for your consideration of the matters in this management information circular and for your continued support. We look forward to seeing you at the annual meeting.

Sincerely,

Mitchell Goldhar
Executive Chairman

Peter Forde
President and Chief Executive Officer

**SMARTCENTRES REAL ESTATE INVESTMENT TRUST**

**NOTICE OF ANNUAL GENERAL MEETING OF UNITHOLDERS**
**to be held on May 31, 2019**

**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 SmartCentres Real Estate Investment Trust ("**SmartCentres**") will be held at Vantage Venues (formerly St. Andrew's Club & Conference Centre), 27th Floor, 150 King Street West, Toronto, Ontario, on May 31, 2019 at 9:00 a.m. (Toronto time) for the following purposes:

1. To receive and consider the consolidated financial statements of SmartCentres for the year ended December 31, 2018 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 SmartCentres for the ensuing year;
3. To re-appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the auditor of SmartCentres for the ensuing year and to authorize the Trustees of SmartCentres to fix the remuneration of such auditor;
4. To consider and vote on an advisory resolution on SmartCentres' 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 and the holders of Special Voting Units are collectively referred to herein as the "**Unitholders**".

The specific details of the matters proposed to be put before the Unitholders at the Meeting are set forth in the accompanying management information circular. The record date for determination of Unitholders entitled to receive notice of and to vote at the Meeting is April 12, 2019 (the "**Record Date**"). Only Unitholders whose names appear on the register of 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 Unitholder may attend the Meeting in person or may be represented by proxy. Registered 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 for use at the Meeting or any adjournment or postponement thereof. To be effective:**

(a) **a form of proxy submitted by a registered <u>holder of Units</u> must be received by the Chief Financial Officer of SmartCentres, 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 <u>holder of Special Voting Units</u> must be received by the Chief Financial Officer of SmartCentres at the head office of SmartCentres located at 3200 Highway 7, Vaughan, Ontario L4K 5Z5;**

**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 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 30th day of April, 2019.

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

By: _______________________

Michael Young
Lead Independent Trustee

## Q&A RELATING TO THE MEETING

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

The annual general meeting of Unitholders of SmartCentres will take place at 9:00 a.m. (Toronto time) on May 31, 2019 at Vantage Venues (formerly St. Andrew's Club & Conference Centre), 27th 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 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 provided to allow Unitholders to show their approval or disapproval of SmartCentres' executive compensation policies which are described in detail in the accompanying management information circular. An advisory vote is non-binding on SmartCentres and it remains the duty of the Board of Trustees and the corporate governance and compensation committee of SmartCentres to develop and implement appropriate executive compensation policies for SmartCentres. The corporate governance and compensation committee will take into account the results of the vote when considering future executive compensation arrangements. At SmartCentres' meeting of Unitholders held on May 16, 2018, Unitholders holding over 95% of the votes cast at the meeting voted in favour of SmartCentres' approach to executive compensation.

### 4. How do I vote?

If you are a "non-registered" Unitholder because your units and/or special 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, or in the name of an intermediary that you deal with in respect of your units and/or special 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, tax-free savings accounts and similar plans), SmartCentres has elected to send you copies of the notice of the meeting, the accompanying management information circular and the voting instruction form (collectively, the "**meeting materials**") indirectly through intermediaries.

Intermediaries will frequently use service companies to forward the meeting materials to non-registered Unitholders. Generally, a non-registered Unitholder who has not waived the right to receive meeting materials will be given a voting instruction form by the intermediary, which, when properly completed and signed by the non-registered Unitholder and returned to the intermediary or its service company (as directed in such voting instruction form), will constitute voting instructions which the intermediary must follow.

Non-registered Unitholders are kindly asked to return their voting instructions as specified in the voting instruction form.

If you are a registered Unitholder, please refer to the accompanying management information circular for further instructions on how to vote.

**SMARTCENTRES REAL ESTATE INVESTMENT TRUST**
**MANAGEMENT INFORMATION CIRCULAR**
**For the Annual General Meeting of Unitholders to be held on May 31, 2019**

## MEANING OF CERTAIN REFERENCES

References to "**SmartCentres**" and "**we**" in this management information circular refer to SmartCentres Real Estate Investment Trust. References to the "**Board**" means the Board of Trustees of SmartCentres and to "**Trustees**" means the Trustees of SmartCentres.

In addition, references to "**Units**" means Variable Voting Units of SmartCentres, to "**Special Voting Units**" means the Special Voting Units of SmartCentres and to "**Voting Units**" means the Special Voting Units and Units. "**Unitholders**" means the holders of Units and Special Voting Units.

All dollar amounts in this management information circular are expressed in Canadian dollars.

## SOLICITATION OF PROXIES AND VOTING AT THE MEETING

### Solicitation of Proxies

This management information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of SmartCentres to be used at the annual general meeting of Unitholders (the "**Meeting**") to be held at Vantage Venues (formerly St. Andrew's Club & Conference Centre), 27th Floor, 150 King Street West, Toronto, Ontario, on May 31, 2019 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, telecopy or oral communication by Trustees, officers, employees or agents of SmartCentres who may be specifically remunerated for such solicitations. All costs of the solicitation will be borne by SmartCentres. The information contained herein is given as of April 12, 2019 unless otherwise specified.

### Appointment and Revocation of Proxies

If you are a registered 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 SmartCentres. **A registered Unitholder desiring to appoint a person (who need not be a Unitholder) to represent such 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 SmartCentres. To be effective:**

(a) **a form of proxy submitted by a registered <u>holder of Units</u> must be received by the Chief Financial Officer of SmartCentres, 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 <u>holder of Special Voting Units</u> must be received by the Chief Financial Officer of SmartCentres at the head office of SmartCentres located at 3200 Highway 7, Vaughan, Ontario L4K 5Z5,**

**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 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 Unitholder or by his or her attorney duly authorized in writing or, if the registered Unitholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the abovementioned office of Computershare Trust Company of Canada 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 Unitholder attends personally at the Meeting, such Unitholder may revoke the proxy and vote in person.**

Registered Unitholders of record as at the close of business on April 12, 2019 (the "**Record Date**") are entitled to receive notice of, attend and vote at the Meeting.

**Signature of Proxy**

A form of proxy must be executed by the registered Unitholder or his or her attorney authorized in writing or, if such 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 or her signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with SmartCentres).

**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 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 SmartCentres for the ensuing year;**

2. **Re-appointing PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the auditor of SmartCentres for the ensuing year and authorizing the Trustees to fix the remuneration of the auditor; and**

3. **Accepting SmartCentres' 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 SmartCentres 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 Unitholders or duly appointed proxyholders are permitted to attend and vote at the Meeting. Most Unitholders are non-registered Unitholders ("Non-Registered Holders") because the Voting Units they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Voting Units.** 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: (i) an intermediary (an "**Intermediary**") that a Non-Registered Holder deals with in respect of its 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, tax-free savings accounts and similar plans), or (ii) a clearing agency such as the Canadian Depository for Securities Limited, CDS Clearing and Depository Services Inc., CDS INC., CDS Innovations Inc. and their affiliates (collectively "**CDS**"), of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, SmartCentres has elected to send copies of the meeting materials indirectly through Intermediaries to the non-objecting Non-Registered Holders. SmartCentres will pay all costs associated with the sending of the notice of meeting and the voting instruction form 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 voting instruction form 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 voting instruction form), will constitute voting instructions which the Intermediary must follow.

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

Voting instruction forms 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 voting instruction form wish to attend the Meeting or to specify someone else to attend on his, her or its behalf, the Non-Registered Holder may request a legal proxy as set forth in the voting instruction form, which will grant the Non-Registered Holder, or his, her or its nominee, the right to attend and vote at the Meeting.

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

### Advance Notice Policy

SmartCentres has implemented a policy requiring advance notice to be given to SmartCentres of Unitholder proposals relating to the nomination of Trustees (the "**Advance Notice Policy**"). The Advance Notice Policy requires a nominating Unitholder to provide notice to the Trustees of proposed Trustee nominations not less than 30 days prior to the date of the applicable annual meeting (being not later than May 1, 2019 for purposes of the Meeting). This advance notice period is intended to give SmartCentres and its Unitholders sufficient time to consider any proposed nominees. A copy of the Declaration of Trust, which sets out SmartCentres' Advance Notice Policy, may be viewed under the Trust's profile on SEDAR at www.sedar.com.

### Unitholder Proposals

The Declaration of Trust provides for the ability of an eligible Unitholder (meeting certain specified criteria) to submit a proposal for consideration at an annual meeting of SmartCentres (other than proposals with respect to the nomination of Trustees which must follow the provisions of the Advance Notice Policy referred to above). In accordance with the Declaration of Trust, a proposal must be submitted by an eligible Unitholder at least 90 days before the anniversary date of the notice of the prior annual meeting. The final date for submission of proposals by Unitholders for inclusion in the circular in connection with next year's annual meeting of Unitholders is January 31, 2020.

## INFORMATION RESPECTING SMARTCENTRES REAL ESTATE INVESTMENT TRUST

### General

SmartCentres is an unincorporated "open-end" real estate investment trust constituted in accordance with the laws of the Province of Alberta pursuant to a declaration of trust (the "**Declaration of Trust**"). SmartCentres' purpose is to develop, lease, construct, own and manage both shopping centres that provide retailers with a platform to reach their customers through convenient locations, intelligent designs and a desirable tenant mix and high quality office space for tenants to locate effective workspaces. SmartCentres is also now working on opportunities to provide residential housing (in various forms), seniors housing and self-storage facilities primarily at its shopping centre properties across Canada, as well as developing certain of its urban properties to provide a mix of retail, residential, office and self-storage space. The principal and head office of SmartCentres is located at 3200 Highway 7, Vaughan, Ontario L4K 5Z5.

### Meetings of Unitholders

The Declaration of Trust provides that meetings of 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 SmartCentres, the approval of amendments to the Declaration of Trust, an increase or decrease in the number of

Trustees, the sale of the assets of SmartCentres in its entirety or substantially in its entirety (other than as part of an internal reorganization) or the termination of SmartCentres.

Registered Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person or represented by proxy and representing in the aggregate not less than 25% 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, SmartCentres had 142,391,179 Units and 27,218,446 Special Voting Units (not including the Additional Special Voting Units, as defined below) outstanding for a total of 169,609,625 outstanding Voting Units (not including the Additional Special Voting Units).

As described below, pursuant to the Voting Top-Up Right held by (i) Mitchell Goldhar, (ii) any heir, executor, administrator or legal representative 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 in respect of which all of the beneficiaries shall be solely one or more of those persons referred to in clause (iii); (v) any combination of persons referred to in clauses (i), (ii), (iii) or (iv); and (vi) any person who is controlled by any person referred to in clauses (i), (ii), (iii) or (iv) or any combination thereof (collectively, the "**MG Entities**"), SmartCentres had 9,427,089 Additional Special Voting Units outstanding as of the Record Date.

Limited partnership subsidiaries of SmartCentres have issued 27,218,446 securities that are convertible or exchangeable directly for Units without the payment of additional consideration ("**Exchangeable Securities**"), including Class B limited partnership units ("**Class B LP Units**") and Class D limited partnership units ("**Class D LP Units**"). 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 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 SmartCentres, and in the net assets of SmartCentres in the event of termination or winding-up of SmartCentres. 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 SmartCentres 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 SmartCentres 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 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 SmartCentres or any subsidiary of SmartCentres) 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 SmartCentres nor shall they have any beneficial interest in any assets of SmartCentres on termination or winding up of SmartCentres. 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 designated by (x) Mitchell Goldhar or his designee (while he remains alive) or (y) a designee of the MG Entities (if Mitchell Goldhar is not alive) (the "**MG Entities Representative**") 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 SmartCentres, SmartCentres 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 23.87% of the Voting Units as of the Record Date (including all previously issued and outstanding Additional Special Voting Units). As a result, SmartCentres issued 2,940,453 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 Unitholders**

To the knowledge of SmartCentres, as at April 12, 2019, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of SmartCentres carrying more than 10% of the voting rights attached to any class of voting securities of SmartCentres except as set out below:

| Voting Unitholder and Municipality of Residence | Type of Ownership | Units | | Special Voting Units(2) | | Voting Units | |
|---|---|---|---|---|---|---|---|
| | | Number | Percentage | Number | Percentage | Number | Percentage |
| Mitchell Goldhar(1)<br>Vaughan, ON | Beneficial | 13,835,863 | 9.7% | 30,923,316 | 84.4% | 44,759,179 | 25.0% |

Notes:

(1) These Voting Units are held by certain members of the Penguin group of companies, which are controlled by Mitchell Goldhar.

(2) The Penguin group of companies also owns 21,496,227 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 total number of Special Voting Units also includes 9,427,089 Additional Special Voting Units issued to the MG Entities pursuant to the Voting Top-Up Right. See "Information Respecting SmartCentres Real Estate Investment Trust – Special Voting Units".

## TRUSTEES

**Nominees for Election to the Board of Trustees**

The following is a summary of relevant biographical and compensation information with respect to each of the individuals to be nominated for election as a Trustee of SmartCentres 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"). Huw Thomas has advised SmartCentres that he will not stand for re-election as a Trustee at the Meeting.

**MITCHELL GOLDHAR**
Age: 57
Ontario, Canada

*Trustee since 2005, Executive Chairman effective February 14, 2018*

**NOT INDEPENDENT**[(1)]

**Areas of Expertise:**

- Real estate
- Financial
- Property development
- Retail

**Principal Occupation**

Mitchell Goldhar has been in the real estate development business for over 30 years. Since opening his first retail development in 1994, the first new Walmart store in Canada in Barrie, Ontario, Mr. Goldhar has developed over 265 shopping centres across Canada (including the development of 175 Walmart stores). Mr. Goldhar has a number of real estate sites across Canada in various stages of development including an interest in 100 acres in the Vaughan Metropolitan Centre through his private company, the Penguin group of companies.

Mr. Goldhar has also developed an emerging network of Penguin Pick-Up locations, some co-branded with Walmart, offering free, convenient pick-up locations for online purchases and Penguin Fresh, an online food marketplace.

Mr. Goldhar holds a B.A. degree in Political Science from York University and has been an adjunct professor with the Joseph L. Rotman School of Management, University of Toronto since 2004. Mr. Goldhar is on the Board of Onex Corporation and Indigo Books and Music Inc., is Director Emeritus of the SickKids Foundation and is on the Advisory Board for the Canadian Sports Concussion Project. Mr. Goldhar is owner of the historic Maccabi Tel Aviv Football Club in Tel Aviv, Israel. Trustee of SmartCentres since July 8, 2005, Chairman of the Board since May 28, 2015 and Executive Chairman since February 14, 2018.

**Other Public Board Memberships**

Indigo Books & Music Inc.
Onex Corporation
No interlocking outside public company directorships

| Board/Committee Memberships[(2)] | Attendance at Regular Meetings | Attendance at Special Meetings | Overall Attendance |
|---|---|---|---|
| Board (Chairman) | 4/4 | 4/4 | 100% |
| Investment Committee | 2/2 | n/a | |

**Securities Beneficially Owned or Controlled as at April 12, 2019**

| Voting Units | | Deferred Units | | Total Units | | Unit Ownership Requirement[(6)] | |
|---|---|---|---|---|---|---|---|
| Number[(3)] | Market Value[(4)] | Number | Market Value[(5)] | Number | Market Value | Minimum Ownership Requirement | Complies with Minimum Ownership Requirement |
| 44,759,179 | $1,233,443,262 | 71,101 | $2,482,136 | 44,830,280 | $1,235,925,398 | $329,795 | Yes (3,747.6 times requirement) |

**Voting Results of 2018 Annual General Meeting**

Mr. Goldhar was appointed as a Trustee by the MG Entities pursuant to their rights under the Declaration of Trust.

Notes:

(1) Mr. Goldhar holds a controlling equity interest in the Penguin group of companies, certain members of which are party to a governance and investor rights agreement (the "**Governance and Investor Rights Agreement**"), a development services agreement, a services agreement, a trade-mark licence agreement and various other agreements with SmartCentres and its subsidiaries that are significant to SmartCentres. Mr. Goldhar is also a senior officer of SmartCentres. He is therefore not considered to be an independent Trustee under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). See "Trustees – Independence".

(2) Mr. Goldhar also has the right to be an observer on the Real Estate Committee.

(3) This amount includes 13,835,863 Units, 21,496,227 Special Voting Units and 9,427,089 Additional Special Voting Units beneficially owned or controlled by Mr. Goldhar. Mr. Goldhar beneficially owns or controls 21,496,227 Class B LP Units that are associated with the Special Voting Units and are exchangeable into Units.

(4) 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 Toronto Stock Exchange (the "**TSX**") on April 12, 2019. 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.

(5) 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 12, 2019.

(6) See "Corporate Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Executive Officers".

**PETER FORDE**, CPA, CA
Age: 64
Ontario, Canada

*Nominee, President and Chief Executive Officer since July 1, 2018*

**NOT INDEPENDENT**(1)

**Areas of Expertise:**
- Real estate
- Financial
- Property development
- Retail

**Principal Occupation**

President and Chief Executive Officer of SmartCentres since July 1, 2018, President and Chief Operating Officer of SmartCentres since August 2016 and Chief Operating Officer of SmartCentres from May 28, 2015 to July 1, 2018. Chief Operating Officer of the Penguin group of companies from September 2005 to May 2015. Executive Vice President Finance and Administration of the Penguin group of companies from 1998 to September 2005, Vice President and Chief Financial Officer of Nexacor Realty Management Inc. (real estate subsidiary of Bell Canada) from January 1996 to February 1998. Mr. Forde is a Chartered Professional Accountant and has a Bachelor of Business Administration degree from York University (1977). Trustee of SmartCentres from July 8, 2005 to May 27, 2015.

**Other Public Board Memberships**

None.
No interlocking outside public company directorships

| Board/Committee Memberships | Attendance at Regular Meetings | Attendance at Special Meetings | Overall Attendance |
|---|---|---|---|
| Board | n/a | n/a | n/a |

**Securities Beneficially Owned or Controlled as at April 12, 2019**

| Voting Units | | Deferred Units | | Total Units | | Unit Ownership Requirement(5) | |
|---|---|---|---|---|---|---|---|
| Number | Market Value(2) | Number(3) | Market Value(4) | Number | Market Value | Minimum Ownership Requirement | Complies with Minimum Ownership Requirement |
| 1,637 | $57,148 | 65,197 | $2,276,027 | 66,834 | $2,333,175 | $1,477,440 | Yes (1.6 times requirement) |

**Voting Results of 2018 Annual General Meeting**

| # Votes For | % Votes For | # Votes Withheld | % Votes Withheld |
|---|---|---|---|
| n/a | n/a | n/a | n/a |

Notes:

(1) Mr. Forde is the President and Chief Executive Officer of SmartCentres and is therefore not considered to be an independent Trustee under NI 58-101.

(2) This amount was determined by multiplying the number of Voting Units held by Mr. Forde by the closing price of the Units on the TSX on April 12, 2019.

(3) This amount includes both vested and unvested deferred units of SmartCentres ("**Deferred Units**") held by Mr. Forde pursuant to the Deferred Unit Plan. For further information, see "Executive Compensation – Equity Compensation Plan Information – Deferred Unit Plan".

(4) This amount was determined by multiplying the aggregate number of Deferred Units held by Mr. Forde by the closing price of the Units on the TSX on April 12, 2019.

(5) See "Corporate Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Chief Executive Officer".

**GARRY FOSTER**, FCPA, FCA
Age: 67
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 Deloitte's board of directors from 2004 to 2012. He previously served as the President and Chief Executive Officer of Baycrest Foundation from September 2013 to February 2017, as well as the Chairman of the board of directors of Baycrest Centre for Geriatric Care and the Baycrest Foundation. Mr. Foster is currently a Corporate Director and is the Chair of the Presto Fare Card Committee since August 2015, a director and Chair of the Audit Committee of Real Matters Inc., a technology company that provides services for the mortgage lending and insurance industries since June 2016, a director of Payments Canada since June 2017, and a member of the Board of Directors of the Ontario Health Board since March 2019. 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 SmartCentres since May 1, 2013.

**Other Public Board Memberships**

Real Matters Inc.
No interlocking outside public company directorships

| Board/Committee Memberships | Attendance at Regular Meetings | Attendance at Special Meetings | Overall Attendance |
|---|---|---|---|
| Board | 4/4 | 4/4 | 100% |
| Investment Committee | 2/2 | n/a | |
| Audit Committee(1) | 4/4 | n/a | |
| Special Independent Committee(2) | 14/14 | n/a | |

**Securities Beneficially Owned or Controlled as at April 12, 2019**

| Voting Units | | Deferred Units | | Total Units | | Unit Ownership Requirement(5) | |
|---|---|---|---|---|---|---|---|
| Number | Market Value(3) | Number | Market Value(4) | Number | Market Value | Minimum Ownership Requirement | Complies with Minimum Ownership Requirement |
| 790 | $27,579 | 59,114 | $2,063,670 | 59,904 | $2,091,249 | $180,000 | Yes (11.6 times requirement) |

**Voting Results of 2018 Annual General Meeting**

| # Votes For | % Votes For | # Votes Withheld | % Votes Withheld |
|---|---|---|---|
| 121,897,273 | 96.20 | 4,812,029 | 3.80 |

Notes:

(1) Mr. Foster is the chair of the audit committee of SmartCentres (the "**Audit Committee**").

(2) Mr. Foster acted as the chair of the Special Independent Committee formed to consider certain ordinary course commercial related party transactions.

(3) 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 12, 2019.

(4) 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 12, 2019.

(5) See "Corporate Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".

**GREGORY HOWARD**
Age: 63
Ontario, Canada

*Trustee since 2015*

**NOT INDEPENDENT**[1]

**Areas of Expertise:**

- Real estate
- Financial
- Legal
- Property development

**Principal Occupation**

Gregory Howard is a senior partner at Davies Ward Phillips & 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, real estate investment trusts, 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 SmartCentres since July 2, 2015.

**Other Public Board Memberships**

None
No interlocking outside public company directorships

| Board/Committee Memberships | Attendance at Regular Meetings | Attendance at Special Meetings | Overall Attendance |
|---|---|---|---|
| Board | 4/4 | 4/4 | 100% |
| Investment Committee | 2/2 | n/a | |
| Corporate Governance and Compensation Committee | 7/7 | n/a | |

**Securities Beneficially Owned or Controlled as at April 12, 2019**

| Voting Units | | Deferred Units | | Total Units | | Unit Ownership Requirement[3] | |
|---|---|---|---|---|---|---|---|
| Number | Market Value | Number | Market Value[2] | Number | Market Value | Minimum Ownership Requirement | Complies with Minimum Ownership Requirement |
| 0 | $0 | 19,050 | $665,036 | 19,050 | $665,036 | $135,000 | Yes (4.9 times requirement) |

**Voting Results of 2018 Annual General Meeting**

Mr. Howard was appointed as a Trustee by the MG Entities pursuant to their rights under the Declaration of Trust.

Notes:

(1) Mr. Howard is a partner at Davies Ward Phillips & Vineberg LLP, a law firm that provides legal services to SmartCentres 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 SmartCentres and the MG Entities. Accordingly, the Board has determined that Mr. Howard is not independent for the purposes of NI 58-101. See "Trustees – Independence".

(2) 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 12, 2019.

(3) See "Corporate Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".

**JAMIE MCVICAR**, M.B.A., LL.B
Age: 61
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. 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. and MG Capital Corporation. Trustee of SmartCentres since December 4, 2001 and has served as a member of the Corporate Governance and Compensation Committee since 2002 and as a member of the 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**

MG Capital Corporation
No interlocking outside public company directorships

| Board/Committee Memberships | Attendance at Regular Meetings | Attendance at Special Meetings | Overall Attendance |
|---|---|---|---|
| Board | 4/4 | 3/4 | 97% |
| Audit Committee | 4/4 | n/a | |
| Corporate Governance and Compensation Committee[1] | 7/7 | n/a | |
| Special Independent Committee[2] | 14/14 | n/a | |

**Securities Beneficially Owned or Controlled as at April 12, 2019**

| Voting Units | | Deferred Units | | Total Units | | Unit Ownership Requirement[5] | |
|---|---|---|---|---|---|---|---|
| Number | Market Value[3] | Number | Market Value[4] | Number | Market Value | Minimum Ownership Requirement | Complies with Minimum Ownership Requirement |
| 20,762 | $724,801 | 73,861 | $2,578,488 | 94,623 | $3,303,289 | $172,500 | Yes (19.1 times requirement) |

**Voting Results of 2018 Annual General Meeting**

| # Votes For | % Votes For | # Votes Withheld | % Votes Withheld |
|---|---|---|---|
| 82,303,746 | 64.95 | 44,405,555 | 35.05 |

Notes:

(1) Mr. McVicar is the chair of the corporate governance and compensation committee of SmartCentres (the "**Corporate Governance and Compensation Committee**").

(2) Mr. McVicar was a member of the Special Independent Committee formed to consider certain ordinary course commercial related party transactions.

(3) 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 12, 2019.

(4) 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 12, 2019.

(5) See "Corporate Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".

**SHARM POWELL**
Age: 54
Ontario, Canada

*Nominee*

**INDEPENDENT**

**Areas of Expertise:**

- Real estate
- Financial
- Investment
- Retail

### Principal Occupation

Sharm Powell's 30-year career, spanning real estate, banking, brokerage and investments has provided her with diverse experience from both the principal and intermediary sides of the business. This includes investing for Canada's largest pension fund, investment banking with a major Canadian bank and investment sales with the largest global brokerage firm.

Ms. Powell has extensive experience in property acquisitions, sales, development and redevelopment (including mixed-use and site intensification projects) and structuring long-term joint ventures. She also has experience in the areas of public and private market financing (including equity, debt, convertible debentures and mortgages) as well as mergers & acquisitions, public market takeovers and corporate restructurings.

Most recently, she was a Director at Canada Pension Plan Investment Board (CPPIB) and was head of its Real Estate Investments team for Canada. During a portion of her tenure at CPPIB, Ms. Powell also headed CPPIB's US Retail and its US Multi Family (rental apartment) real estate investments and property portfolio. While at the fund, Ms. Powell studied the impact of e-commerce on shopping centres and the impact of disruptive technologies on real estate. Ms. Powell's role included a focus on stewardship, environmental, social and governance (ESG) awareness and accountability/transparency to stakeholders.

Prior to joining CPPIB, Ms. Powell worked for eight years on the National Investment Team (Toronto) at CB Richard Ellis (CBRE), the largest commercial real estate services company in the world, and spent eight years at BMO Capital Markets in its investment banking group in Toronto, focusing primarily on public real estate companies and REITs. Prior to this, Ms. Powell worked at McLeanco Realty, a wholly-owned subsidiary of Deutsche Bank Securities, providing real estate advisory services to public and private institutional real estate clients.

Ms. Powell holds a BA in Economics from the University of Western Ontario.

### Other Public Board Memberships

None
No interlocking outside public company directorships

| Board/Committee Memberships | Attendance at Regular Meetings | Attendance at Special Meetings | Overall Attendance |
|---|---|---|---|
| Board | n/a | n/a | n/a |
| Independent Trustees | n/a | n/a | |

**Securities Beneficially Owned or Controlled as at April 12, 2019**

| Voting Units | | Deferred Units | | Total Units | | Unit Ownership Requirement[(1)] | |
|---|---|---|---|---|---|---|---|
| Number | Market Value | Number | Market Value | Number | Market Value | Minimum Ownership Requirement | Complies with Minimum Ownership Requirement |
| 0 | $0 | 0 | $0 | 0 | $0 | n/a | n/a |

**Voting Results of 2018 Annual General Meeting**

| # Votes For | % Votes For | # Votes Withheld | % Votes Withheld |
|---|---|---|---|
| n/a | n/a | n/a | n/a |

Notes:

(1) Sharm Powell will have three years from the date of her appointment to meet the minimum unit ownership requirement. See "Corporate Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".

**KEVIN PSHEBNISKI**, LL.B
Age: 56
Arizona, USA

*Trustee since 2001*

**INDEPENDENT**

**Areas of Expertise:**

- Real estate
- Financial
- Legal
- Property development

**Principal Occupation**

Chief Executive Officer of Hopewell Development LP since September 2016 and previously President and Chief Executive Officer of Hopewell Development Corporation, a property development company. 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 SmartCentres 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
No interlocking outside public company directorships

| Board/Committee Memberships | Attendance at Regular Meetings | Attendance at Special Meetings | Overall Attendance |
|---|---|---|---|
| Board | 3/4 | 4/4 | 86% |
| Audit Committee | 3/4 | n/a | |
| Investment Committee | 2/2 | n/a | |
| Special Independent Committee(1) | 12/14 | n/a | |

**Securities Beneficially Owned or Controlled as at April 12, 2019**

| Voting Units | | Deferred Units | | Total Units | | Unit Ownership Requirement(4) | |
|---|---|---|---|---|---|---|---|
| Number | Market Value(2) | Number | Market Value(3) | Number | Market Value | Minimum Ownership Requirement | Complies with Minimum Ownership Requirement |
| 27,263 | $951,751 | 99,249 | $3,464,783 | 126,512 | $4,416,534 | $135,000 | Yes (32.7 times requirement) |

**Voting Results of 2018 Annual General Meeting**

| # Votes For | % Votes For | # Votes Withheld | % Votes Withheld |
|---|---|---|---|
| 115,208,266 | 90.92 | 11,501,036 | 9.08 |

Notes:

(1) Mr. Pshebniski was a member of the Special Independent Committee formed to consider certain ordinary course commercial related party 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 12, 2019.

(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 12, 2019.

(4) See "Corporate Governance – Alignment of Interests with Unitholders – Minimum Unit Ownership by Trustees".

**MICHAEL YOUNG**
Age: 74
Texas, USA

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

**INDEPENDENT**

**Areas of Expertise:**
- Real estate
- Financial
- Investment

**Principal Occupation**

Michael Young is President of Quadrant Capital Partners Inc., a private equity firm in Dallas, Texas, which he founded in November 2003. From January 1994 to October 2003, Mr. Young served as Managing Director and Head of Real Estate Investment Banking for CIBC World Markets. Mr. Young was appointed Global Head of Real Estate for CIBC World Markets in 1997. He served on the board of directors of Acasta Enterprises, Inc. from June 2017 to February 2018. Mr. Young was a trustee and Chairman of the board of directors of Milestone Apartments REIT from March of 2013 until April 2017, when Milestone Apartments REIT completed a "going private" transaction with Starwood Capital Group as the purchaser. He was a director of Brookfield Residential Properties Inc. from March 2011 and a director of Brookfield Homes from 2007. On March 12, 2015 Brookfield Residential Properties completed a "going private" transaction with Brookfield Asset Management as the purchaser. He is Chairman of the Board of Dignitas International (U.S.). Trustee of SmartCentres 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). He is also a member of Canada's Sports Hall of Fame.

**Other Public Board Memberships**

None
No interlocking outside public company directorships

| Board/Committee Memberships | Attendance at Regular Meetings | Attendance at Special Meetings | Overall Attendance |
|---|---|---|---|
| Board (Lead Independent Trustee) | 4/4 | 4/4 | 100% |
| Investment Committee(1) | 2/2 | n/a | |
| Corporate Governance and Compensation Committee | 7/7 | n/a | |
| Special Independent Committee(2) | 14/14 | n/a | |

**Securities Beneficially Owned or Controlled as at April 12, 2019**

| Voting Units | | Deferred Units | | Total Units | | Unit Ownership Requirement(5) | |
|---|---|---|---|---|---|---|---|
| Number | Market Value(3) | Number | Market Value(4) | Number | Market Value | Minimum Ownership Requirement | Complies with Minimum Ownership Requirement |
| 174,200 | $6,081,322 | 45,398 | $1,584,844 | 219,598 | $7,666,166 | $285,000 | Yes (26.9 times requirement) |

**Voting Results of 2018 Annual General Meeting**

| # Votes For | % Votes For | # Votes Withheld | % Votes Withheld |
|---|---|---|---|
| 114,075,238 | 90.03 | 12,634,064 | 9.97 |

Notes:

(1) Mr. Young is the chair of the investment committee of SmartCentres (the "**Investment Committee**").

(2) Mr. Young was a member of the Special Independent Committee formed to consider certain ordinary course commercial related party 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 12, 2019.

(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 12, 2019.

(5) See "Corporate 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 SmartCentres, no person who is a proposed Trustee of SmartCentres:

(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 SmartCentres) 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 SmartCentres) 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.

**Independence**

The principal factor underlying the determination of Trustee "independence" is whether a particular Trustee has a "material relationship" with SmartCentres 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 Canadian Securities Administrators, 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.

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 SmartCentres 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 and the Institutional Shareholder Services guidelines, Mr. Howard may be considered not independent by virtue of his relationships to SmartCentres and the MG Entities. Accordingly, the Board has determined that Mr. Howard is not independent for the purposes of NI 58-101.

As a senior officer of SmartCentres, Peter Forde is deemed not to be independent under NI 58-101.

Mitchell Goldhar also does not qualify as independent under NI 58-101 because he is a senior officer of SmartCentres and owns the Penguin group of companies, which has entered into service, licensing and development agreements that are material to SmartCentres.

## 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, 2018.

| | Number and % of Meetings Attended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Trustee** | **Board** | **Audit Committee** | **Investment Committee** | **Corporate Governance and Compensation Committee** | **Special Meetings of the Board** | **Special Meetings of the Audit Committee** | **Special Independent Committee** | **Committees (Total)[1]** | **Overall** |
| Mitchell Goldhar | 4/4<br>100% | n/a | 2/2 | n/a | 4/4 | n/a | n/a | 2/2<br>100% | 10/10<br>100% |
| Huw Thomas | 4/4<br>100% | 2/2[2] | 1/1[2] | n/a | 4/4 | n/a | 8/8[2] | 3/3<br>100% | 19/19<br>100% |
| Garry Foster | 4/4<br>100% | 4/4 | 2/2 | n/a | 4/4 | n/a | 14/14 | 6/6<br>100% | 28/28<br>100% |
| Gregory Howard | 4/4<br>100% | n/a | 2/2 | 7/7 | 4/4 | n/a | n/a | 9/9<br>100% | 17/17<br>100% |
| Jamie McVicar | 4/4<br>100% | 4/4 | n/a | 7/7 | 3/4 | n/a | 14/14 | 11/11<br>100% | 32/33<br>97% |
| Kevin Pshebniski | 3/4<br>75% | 3/4 | 2/2 | n/a | 4/4 | n/a | 12/14 | 5/6<br>83% | 24/28<br>86% |
| Michael Young | 4/4<br>100% | n/a | 2/2 | 7/7 | 4/4 | n/a | 14/14 | 9/9<br>100% | 31/31<br>100% |

Notes:

(1) Does not include the special meetings of committees.

(2) Mr. Thomas attended these meetings as a member of management.

## Individual Voting in Trustee Elections

The Board has adopted a policy that allows for Unitholders to vote for the election of individual Trustees at each annual meeting of 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 Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee 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 Corporate Governance and Compensation Committee or Board deliberations on the resignation offer. The policy does not apply in circumstances involving contested elections.

## Orientation and Continuing Education

The Board and management of SmartCentres 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 SmartCentres' business. This includes the provision of SmartCentres' 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 SmartCentres' 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 SmartCentres. In 2018, Trustees participated in the following:

| Topic/Event | Date | Presented/Hosted By | Attended By |
|---|---|---|---|
| Directors' Playbook on Board Diversity | January 2018 | Canadian Gender & Good Governance Alliance | Jamie McVicar |
| Citi Global Property CEO Conference | March 2018 | Citi Global Markets | Huw Thomas |
| Scotiabank Retail Real Estate Panel Discussion | March 2018 | Scotiabank Global Banking and Markets | Huw Thomas |
| CIBC Real Estate Conference | April 2018 | CIBC | Huw Thomas |
| Directors Series | May 2018 and November 2018 | Deloitte | Garry Foster |
| RealREIT Conference | September 2018 | REALpac | Garry Foster |
| CPAB Real Estate Symposium | October 2018 | Canadian Public Accountability Board | Garry Foster |
| Audit Committee Conference | December 2018 | Chartered Professional Accountants Canada | Huw Thomas |

**Nomination of Trustees**

The Board has appointed the Corporate Governance and Compensation Committee 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 Corporate Governance and Compensation Committee may at times engage the services of external resources such as a search firm to assist in sourcing qualified candidates.

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 SmartCentres' size. The Board is currently comprised of seven Trustees, however this number will increase to eight following the Meeting. 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 and proposed members of the Board.

| Trustee | Real Estate | Financial | Legal | Property Development | Investment | Retail Industry |
|---|---|---|---|---|---|---|
| Mitchell Goldhar | x | x | | x | | x |
| Huw Thomas | x | x | | | x | x |
| Peter Forde | x | x | | x | | x |
| Garry Foster | x | x | | | | x |
| Gregory Howard | x | x | x | x | | |
| Jamie McVicar | x | x | x | x | | |
| Sharm Powell | x | x | | | x | x |
| Kevin Pshebniski | x | x | x | x | | |
| Michael Young | x | x | | | x | |

With respect to recommending candidates for election to the Board, the Corporate Governance and Compensation Committee initially determines the preferred traits, skills and experience of potential candidates. All Trustees and members of management are encouraged to propose candidates to the Corporate Governance and Compensation Committee through their business networks and contacts, with the Corporate Governance and Compensation 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

Corporate Governance and Compensation Committee is two and the Corporate Governance and Compensation Committee must be composed of a minimum of three Trustees, meaning that the member of the Corporate Governance and Compensation Committee appointed by the MG Entities (if any) does not have a veto in the case of nominating new Trustees.

## CORPORATE GOVERNANCE

The Board believes that sound governance practices are essential to achieve the best long-term interests of SmartCentres and the enhancement of value for all security holders. The Canadian Securities Administrators have issued National Policy 58-201 – *Corporate Governance Guidelines* 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 governance practices of SmartCentres.

### 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 SmartCentres by the Trustees and senior officers through the Deferred Unit Plan (see "Executive Compensation – Equity Compensation Plan Information – Deferred Unit Plan"). As well, SmartCentres has a long-term incentive plan that further aligns the incentives of certain senior officers of SmartCentres with the long-term interest of its Unitholders. See "Executive Compensation – Equity Compensation Plan Information – Long-Term Incentive Plan".

#### *Minimum Unit Ownership by Trustees*

SmartCentres encourages its Trustees to hold an equity position in SmartCentres. To this end, all Trustee compensation is eligible for investment in the Deferred Unit Plan. For further information, see "Executive Compensation – 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 12, 2019, each of the Trustees then in office met this ownership requirement. Further, the Trustees, in aggregate, have increased the number of Units they hold by approximately 7.3% in the last 12 months. Please see the individual profiles on pages 6-13 of the Circular under the section "Trustees – Nominees for Election to the Board of Trustees" which set out the equity holdings, as at April 12, 2019, of each of the individuals to be nominated for election as a Trustee of SmartCentres at the Meeting or to be appointed by the MG Entities upon the conclusion of the Meeting.

#### *Minimum Unit Ownership by the Chief Executive Officer*

The Board has adopted a policy whereby the Chief Executive Officer of SmartCentres 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 Chief Executive Officer. The Chief Executive Officer will have three years from the date of his appointment to meet this ownership guideline. Mr. Forde was appointed the Chief Executive Officer of SmartCentres effective July 1, 2018.

The following table sets out a summary of Mr. Forde's ownership of Units and Unit equivalents as at April 12, 2019:

| Required Multiple | Voting Units ($) | Deferred Units ($) | Total Units and Unit Equivalents ($) | Total Ownership as a Multiple of Base Salary |
|---|---|---|---|---|
| 3x | 57,148 | 2,276,027 | 2,333,175 | 4.7x |

* LTIP Units (as defined below) awarded to Mr. Forde are not included in this tabulation, as the LTIP Units can only be settled for cash and therefore do not count towards Mr. Forde's Unit ownership. See "Executive Compensation – 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, SmartCentres 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 Chief Executive Officer, who is subject to the ownership requirements discussed under "– Minimum Unit Ownership by the Chief Executive Officer") 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 Chief Executive Officer) will have three years from the date of such named executive officer's appointment to meet this ownership guideline. As of April 12, 2019, each named executive officer subject to the policy met this ownership requirement.

**Board Mandate**

The Board is responsible for the stewardship of SmartCentres. The Board supervises management of SmartCentres 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 SmartCentres and its subsidiaries. Management is also responsible for establishing strategic planning initiatives for SmartCentres. 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 SmartCentres. The Board approves all significant decisions that affect SmartCentres 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 SmartCentres' 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.

**Independent Chairs and Independent Trustees**

SmartCentres believes that having a Lead Independent Trustee on the Board as a separate position from the Executive Chairman is important in effectively providing independent Board oversight and in holding management accountable to the Board for SmartCentres' operations. SmartCentres has also separated the roles of the Executive Chairman and the Chief Executive Officer.

Each of the Lead Independent Trustee, the Executive Chairman and the Chief Executive Officer 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 Corporate Governance and Compensation Committee. 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 SmartCentres 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.

**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 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.

***Lead Independent Trustee***

The Board has developed a position description for the Lead Independent Trustee of SmartCentres, which affirms that the Lead Independent Trustee is expected to facilitate the functioning of the Board independently of management of SmartCentres 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 Executive Chairman, acting as chair of meetings of the Board; reviewing with the Executive Chairman and Chief Executive Officer items of importance for consideration by the Board; serving as an independent contact for independent Trustees; 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 Executive Chairman and senior officers of SmartCentres so that they are aware of concerns of the independent Trustees, Unitholders and other stakeholders of SmartCentres.

***Executive Chairman***

The Executive Chairman 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 SmartCentres; and presiding over meetings of the Board. Key responsibilities outside the traditional Chairman role include driving overall execution of SmartCentres' business strategy as well as driving matters of finance, leasing, asset management and property management and the implementation of the development and intensification initiatives for existing properties and new development initiatives, as well as strengthening SmartCentres' existing strategic relations and establishing new partnerships and other strategic relationships and developing and implementing SmartCentres' overall investor and public relations strategy.

***Chief Executive Officer***

The Board has developed a position description for the Chief Executive Officer of SmartCentres involving the definition of the Chief Executive Officer'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 Chief Executive Officer is responsible for meeting and the Board assesses the Chief Executive Officer against those objectives.

**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 SmartCentres and its subsidiaries. A copy of each code of conduct may be obtained electronically at www.sedar.com.

The SmartCentres Code of Business Conduct (the "**Code of Business Conduct for Associates**") stipulates that officers and employees of SmartCentres 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 SmartCentres 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 SmartCentres' policies on human rights, equal opportunity employment, sexual harassment and workplace harassment. The Board also adopted a separate insider trading policy effective November 9, 2015.

The SmartCentres Code of Business Conduct for Trustees (the "**Trustee Code of Conduct**") stipulates that the Trustees must act in an ethical and lawful manner while recognizing their responsibility to represent SmartCentres' best interests. The Trustee Code of Conduct provides that as fiduciaries of SmartCentres, 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 SmartCentres' policies on insider trading for Trustees, treatment of confidential information and intellectual property of SmartCentres, 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 SmartCentres 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 SmartCentres and its subsidiaries are encouraged to raise compliance concerns with the Board, the President and Chief Executive Officer, Chief Financial Officer or SmartCentres' Alert Line, or the chair of the Corporate Governance and Compensation Committee, in the case of the Trustees, and their manager or executive manager or the human resources department of SmartCentres, in the case of officers and employees of SmartCentres.

The Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitations on SmartCentres. Given that the Trustees of SmartCentres 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 SmartCentres any interest in a material contract or transaction or proposed material contract or transaction with SmartCentres (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 SmartCentres. 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 SmartCentres 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 SmartCentres 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 SmartCentres and its subsidiaries that the terms of his or her employment require such executive officers to follow the same disclosure procedures and practices outlined above when such executive officer is 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 SmartCentres 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.

**Gender Diversity**

SmartCentres values the benefits diversity and inclusion can bring to all levels of the organization in promoting better corporate governance and decision-making. For SmartCentres, diversity includes, but is not limited to, expertise, experience, knowledge, education, gender, age, ethnicity and geographical background. SmartCentres has had a written diversity policy since 2015 that sets out SmartCentres' commitment to diversity. A copy of the current policy is available on SmartCentres' website at https://www.smartcentres.com/our-story/governance/.

***Board Diversity***

As set out in the diversity policy, the Board should be comprised of individuals who collectively possess all of the competencies and skills necessary to enable the Board to properly perform its responsibilities. Each Board member should be highly qualified with the necessary expertise, experience, knowledge and personal qualities to enable that individual to make a significant contribution to the Board. The composition of the Board should also take into account SmartCentres' commitment to diversity. Gender diversity is a significant aspect of diversity and, accordingly, SmartCentres aspires that by the annual meeting of Unitholders in 2022 women will comprise at least 30% of the independent Trustees.

With a view to identifying and recruiting female candidates for service on the Board, SmartCentres' diversity policy specifies the following requirements:

- when assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, candidates will be considered on their merit, having due regard to the benefits of diversity;
- search protocols for new candidates will extend beyond the networks of existing Board members;
- a reasonable proportion of the identified candidates must be women;
- search firms will be directed to conduct their searches in accordance with the diversity policy, including by seeking to identify a reasonable number of qualified female candidates; and
- a reasonable number of female candidates shall be included in the Board's evergreen list of potential Board nominees.

In furtherance of the commitment to diversity at the Board, the Board will annually assess, and SmartCentres will report to its Unitholders on, the diversity of Board members, including the number and percentage of female Trustees.

The Corporate Governance and Compensation Committee reviews SmartCentres' diversity policy annually and assesses its effectiveness in promoting a diverse Board with appropriate female representation.

In 2018 the Board decided to increase its size from seven to eight Trustees and began a search for qualified candidates for the new position. In recognition of the importance of gender diversity, the external search firm engaged to assist in the search process was directed to restrict its search for qualified candidates to women. That process resulted in the recommendation of Ms. Sharm Powell for election to the Board. If she is elected, the Board will have one female Trustee, representing 12.5% of the Trustees and 20% of the independent Trustees.

Also, in accordance with the diversity policy the Corporate Governance and Compensation Committee maintains an evergreen list of potential candidates for the Board. At this time a majority of the candidates are women.

***Diversity in the Workforce***

As set out in the diversity policy, SmartCentres is also committed to fostering an inclusive workplace culture based on merit and free of conscious and unconscious bias. SmartCentres is committed to the diversity of its management team, and gender diversity is a significant aspect of diversity. Having a merit-based system of advancement is a core principle at SmartCentres and the identification and selection of candidates for executive officer and other management positions is based on merit, having due regard to all relevant criteria, including expertise, experience, knowledge, education, personal qualities and SmartCentres' diversity policy.

The Corporate Governance and Compensation Committee monitors the proportion of female executive officers and the proportion of women at other management levels within SmartCentres. Management reports to the Corporate Governance and Compensation Committee on initiatives that are designed to support an inclusive culture that provides opportunities to all high-potential employees, free of conscious or unconscious bias.

Some of the practices SmartCentres has adopted to protect against barriers to inclusion include:

- all people managers have been trained in fair selection processes, including specific training on structured interviewing techniques;
- a minimum of two levels of interviews, with a human resources professional directly involved, is conducted for new recruits;
- SmartCentres periodically reviews its performance review process, promotion practices and compensation structure for bias and hidden barriers – the most recent review of SmartCentres' compensation structure, performance review process and historical data on promotions by the Ontario Pay Equity Commission found them to be in order and free of gender bias;
- SmartCentres has a robust Talent Management program in order to identify high-potential individuals early in their careers and develop their careers (see "Talent Management and Succession Planning Philosophy" below). Currently, 7 of the 15 candidates in this group are women;
- there is an internal committee comprised of the executive management team that regularly reviews gender diversity at senior levels of the organization to ensure there are no roadblocks to advancement within any function at the organization. This committee reports periodically to the Board on the representation of women and high-potential candidates in general and at different levels within the organization;

- several employee programs support the needs of SmartCentres' diverse population, including parental leave programs, flexible work arrangements and a company wellness program that includes programs on meeting family needs; and
- internal events are organized to celebrate different cultural traditions and important dates, such as International Women's Day, and charitable giving at SmartCentres includes recognition of charities focussed on the needs of diverse groups.

In accordance with the diversity policy, candidates for executive officer and senior officer roles will be identified and selected based on merit, having due regard to all relevant criteria, including expertise, experience, knowledge, education and personal qualities. Gender diversity is an important factor to be taken into account. SmartCentres has not adopted targets for the proportion of women executive officers. SmartCentres believes its focus on ensuring there are no barriers to inclusion and promotion based on merit is more effective in building a sustainable inclusive culture.

In furtherance of SmartCentres' commitment to diversity among the executive officers and management team, the Corporate Governance and Compensation Committee will annually assess, and SmartCentres will report to its Unitholders on, the effectiveness of efforts taken by SmartCentres to adhere to SmartCentres' diversity policy at the executive and management level.

At SmartCentres women comprise 51.5% of the total workforce (183 of 355). Although currently there are no women who are executive officers, there is a very strong and diverse cohort in the management group. Several women have made significant progress internally and achieved senior level positions. The table below sets out the proportion of women at different levels of management.

| Named Executive Officers | Senior Leadership (VP, SVP and EVP levels) | Senior Managers (Asst. Dir., Dir. and Sr. Dir. levels) |
|---|---|---|
| 0 of 5 (0%) | 9 of 32 (28%) | 18 of 40 (45%) |

**Compensation**

The Board, through its Corporate Governance and Compensation Committee, periodically reviews the adequacy and form of compensation provided to its Trustees and executive officers. The Corporate Governance and Compensation Committee 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 Corporate Governance and Compensation Committee is an officer of SmartCentres, and, as such, the Board feels that the Corporate Governance and Compensation Committee conducts its activities in an objective manner.

**Board Committees**

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 Corporate Governance and Compensation Committee. 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 SmartCentres' 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 SmartCentres' procedures for internal control with the external auditor and SmartCentres' 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 SmartCentres' financial and accounting personnel;

(e) review any significant transactions outside SmartCentres' ordinary course of business, cash position and all pending litigation involving SmartCentres;

(f) consider and review cyber security and related risks; and

(g) consider and review SmartCentres' Enterprise Risk Management Plan.

The external auditor of SmartCentres is entitled to receive notice of every meeting of the Audit Committee and, at the expense of SmartCentres, 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 latest annual information form of SmartCentres.

***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 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 SmartCentres 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 SmartCentres 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 SmartCentres 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 SmartCentres 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 SmartCentres, the Trustees may consider and approve any matter which the Investment Committee or the management of SmartCentres has the authority to consider or approve. The Trustees must also consider and approve any matter which exceeds the financial thresholds for management 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 Corporate Governance and Compensation Committee 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 Representative is obtained) and Mitchell Goldhar remains alive. The duties of the Corporate Governance and Compensation Committee will be to review the governance of SmartCentres with the responsibility for SmartCentres' corporate governance, human resources and compensation policies. In particular, the Corporate Governance and Compensation Committee is responsible for:

(a) assessing the effectiveness of the Board and each of its committees;

(b) considering questions of management succession, including reviewing talent and gender diversity;

(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 SmartCentres' short and long-term incentive plans, including the setting of performance metrics;

(f) assessing the performance of the Chief Executive Officer of SmartCentres;

(g) reviewing and approving the compensation of senior management and consultants of SmartCentres 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 Corporate Governance and Compensation Committee is disqualified from voting on or participating in a decision, any other independent and disinterested Trustee not already a member of the Corporate Governance and Compensation Committee may be designated by the Trustees to act as an alternate.

Until the earlier of (i) May 28, 2020 and (ii) the date on which the MG Entities no longer beneficially own at least 10% of the issued and outstanding Voting Units:

(a) notwithstanding the foregoing, the Corporate Governance and Compensation Committee 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 Corporate Governance and Compensation Committee 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 Corporate Governance and Compensation Committee shall include the following responsibilities:

    (i) the appointment and removal of the Chief Operating Officer and the Chief Development Officer of SmartCentres;

    (ii) reviewing and approving any change in the compensation, including benefits, of the Chief Operating Officer and the Chief Development Officer of SmartCentres (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 SmartCentres.

All decisions of the Corporate Governance and Compensation Committee relating to the matters described in paragraph (b) above require the unanimous approval of the members of the Corporate Governance and Compensation Committee. Notwithstanding the appointment of the Corporate Governance and Compensation Committee but subject to the foregoing, the Trustees may consider and approve any matter which the committee has authority to consider or approve.

The Corporate Governance and Compensation Committee is composed of Trustees who are knowledgeable about issues related to human resources, leadership, compensation and governance. Each committee member's understanding of these issues may be enhanced by participating in educational programs (see "Trustees – 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 6–13 of the Circular under the section "Trustees – Nominees for Election to the Board of Trustees".

***Executive Committee***

Pursuant to the terms of the Governance and Investor Rights Agreement, SmartCentres established the Executive Committee comprised of a maximum of seven senior employees of SmartCentres, including SmartCentres' President and Chief Executive Officer, Chief Financial Officer, Chief Development Officer, Executive Vice President, Portfolio Management and Investments and such other senior management as the Chief Executive Officer may designate. Under the direction of the Chief Executive Officer, the Executive Committee is responsible for overseeing all significant matters affecting SmartCentres. For so long as the MG Entities beneficially own at least 10% of the outstanding Voting Units, the Executive Committee will be maintained by SmartCentres and will include the President and Chief Executive Officer and the Chief Development Officer.

***Real Estate Committee***

Pursuant to the terms of the Governance and Investor Rights Agreement, SmartCentres established the Real Estate Committee comprised of SmartCentres' President and Chief Executive Officer, Chief Financial Officer, Chief Development Officer, Executive Vice President, Portfolio Management and Investments and certain other executives and leaders of business units.

Until May 28, 2020 and during an additional five year period (if the term is extended by Mitchell Goldhar), so long as the MG Entities beneficially own at least 10% of the outstanding Voting Units:

(a) SmartCentres will maintain the Real Estate Committee which will be comprised of the President and Chief Executive Officer, Chief Financial Officer, Chief Development Officer, Executive Vice President, Portfolio Management and Investments, the individuals who head up each business unit of SmartCentres, the individuals who head up each of the leasing and construction functions in SmartCentres, and such other persons as the Chief Executive Officer may designate; 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 SmartCentres 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 SmartCentres;

(viii) the annual leasing plan of SmartCentres;

(ix) on an annual basis, the portfolio of properties and land held by SmartCentres; and

(x) any other real estate or brand related matter that the Chief Executive Officer proposes be reviewed by the Real Estate Committee, or Mitchell Goldhar proposes be reviewed by the Real Estate Committee, subject to approval of such proposal by the Chief Executive Officer, 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).

***Special Independent Committee***

All related party transactions are reviewed and approved by the independent Trustees. Depending on the complexity and size of the transaction, the Board of Trustees may form a special committee composed solely of independent Trustees to review, supervise and participate in the negotiation and resolution of the related party transaction. The special committee will be entitled to select and retain separate legal, financial, realty, compensation and other advisors to assist the special committee in carrying out its mandate.

SmartCentres formed an ad hoc special independent committee consisting of Messrs. Garry Foster (Chair), Kevin Pshebniski, Michael Young and Jamie McVicar to, among other things: (i) review and evaluate the compensation paid to Mitchell Goldhar as Chair of the Board and Executive Chairman of SmartCentres; (ii) review and evaluate the amounts received from and paid to the Penguin group of companies in connection with certain related party services and to consider whether the term of such related party services should be extended; (iii) review, supervise and participate in the negotiation and amendment of certain of the agreements between SmartCentres and the Penguin group of companies; (iv) review, supervise and participate in the negotiation of any changes to governance matters; (v) review the status and terms of various mezzanine loan and earnout arrangements; and (vi) review and supervise such other related party arrangements between SmartCentres and the Penguin group of companies as deemed advisable by the Special Independent Committee, including with respect to the acquisition or development of Penguin-owned properties.

**Assessments of Trustees**

The Corporate Governance and Compensation Committee 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 or her peers. The Corporate Governance and Compensation Committee 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**

SmartCentres does not have a mandatory age for the retirement of Trustees and there are no term limits. Instead, the Corporate Governance and Compensation Committee 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 Corporate Governance and Compensation Committee 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 SmartCentres’ board diversity policy. While term limits can be a way to effect change on boards, the Corporate Governance and Compensation Committee 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 SmartCentres and its operations as a result of an arbitrary determination. The Corporate Governance and Compensation Committee 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.

**Talent Management and Succession Planning Philosophy**

SmartCentres has a talent management and succession planning process in place that ensures key positions in SmartCentres have the necessary depth for effective continuance of business activities. SmartCentres' philosophy is to develop and promote from within for these key positions. SmartCentres 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 depth, SmartCentres has:

(a) implemented an extensive recruitment and onboarding process to ensure the right fit of the candidate for the role within SmartCentres, and to promote diversity and varied perspectives within SmartCentres;

(b) developed an Individual Career Discussion program 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) implemented business-related training sessions and courses, administered both internally and externally.

SmartCentres' succession planning activities are the responsibility of the Talent Leadership Committee, which is comprised of executive officers of SmartCentres. The committee:

(a) plays a key role in partnering with the Corporate Governance and Compensation Committee 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 Corporate Governance and Compensation Committee.

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

SmartCentres' philosophy of building ongoing depth reinforces its core values and culture, helps promote retention of talent and provides more opportunity for succession.

# EXECUTIVE COMPENSATION

## Letter from the Chair of the Corporate Governance and Compensation Committee

Fellow Unitholders,

On behalf of the Corporate Governance and Compensation Committee and the Board, we are pleased to provide you with an overview of our key accomplishments in 2018 and describe how our executive compensation program attracts and retains talent that is essential to delivering against our long-term strategy. Our goal is to provide you with clear information that helps you understand how our compensation program is structured and how we assess performance.

### *Compensation Structure and Philosophy*

SmartCentres' compensation structure is intended to attract, retain, motivate and reward highly qualified executives. The interests of our executives and Unitholders must be aligned. The compensation structure promotes a pay-for-performance culture using performance objectives which are expected to deliver long-term value for our Unitholders.

SmartCentres' compensation program consists of the following key components:

- *Base Salary:* Salary ranges are based on peer comparator groups with individual base pay reflecting merit and potential.
- *Annual Incentive Plan*: SmartCentres rewards the achievement of annual trust-level and individual performance goals through the payment of annual incentive bonuses. The annual incentive opportunity is a percentage of base pay. Target award payouts generally range from 50-60% of base salary, and up to 100% in the case of the Executive Chairman.
- *Deferred Unit Plan*: Our named executive officers can elect to receive their annual incentive bonus in the form of Deferred Units and receive an equal contribution of Deferred Units from SmartCentres. The Deferred Unit Plan promotes a greater alignment of interests between our executives and Unitholders by more closely linking their compensation with the market price of SmartCentres' Units. Vesting and payout of matching Deferred Units occurs over a number of years.
- *Long Term Incentive Plan ("LTIP")*: The LTIP encourages retention and rewards longer term value creation. Annual grants of award are made with specific measures and objectives that lead to long-term value creation. Vesting and payout occur over a period of three years.

SmartCentres also has ownership guidelines in place requiring each executive officer to maintain an equity position in SmartCentres to further align the interests of executives with the interests of Unitholders.

### *SmartCentres' Performance in 2018*

SmartCentres measures the performance of its executive officers against a set of trust-level performance metrics and personal-level performance metrics reflective of SmartCentres' strategic goals. Trust-level performance metrics for 2018 include objectives that drive SmartCentres' overall financial and operating performance, including targets for Funds from Operations ("FFO"), developments, leasing and occupancy levels and staff turnover. SmartCentres' 2018 financial and operating performance highlights included the following:

- Maintained a high level of occupancy at 98.0%
- FFO with one time adjustment and before Transactional FFO increased by $21.0 million or 6.0% to $368.3 million and increased by $0.08 or 3.6% to $2.28 on a per Unit basis
- Completed and transferred approximately 265,000 square feet of retail and office tenancies via earnouts and developments providing an average unleveraged yield of 6.6%
- Annual distributions increased 2.9% to $1.80 per Unit effective October 2018
- Successfully initiated new developments on existing lands in retirement home, condo and rental apartment, and self-storage businesses, independently or with joint venture participants

- Successfully initiated two new development or redevelopment sites greater than five acres

***Pay and Performance***

Awards were granted in 2018 as part of the annual bonus for the named executive officers based on our annual performance as outlined above. Considering market conditions, management delivered another year of good results as evidenced by the 82.28% overall achievement of the target trust-level performance metrics and sub-metrics.

Over the performance period from January 1, 2016 to December 31, 2018, total Unitholder return was only at the 33rd percentile of our performance peer group in the S&P/TSX Capped REIT Index. As a result of this percentile being below the minimum threshold of 40%, the final payout multiplier was 0% for our 2016 performance units (being the LTIP Units).

*Executive Chairman*

Mr. Goldhar was appointed as Executive Chairman of SmartCentres on February 14, 2018. In accepting that role, Mr. Goldhar assumed responsibilities beyond that of a Board Chairman role, such as active oversight and leadership in advancing the corporate strategy, advancement of leasing, finance, asset management and property management matters, participation in investor relations and oversight of development and intensification initiatives. The Board, upon the recommendation of the Special Independent Committee, together with the advice of its external compensation consultants, has determined that the total compensation package, comprising the four key components outlined above, of $1,000,000 annually for the position of Executive Chairman, is appropriate and reasonable.

Pursuant to an agreement entered into in 2015, Penguin Investments Inc. ("**Penguin**"), a company controlled by Mr. Goldhar, provides SmartCentres with specified services in connection with the future development of four of its development projects. Since that time, as a result of SmartCentres' significant increase in development activity throughout its portfolio, the scope of services being provided by Penguin to SmartCentres in respect of development activities is greatly expanding and is expected to continue to do so for the foreseeable future. The Special Independent Committee is in the process of negotiating amendments to this agreement to provide for the significantly expanded services, to acknowledge the unique value Penguin brings to SmartCentres' development initiatives and to include an adjustment to compensation received by Penguin. It will also provide for the extension of the term of such services in the future beyond the current expiry date of the agreement (May, 2020).

***2018 Say-on-Pay***

At last year's annual general meeting of Unitholders held on May 16, 2018, the advisory "say-on-pay" resolution received the support of 95.04% of the votes cast. Notwithstanding this positive result, we continue to seek Unitholder feedback on our executive compensation program. At the 2019 annual general meeting of Unitholders, we will again hold an advisory "say-on-pay" vote and the Board will continue to consider the results from this year's and future advisory votes on executive compensation when considering future executive compensation arrangements.

***2019 Priorities***

The Corporate Governance and Compensation Committee believes that SmartCentres' executive compensation philosophy and structure are effectively aligned with performance and Unitholder interests. We will continue to monitor the effectiveness of SmartCentres' compensation program, taking into account feedback from our Unitholders during this year's "say-on-pay" vote.

We are committed to providing you with complete information regarding our executive compensation program. On behalf of the Corporate Governance and Compensation Committee and the Board, we thank you for taking the time to read our disclosure and encourage you to vote in favour of our approach to executive compensation.

Sincerely,

Jamie McVicar
Chair, Corporate Governance and Compensation Committee

## Compensation Discussion and Analysis

### *Objectives and Design*

SmartCentres' goal is to provide Unitholders with stable and growing cash distributions by focusing on the ownership and development of high quality retail properties and expansion of its development initiatives to include rental apartments, condominiums, townhouses, retirement homes, office buildings and self storage facilities, enhancing the value through effective management, leasing and development of its assets, and effective control of long-term cost of capital. The objective of SmartCentres' executive compensation program is to attract, retain and motivate qualified individuals to and within its senior management team. To achieve that goal, SmartCentres is committed to a compensation policy that is competitive, drives business performance and encourages Unit ownership.

SmartCentres' 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 SmartCentres. SmartCentres' executive compensation strategy is therefore significantly weighted towards pay-for-performance components. Actual incentive rewards are directly linked to the results of SmartCentres and its senior management team. Financial and operational performance targets set each year represent targeted improvements to SmartCentres' financial and operational results and are therefore aligned with Unitholder interests. While performance targets are set each year, the Corporate Governance and Compensation Committee 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 SmartCentres' 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.

#### *Base Salary*

SmartCentres reviews the compensation practices of other large Canadian publicly traded real estate entities with similar attributes to SmartCentres (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 for 2018 include:

(a) Allied Properties Real Estate Investment Trust

(b) Boardwalk Real Estate Investment Trust

(d) Canadian Apartment Properties Real Estate Investment Trust

(e) Chartwell Retirement Residences

(f) Choice Properties Real Estate Investment Trust

(g) Cominar Real Estate Investment Trust

(h) Dream Office Real Estate Investment Trust

(i) First Capital Realty Inc.

(j) Granite Real Estate Investment Trust

(k) H&R Real Estate Investment Trust

(l) RioCan Real Estate Investment Trust

SmartCentres also reviews the compensation practices of other real estate entities through the Real Property Association of Canada Compensation Survey. The survey is comprised of over 50 publicly traded and private real estate entities from Canada. The goal of the review is to allow SmartCentres 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 SmartCentres. The survey data is only one factor in the determination of compensation.

*Annual Incentives – Bonuses*

SmartCentres pays annual incentive bonuses to its named executive officers in order to incentivize and reward them for the positive performance of SmartCentres and individually in a given year. Annual incentive bonuses are paid to a maximum, generally, of 50% of each executive officer's annual base salary (60% for the President and Chief Executive Officer of SmartCentres) and 100% for the Executive Chairman. Such annual incentive bonuses are based upon the assessment by the Board of the performance of each executive officer. SmartCentres 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 SmartCentres' strategic goals. Generally speaking, the trust-level performance metrics, in aggregate, account for 70% of target bonus payable for 2018 to each named executive officer and the personal-level performance metrics, in aggregate, account for 30%, depending on the particular named executive officer's employment or service agreement, except for the Executive Chairman for whom the trust-level performance metrics account for 100% of target bonus payable. Throughout the year, the Board may review the underlying strategy of SmartCentres and re-evaluate the targets. These performance metrics are guidelines for gauging 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 SmartCentres' overall financial and operating performance. Many of these metrics are similar to the prior year's targets and include Funds From Operations, leasing and occupancy levels, new development initiatives that consist of new non-retail types of developments and new projects and staff 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 acquisition targets and the introduction of new accounting software.

For each of the trust-level performance metrics, where appropriate, SmartCentres establishes a "base" level of achievement, a "target" level of achievement and a "maximum" level of achievement. When established, it is expected by SmartCentres that the "base" levels of achievement for each performance metric are attainable with reasonable diligence while attainment of the "target" and "maximum" levels of achievement would result from superior performance. As a guideline, achievement of "base" levels would earn 50% of the particular metric, achievement of "target" levels would earn 100% of the particular metric and achievement of "maximum" levels would earn up to 150% of a particular metric. If "base" levels are not achieved, a 0% payout would result with respect to the applicable performance metric. The Corporate Governance and Compensation Committee 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, 2018, the trust-level performance metrics included the following items, respective weighting and results achieved by SmartCentres:

| Target Performance Description | Specific Performance Measures | Weight | Specific Performance Measurement for Fiscal 2018 (Base – Target – Maximum) | Specific Performance Achievement in Fiscal 2018 | |
|---|---|---|---|---|---|
| | | | | Actual Performance | Weighting Achieved |
| *Financial Results* | Meet or exceed annual FFO per Unit budget, before transactional FFO | 25% | $2.24 – $2.27 – $2.30 per Unit | $2.28 | 29.17% |
| | Total | 25% | | | 29.17% |
| *Leasing/ Occupancy* | New leasing (committed leases only) | 15% | 750K – 1,000K – 1,400K sq. ft. | 878K sq. ft. | 11.33% |
| | Maintain occupancy level, as measured at end of each quarter | 15% | 97.6% – 98.0% to 98.1% – 98.2 to 98.4% | 98.1% (average) | 18.28% |
| | Total | 30% | | | 29.61% |
| *New Development Initiatives* | Initiate different types of new non-retail developments independently or with joint venture relationships(1) | 32% | 10 – 15 – 23 projects, by type | 10 projects, by type | 19.50% |
| | Total | 32% | | | 19.50% |
| *New Projects* | Initiate new development or redevelopment sites | 8% | 2 – 3 – 5 sites | 2 sites | 4.00% |
| | Total | 8% | | | 4.00% |
| *Talent Management* | Maintain/reduce staff attrition | 5% | 12.5% – 10.0% – 7.5% | 13.97% | 0.00% |
| | Total | 5% | | | 0.00% |
| **AGGREGATE TOTAL** | | **100%** | | | 82.28% |

Notes:

(1) Different types of new non-retail developments include self-storage, retirement, apartments, condos, homes, and other, each of which have different weightings to arrive at the Trust-level target.

During 2018, SmartCentres' management delivered another year of good results as evidenced by the 82.28% 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 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 initiatives.

For fiscal 2018, key priorities for each of the named executive officers were focused on each executive's responsibilities under SmartCentres' strategic plan, with an emphasis on sustaining and growing the existing business and developing new growth opportunities. In addition, each named executive officer was also evaluated against goals and objectives related to such named executive officer's position, functional responsibilities and contribution to operating as an effective team.

For the following named executive officers, the weights given to the aggregate total trust-level versus personal-level performance metrics in respect of 2018 are 70% and 30%, respectively. Based on these weights, the overall achievement percentage of the total bonus for 2018 are as follows: Mr. Forde, 83.0%; Mr. Sweeney, 80.6%; Mr. Gobin, 82.1% and Mr. Pambianchi, 79.3%. Mr. Thomas' end of term as an employee of SmartCentres was June 29, 2018. His annual incentive bonus in respect of his 2018 performance period of 6 months is based on 100% trust-level performance metrics and therefore his overall achievement percentage is 82.3%. Mr. Goldhar's annual incentive bonus in respect of 2018 is also based on 100% trust-level performance metrics and therefore his overall achievement percentage is also 82.3%.

In addition to the annual incentive bonuses described above, the Board may, in its discretion and from time to time, declare an additional bonus (not tied to any specific trust-level or personal level performance metric) in favour of one or more members of SmartCentres' management team in circumstances where it is determined that the executive(s) in question have made an exceptional contribution to the performance of SmartCentres and other special circumstances during the fiscal year. In 2018, the Board exercised this discretion to declare an additional bonus to Mr. Forde in the amount of $100,000, paid in the form of Deferred Units in connection with his leadership on special projects and new initiatives. This incentive bonus will vest in accordance with the Deferred Unit Plan and does not include any Matching Deferred Units.

*Equity Incentive Plans*

Deferred Unit Plan

SmartCentres 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 "Executive Compensation – Equity Compensation Plan Information – Deferred Unit Plan".

Inducement Award Agreements

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

Long Term Incentive Plan

The Corporate Governance and Compensation Committee believes that a significant component of the compensation of certain officers and employees of SmartCentres should be based on the total Unitholder return, which includes the amount of monthly distributions paid on the Units. To that end, SmartCentres has an LTIP that certain senior executives may participate in at the discretion of the Board. The purpose of the LTIP is to promote a greater alignment of interests between senior executives and Unitholders by linking a component of the executives' compensation to the total Unitholder return compared to a peer group of public entities (the "**Peer Group**"), which is currently comprised of the entities included in the S&P/TSX Capped REIT Index at both the beginning and end of each respective performance period. The compensation of a participating senior executive under the LTIP 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 "Executive Compensation – Equity Compensation Plan Information – Long Term Incentive Plan".

***Executive Compensation Claw-back***

The Board has adopted an executive compensation claw-back policy concerning future awards made under SmartCentres' annual and equity incentive plans. Under this policy, which applies to all executives, the Board may, in its sole discretion, to the fullest extent permitted by governing laws and to the extent it determines that it is in SmartCentres' 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 SmartCentres' 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.

Pursuant to the LTIP, LTIP Units may be forfeited where there has been any material restatement of SmartCentres' quarterly or annual financial statements or any fraud, material and wilful breach of the executive's employment agreement which is materially detrimental to SmartCentres or any of its subsidiaries, or material and wilful breach of any code of conduct or policy of SmartCentres or any of its subsidiaries which is materially detrimental to SmartCentres or any of its subsidiaries on the part of the executive. In the event there is a material restatement of SmartCentres' financial statements, the Board may adjust the number of LTIP Units in each award that have not yet vested which have a performance period that overlaps with or is in the year following the financial period for which the financial statements have been restated. In the event of misconduct by an executive, the Board may determine the number of LTIP Units the executive will be required to forfeit in its sole discretion.

***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 SmartCentres' executive compensation program.

***Review / Modifications***

SmartCentres' executive compensation program is reviewed and considered at least annually by the Corporate Governance and Compensation Committee 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 SmartCentres. The Corporate Governance and Compensation Committee 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 Corporate Governance and Compensation Committee considers the recommendations of management, the Chief Executive Officer and Executive Chairman of SmartCentres in particular. The Corporate Governance and Compensation Committee 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. SmartCentres 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 Corporate Governance and Compensation Committee makes its recommendations with respect to SmartCentres' executive compensation program to the full Board. The Board then approves the executive compensation program, including the individual components, subject to any modifications it deems necessary.

***Management of Compensation Risk***

In conjunction with its annual executive compensation review, the Corporate Governance and Compensation Committee considers the implications of the risks associated with SmartCentres' 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 Corporate Governance and Compensation Committee 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) the role of the Audit Committee, with the input from SmartCentres' auditors in its quarterly review of financial data, to ensure accuracy in such key measures that are used in bonus metrics;

(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 SmartCentres; and

(d) the receipt and review by the Corporate Governance and Compensation Committee of the input data and calculations used to determine achievement of bonuses, as reviewed by SmartCentres' internal auditor.

In addition, SmartCentres' committee membership contains cross-representation whereby at least one member of the Corporate Governance and Compensation Committee 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 Corporate Governance and Compensation Committee to monitor management's performance in regard to inappropriate or excessive risks. The Corporate Governance and Compensation Committee is of the view that the risks arising from SmartCentres' compensation policies and practices are not reasonably likely to have a material adverse effect on SmartCentres and that such policies and practices are appropriate and consistent with industry standards.

***Hugessen Consulting Inc.***

In 2018, the Corporate Governance and Compensation Committee 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. Hugessen was originally retained on February 15, 2013. At the direction of the chair of the Corporate Governance and Compensation Committee, Hugessen worked with the Corporate Governance and Compensation Committee to provide the following services for the Corporate Governance and Compensation Committee during the year ended December 31, 2018:

(a) support the decision-making process related to payouts under the executive annual and long-term incentive plans;

(b) assessment of SmartCentres' governance and compensation practices;

(c) review of SmartCentres' management information circular disclosure for the year ended December 31, 2017;

(d) benchmark the Executive Chairman and the President and Chief Executive Officer compensation arrangements. Hugessen did not benchmark the compensation paid to Penguin pursuant to an agreement entered into in 2015 whereby Penguin provides certain development services to SmartCentres.

Hugessen's fees incurred during 2018 and 2017 regarding services provided to SmartCentres are as follows:

| Year | Executive Compensation Related Fees |
|---|---:|
| Year ended December 31, 2018 | $30,153 |
| Year ended December 31, 2017 | $10,673 |

Hugessen does not provide any services to SmartCentres other than those provided to the Corporate Governance and Compensation Committee, and the fees paid to Hugessen represented less than 5% of SmartCentres' annual revenue in each of fiscal 2018 and fiscal 2017.

The executive compensation recommendations are made by the Corporate Governance and Compensation Committee alone and may reflect factors and considerations other than the information and advice provided by Hugessen.

***Non-GAAP Financial Measures***

In the subsection "Annual Incentives – Bonuses" above, there are references to "FFO" and "transactional FFO", which are not financial measures under International Financial Reporting Standards ("**IFRS**") generally accepted accounting principles ("**GAAP**") and have no standardized meaning prescribed by IFRS.

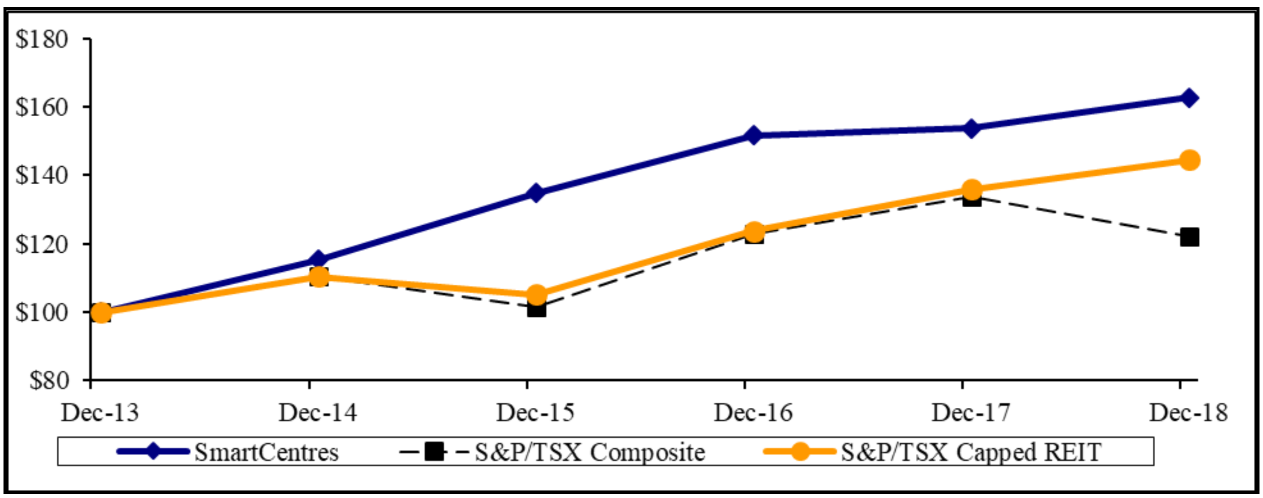
FFO is a non-GAAP financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by the Real Property Association of Canada ("**REALpac**"), which published a White Paper describing the intended use of FFO, last revised in February 2018. It is SmartCentres' view that IFRS net income does not necessarily provide a complete measure of SmartCentres' recurring operating performance. This is primarily because IFRS net income includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations and gains and losses on the disposal of investment properties, including associated transaction costs and taxes, which management believes are not representative of a company's economic earnings. For these reasons, SmartCentres' has adopted REALpac's definition of FFO, which was created by the real estate industry as a supplemental measure of operating performance. FFO is computed as IFRS consolidated net income and comprehensive income attributable to Unitholders adjusted for items such as, but not limited to, unrealized changes in the fair value of investment properties and transaction gains and losses on the acquisition or disposal of investment properties calculated on a basis consistent with IFRS.

Transactional FFO is a non-GAAP financial measure that represents the net financial/economic gain (loss) resulting from a partial sale of an investment property to a third party. Transactional FFO is calculated as the difference between the actual selling price and actual costs for the subject investment property. Because SmartCentres intends to establish a significant number of joint ventures with partners with whom it plans to co-develop mixed-use projects, SmartCentres expects such gains (losses) to be recurring and therefore represent part of the SmartCentres' overall distributable earnings.

As FFO and transactional FFO are not standardized, as prescribed by IFRS, they may not be comparable to similar measures presented by other real estate investment trusts. Neither FFO nor transactional FFO is 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 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 SmartCentres' 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 SmartCentres with (i) the cumulative total return of the S&P/TSX Composite Index for the five-year period ending December 31, 2018* and (ii) the cumulative total return of the S&P/TSX Capped REIT Index for the five-year period ending December 31, 2018*.




* Assuming the initial value of the investment in Units of SmartCentres on the TSX was $100 at the close of trading on December 31, 2013. Values include distributions payable but exclude brokerage fees and all income taxes.

| | 31-Dec-13 | 31-Dec-14 | 31-Dec-15 | 31-Dec-16 | 31-Dec-17 | 31-Dec-18 |
|---|---|---|---|---|---|---|
| SmartCentres | $100.00 | $115.33 | $134.78 | $151.69 | $153.61 | $162.69 |
| S&P/TSX Composite | $100.00 | $110.55 | $101.36 | $122.73 | $133.89 | $121.99 |
| S&P/TSX Capped REIT | $100.00 | $110.36 | $105.23 | $123.78 | $135.97 | $144.57 |

***Trends***

The performance of the Units outpaced the performance of the S&P/TSX Capped REIT Index, the index of SmartCentres' Peer Group, and the S&P/TSX Composite Index, the broad market index of Canadian listed companies, over the past five years. The total executive compensation paid by SmartCentres to its named executive officers has modestly reflected the superior performance of the Units compared to SmartCentres' industry peers appearing in the S&P/TSX Capped REIT Index and to the broader market appearing in the S&P/TSX Composite Index over the past five years.

The total compensation value paid to the named executive officers of SmartCentres for the 2018 financial year was $6,050,562 (2017 – $5,998,854) which amounts to 1.65% (2017 – 1.74%) of SmartCentres' 2018 FFO (see "Executive Compensation – Compensation Discussion and Analysis – Non-GAAP Measures") and 2.12% (2017 – 2.22%) of SmartCentres' 2018 annual declared distributions to Unitholders.

## CEO Compensation Over Time

The following table compares the grant date value of compensation awarded to the former Chief Executive Officer, Huw Thomas, and the current Chief Executive Officer, Peter Forde, in respect of performance as Chief Executive Officer with the actual value received from compensation awards.

| Year | Total Direct Compensation Awarded($)(1) | Actual Total Direct Compensation Value Realized/Realizable as of December 31, 2018 ($) | Value of $100 | | |
|---|---|---|---|---|---|
| | | | Period | CEO(2) | Unitholder(3) |
| 2014 | 1,980,317 | 3,294,838 | 1/1/14 to 12/31/18 | $166.38 | $162.69 |
| 2015 | 2,216,276 | 2,790,220 | 1/1/15 to 12/31/18 | $125.90 | $141.07 |
| 2016 | 2,088,079 | 1,503,844 | 1/1/16 to 12/31/18 | $72.02 | $120.71 |
| 2017 | 1,577,981 | 1,426,080 | 1/1/17 to 12/31/18 | $90.37 | $107.25 |
| 2018(4) | 1,323,390 | 1,429,098 | 1/1/18 to 12/31/18 | $107.99 | $105.91 |
| | | | Weighted Average | $122.69 | $137.35 |

Notes:

(1) Includes all compensation set out in the Summary Compensation Table on page 38.

(2) Represents the actual value of CEO compensation for each $100 awarded in total direct compensation during the fiscal year indicated.

(3) Represents the cumulative value of a $100 investment in Units made on the first day of the period indicated, assuming reinvestment of distributions.

(4) In 2018, $524,640 was awarded to Mr. Thomas (excluding $61,000 earned as Trustee fees in the form of Deferred Units in lieu of cash and $61,000 in Matching Deferred Units) and $798,750 was awarded to Mr. Forde for his role as President and Chief Executive Officer.

## 2018 Compensation for the Named Executive Officers

### *Summary Compensation Table*

The following table sets forth the annual compensation earned by each of SmartCentres' named executive officers for the three most recently completed financial years.

| Name and Principal Position | Year | Salary ($) | Unit-Based Awards ($) | | Annual Non-Equity Incentive Plan Compensation[3] ($) | All Other Compensation[4] ($) | Total Compensation ($) |
|---|---|---|---|---|---|---|---|
| | | | Deferred Unit Plan[1] | LTIP [2] | | | |
| Mitchell Goldhar *Executive Chairman* | 2018 | 219,863[5] | 180,903 | 219,863 | 180,903 | 130,000[6] | 931,532[7] |
| Peter Forde *President and Chief Executive Officer* | 2018<br>2017<br>2016 | 492,480<br>480,000<br>453,900 | 345,107[8]<br>238,296<br>186,644 | 400,000<br>400,000<br>205,000 | 245,107<br>238,296<br>186,644 | 14,806<br>14,779<br>14,659 | 1,497,500[9]<br>1,371,371<br>1,046,847 |
| Huw Thomas *Former Chief Executive Officer* | 2018<br>2017[10]<br>2016 | 180,250<br>540,750<br>721,000 | 88,989<br>268,428<br>350,550 | 159,830<br>479,490<br>639,320 | 88,989<br>268,428<br>350,550 | 128,582[11]<br>20,885<br>26,659 | 646,640<br>1,577,981<br>2,088,079 |
| Peter Sweeney *Chief Financial Officer* | 2018<br>2017<br>2016 | 456,570<br>445,000<br>432,900 | 183,861<br>172,349<br>167,186 | 260,000<br>260,000<br>247,000 | 183,861<br>172,349<br>167,186 | 14,807<br>14,779<br>14,659 | 1,099,099<br>1,064,477<br>1,028,931 |
| Rudy Gobin *Executive Vice President, Portfolio Management and Investments* | 2018<br>2017<br>2016 | 410,400<br>400,000<br>376,400 | 168,346<br>237,960[12]<br>153,270 | 150,000<br>150,000<br>103,000 | 168,346<br>162,960<br>153,270 | 18,807<br>18,779<br>18,659 | 915,899<br>969,699<br>804,599 |
| Mauro Pambianchi *Chief Development Officer* | 2018<br>2017<br>2016 | 453,900<br>453,900<br>453,900 | 180,017<br>171,506<br>178,927 | 205,000<br>205,000<br>205,000 | 180,017<br>171,506<br>178,927 | 12,707<br>13,414<br>14,659 | 1,031,641<br>1,015,326<br>1,031,413 |

Notes:

(1) The value shown is determined as at the date of grant of each award and excludes distribution equivalent amounts earned on the Deferred Units. Amounts include Matching Deferred Units granted under the Deferred Unit Plan. For further information, see "Executive Compensation – Equity Compensation Plan Information – Deferred Unit Plan".

(2) The value shown is determined as at the date of grant of each award and excludes distribution equivalent amounts earned on the LTIP Units. For further information, see "Executive Compensation – Equity Compensation Plan Information – Long Term Incentive Plan".

(3) These amounts represent annual cash incentive bonuses awarded to the named executive officers. Each of the named executive officers can elect to receive up to 100% of their annual incentive bonus in Deferred Units, in lieu of cash, pursuant to the Deferred Unit Plan. Each of the named executive officers elected to take 100% of their annual cash incentive bonus in Deferred Units for each of the years shown in the table.

(4) These amounts include vehicle allowances and medical, life and other insurance premiums. The amounts shown exclude dividend equivalent amounts earned on the Deferred Units and LTIP Units as the dividend equivalents were factored into the disclosed grant date fair value of the awards.

(5) Base salaries presented are actual amounts earned for 2018, 2017 and 2016. For Mr. Goldhar, the amount shown for 2018 represents the pro-rated amount of his annual base salary for 2018 ($250,000). Mr. Goldhar became Executive Chairman effective February 14, 2018.

(6) The amounts presented include $65,000 of Trustee retainer fees paid to Mr. Goldhar, which he elected to receive in the form of Deferred Units, as well as the related $65,000 in Matching Deferred Units. Mr. Goldhar continues to earn Trustee retainer and meeting attendance

fees. Mr. Goldhar has waived his annual retainer for acting as Chairman of the Board since his appointment as Chairman of SmartCentres on May 28, 2015.

(7) Penguin, a company controlled by Mitchell Goldhar, receives an annual fee from SmartCentres of $3.5 million pursuant to the 2015 Agreement (as defined below). For further information see "Development Services Agreement with Penguin".

(8) This amount includes a $100,000 bonus paid in the form of Deferred Units to Mr. Forde related to his leadership on special projects and new initiatives. This incentive bonus will vest in accordance with the Deferred Unit Plan and does not include any Matching Deferred Units.

(9) This amount includes $698,750 in respect of Mr. Forde's role as President and Chief Operating Officer and $798,750 in respect of Mr. Forde's role as President and Chief Executive Officer.

(10) Pursuant to changes to the terms of Mr. Thomas' employment, effective July 1, 2017 his base salary and other compensation were reduced by 50%.

(11) Mr. Thomas did not receive compensation in his capacity as Trustee while he was the Chief Executive Officer of SmartCentres. However, he commenced receiving Trustee compensation following his resignation as Chief Executive Officer. The amounts presented include $61,000 of Trustee retainer fees paid to Mr. Thomas, which he elected to receive in the form of Deferred Units, as well as the related $61,000 in Matching Deferred Units.

(12) This amount includes a $75,000 bonus paid in the form of Deferred Units to Mr. Gobin in connection with the OneREIT acquisition. This incentive bonus will vest in accordance with the Deferred Unit Plan and does not include any Matching Deferred Units.

### *Development Services Agreement with Penguin*

As previously disclosed, in 2015 SmartCentres entered into an agreement (the "**2015 Agreement**") with Penguin, a company controlled by Mitchell Goldhar, pursuant to which Penguin agreed to provide specified services to SmartCentres in connection with the future development of four of its development projects, namely the Vaughan Metropolitan Centre, the StudioCentre property, Westside Mall and the Vaughan 400 & 7 Shopping Centre, until May, 2020. In return for those services Penguin is entitled to an annual fee of $3.5 million for the term of the 2015 Agreement and has earned this amount in each year to date. Since that time, as a result of SmartCentres' significant increase in development activity throughout its portfolio, the scope of services being provided by Penguin to SmartCentres in respect of development activities is greatly expanding and is expected to continue to do so for the foreseeable future. Penguin has agreed to provide such expanded services on the understanding by both parties that the 2015 Agreement will be appropriately amended to provide for the significantly expanded services and will therefore also include an adjustment to compensation received by Penguin. It will also provide for the extension of the term of such services in the future beyond the current expiry date of the 2015 Agreement (May, 2020). All terms of the amended services agreement had not been finalized as of the date of the Circular. The Special Independent Committee is in the process of negotiating such amendments to the 2015 Agreement with Penguin.

### *Outstanding Unit-Based Awards*

The following table indicates for each named executive officer all Unit-based awards outstanding at December 31, 2018.

| Name | Unit-Based Awards[1] | | |
|---|---|---|---|
| | Number of Units That Have Not Vested[2] (#) | Market or Payout Value of Unit-Based Awards That Have Not Vested[3] ($) | Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed[3] ($) |
| Mitchell Goldhar | 8,583 | 84,655 | 2,033,449 |
| Peter Forde | 47,489 | 897,410 | 1,389,891 |
| Huw Thomas | 22,430 | 257,274 | 3,406,096 |
| Peter Sweeney | 37,780 | 796,414 | 645,983 |
| Rudy Gobin | 36,905 | 919,118 | 3,817,550 |
| Mauro Pambianchi | 30,815 | 665,756 | 509,476 |

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, 2018, each of the named executive officers were participants under the LTIP.

(3) Based on the market value of the Units as at December 31, 2018.

### *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 and were earned during 2018.

| Name | Unit-Based Awards - Value Vested During the Year(1)(2) ($) | Annual Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)(3) |
|---|---|---|
| Mitchell Goldhar | 130,000 | 180,903 |
| Peter Forde | 239,512 | 245,107 |
| Huw Thomas | 1,886,644 | 88,989 |
| Peter Sweeney | 173,228 | 183,861 |
| Rudy Gobin | 366,432 | 168,346 |
| Mauro Pambianchi | 172,381 | 180,017 |

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, 2018, each of the named executive officers were participants under the LTIP.

(2) Based on the market value of the Units as at the date of vesting.

(3) This column includes the full amount of the annual incentive bonuses even if a named executive officer elected to receive all or a portion as Deferred Units.

## Termination and Change of Control Benefits

### *Mitchell Goldhar, Executive Chairman*

SmartCentres has not yet entered into a formal full employment agreement with Mr. Goldhar. The Special Independent Committee is in the process of negotiating the termination and change of control provisions that will be included in his employment agreement.

### *Peter Forde, President and Chief Executive 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 SmartCentres.

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 SmartCentres to Mr. Forde, had his employment been terminated on December 31, 2018. 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".

| Resignation | Termination without Cause | Death | Disability | Change of Control |
|---|---|---|---|---|
| $nil | $1,615,957.48 | $nil | $nil(1) | $1,615,957.48 |

Notes:

(1) Pursuant to SmartCentres' 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, SmartCentres 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 16 weeks. The figure above does not include this additional payment.

***Huw Thomas, Former Chief Executive Officer***

Mr. Thomas resigned as the Chief Executive Officer of SmartCentres effective June 29, 2018. Upon resignation Mr. Thomas' LTIP Units continue to vest according to the normal vesting schedule and any unvested Deferred Units vested immediately, except Deferred Unit grants in respect of 2018 compensation as Chief Executive Officer which will be awarded and vest in 2019.

***Peter Sweeney, Chief Financial Officer***

Mr. Sweeney'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 SmartCentres.

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 SmartCentres to Mr. Sweeney, had his employment been terminated on December 31, 2018. 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".

| Resignation | Termination without Cause | Death | Disability | Change of Control |
|---|---|---|---|---|
| $nil | $944,610.17 | $nil | $nil(1) | $944,610.17 |

Note:

(1) Pursuant to SmartCentres' 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, SmartCentres 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 16 weeks. The figure above does not include this additional payment.

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

Mr. Gobin'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 SmartCentres.

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 SmartCentres to Mr. Gobin, had his employment been terminated on December 31, 2018. 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".

| Resignation | Termination without Cause | Death | Disability | Change of Control |
|---|---|---|---|---|
| $nil | $959,416.11 | $nil | $nil(1) | $959,416.11 |

Note:

(1) Pursuant to SmartCentres' 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, SmartCentres 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 16 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 SmartCentres.

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 SmartCentres to Mr. Pambianchi, had his employment been terminated on December 31, 2018. 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".

| Resignation | Termination without Cause | Death | Disability | Change of Control |
|---|---|---|---|---|
| $nil | $1,048,142.16 | $nil | $nil(1) | $1,048,142.16 |

Note:

(1) Pursuant to SmartCentres' 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, SmartCentres 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 16 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 agreement. See "Executive Compensation – Equity Compensation Plan Information – Deferred Unit Plan", "– Long Term Incentive Plan" and "– Inducement Award Agreements".

**Equity Compensation Plan Information**

The following table provides a summary as of December 31, 2018 of the security based compensation plans pursuant to which equity securities of SmartCentres may be issued.

| 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 – *Deferred Unit Plan*[1] | 1,007,929 [2] | 680,781 [3] |
| Equity compensation plans not approved by Unitholders – *Long Term Incentive Plan and Inducement Awards*[4] | - | - |

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 311,290 Units have been issued upon the redemption of Deferred Units issued under the Deferred Unit Plan. SmartCentres has also issued a further 1,007,929 Deferred Units which have not yet been redeemed, leaving 680,781 Deferred Units available for future grants (assuming that all outstanding Deferred Units are redeemed for Units).

SmartCentres 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. 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) Represents 0.7% of the number of issued and outstanding Units as of December 31, 2018.

(3) Represents 0.5% of the number of issued and outstanding Units as of December 31, 2018.

(4) 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.

### *Annual Burn Rate*

In accordance with the requirements of section 613 of the TSX Company Manual, the following table sets out the annual burn rate of the Deferred Units granted under the Deferred Unit Plan, SmartCentres' only security-based compensation arrangement, for each of 2016, 2017 and 2018. The burn rate is calculated by dividing the number of Deferred Units granted under the Deferred Unit Plan during the relevant fiscal year by the weighted average number of Units outstanding for such fiscal year.

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| Number of Deferred Units granted under Deferred Unit Plan | 157,449 | 148,899 | 108,206 |
| Weighted average of outstanding Units | 161,507,550 | 157,722,407 | 155,544,454 |
| Annual burn rate | 0.1% | 0.09% | 0.07% |

### *Deferred Unit Plan*

The Deferred Unit Plan is administered by the Corporate Governance and Compensation Committee. The purpose of the Deferred Unit Plan is to promote a greater alignment of interests between the Trustees, officers and employees of SmartCentres and/or its subsidiaries and Unitholders.

Trustees, officers and senior employees of SmartCentres and/or its subsidiaries are eligible to participate in the Deferred Unit Plan. Each eligible person is given the right to elect to be a participant of the Deferred Unit Plan. A person who elects to be a participant will be paid the amount set out in an election notice delivered by the participant to SmartCentres, which cannot exceed any limit in effect as determined by the Corporate Governance and Compensation Committee or the Board, if applicable, and initially cannot exceed:

(a) in respect of a Trustee or an executive officer, the annual board retainer (including committee fees, attendance fees and additional fees and retainers to committee chairs) or the annual bonus, as applicable, paid by SmartCentres to that Trustee or executive officer for services rendered in a calendar year;

(b) in respect of senior leadership holding the title of executive vice president, senior vice president or vice president, 50% of the annual bonus paid by SmartCentres to that employee for services rendered in a calendar year; and

(c) in respect of senior managers holding the title of senior director or director, 25% of the annual bonus paid by SmartCentres to that employee for services rendered in a calendar year;

(the "**DUP Elected Amount**") in the form of Deferred Units in lieu of cash. SmartCentres will match the DUP Elected Amount for each participant such that the number of Deferred Units issued to each participant will be equal in value to two times the DUP Elected Amount ("**Matching Deferred Units**") (i.e., if a participant elects to be paid $100 of their annual bonus or Trustee fees in the form of Deferred Units, SmartCentres matches that election by issuing that the participant a further $100 worth of Matching Deferred Units, subject to certain vesting conditions).

The number of Deferred Units (including fractional Deferred Units) granted on an award date under the Deferred Unit Plan will be calculated by dividing (i) the dollar amount of a participant's DUP Elected Amount by (ii) the market value of a Unit on January 1 of the year of grant or such later date as the Board may specify calculated based on the volume weighted average trading price of the Units as of the last ten trading days prior to January 1.

Deferred Units are not considered Units and do not entitle a participant to any Unitholder rights. One Deferred Unit is equivalent to one Unit. A participant may designate or change a beneficiary for purposes of the Deferred Unit Plan by delivering a notice to the Senior Vice President, Human Resources and Corporate Services of SmartCentres.

Generally, Deferred Units (other than Matching Deferred Units and Deferred Units received as distribution equivalents) granted to participants are fully vested when granted. Matching Deferred Units granted to non-employee Trustees vest immediately upon grant. Matching Deferred Units granted to other participants vest in accordance with the following schedule:

(a) 50% of the Matching Deferred Units vest on the earlier of (1) the third anniversary of the award date and (2) February 27 of the third year following the award date;

(b) 25% of the Matching Deferred Units vest on the earlier of (1) the fourth anniversary of the award date and (2) February 27 of the fourth year following the award date; and

(c) 25% of the Matching Deferred Units vest on the earlier of (1) the fifth anniversary of the award date and (2) February 27 of the fifth year following the award date.

Unvested Deferred Units credited to a participant vest immediately and are redeemable by the participant (or his or her beneficiary) on the date the participant ceases to be an officer or employee of SmartCentres or a subsidiary of SmartCentres for any reason other than termination for cause, voluntary resignation or retirement unless otherwise provided for in the participant's employment agreement. In the case of termination for cause or voluntary resignation, all of the participant's unvested Matching Deferred Units will be forfeited and cancelled as of the termination date. In the case of retirement, unvested Matching Deferred Units held by senior officers shall vest one year after retirement (or, if later, the date the employee is no longer subject to non-competition obligations) and may be forfeited if the employee competes during that period. Unvested Matching Deferred Units held by participants other than senior officers shall vest immediately on retirement. For purposes of the Deferred Unit Plan, "retirement" means the employee has reached a threshold based on age and years of service, has given 6 months advance notice of the retirement, is not competing with SmartCentres and is not employed for cash compensation in excess of 60% of the employee's actual total annual cash compensation from SmartCentres in the preceding 12 months.

A participant's vested Deferred Units may be redeemable in whole or in part on the date the participant files a written notice of redemption with the Senior Vice President, Human Resources and Corporate Services of SmartCentres. The participant will receive, within five business days after the termination date or redemption date, as applicable, a whole number of Units equal to the whole number of vested Deferred Units of the participant, net of any applicable withholding taxes. Participants have no right to receive any fractional Units or any cash payment in lieu of fractional Units. The Deferred Units will be cancelled upon the issuance of Units upon redemption. Alternatively, a participant may elect to receive cash in respect of some or all of the Deferred Units to be redeemed (the "**Cash Units**"), in which event SmartCentres will, at its election, either (i) pay to the participant, within five business days of redemption, an amount equal to the market value of the Cash Units, less applicable withholding taxes or (ii) issue such number of Units equal to the number of Cash Units and arrange to sell such Units on behalf of the participant as soon as practical, and pay to the participant the proceeds of such sale, less any applicable withholding taxes. Matching Deferred Units will be forfeited to the extent that, prior to vesting, the Deferred Units to which such Matching Deferred Units relate are redeemed.

Whenever cash distributions are paid on Units, additional Deferred Units will be credited to the participant's Deferred Unit account as distribution equivalents. The number of additional Deferred Units will be calculated by dividing (i) the amount determined by multiplying (a) the number of Deferred Units in the participant's Deferred Unit account on the record date for the payment of the distribution by (b) the distribution paid per Unit, by (ii) a percentage of the market value of a Unit (such percentage to correspond to the percentage applied to the market price of Units for purposes of the distribution reinvestment plan of SmartCentres then in effect (or, if no such plan is then in effect, the last distribution reinvestment plan of SmartCentres that was in effect)) on the distribution payment date calculated based on the ten day volume weighted average trading price of the Units. Such additional Deferred Units granted as distribution equivalents vest in the same manner in proportion to the underlying Deferred Units to which they relate.

Unitholder approval is required for any amendment to the Deferred Unit Plan that (i) increases the number of Units reserved for issuance under the Deferred Unit Plan, (ii) increases the percentage of a participant's annual bonus or retainer that such participant may elect to receive in the form of Deferred Units beyond 100%, (iii) increases the percentage of the DUP Elected Amount to be matched by SmartCentres beyond 100% of the DUP Elected Amount, (iv) extends eligibility to participate in the Deferred Unit Plan to persons not currently eligible to participate, (v) permits entitlements under the Deferred Unit Plan to be transferred other than for normal estate settlement purposes, (vi) permits awards other than those specifically contemplated in the Deferred Unit Plan to be made under the Deferred Unit Plan, (vii) increases or removes the 10% limits on Units reserved for issuance to or issued to insiders under the Deferred Unit Plan, or (viii) deletes or removes the range of amendments which require approval of Unitholders. Subject to the foregoing matters, the Board may amend, suspend or terminate the Deferred Unit Plan or any provision of the Deferred Unit Plan, provided that the consent of a participant will be required where such amendment, suspension or termination materially adversely affects the rights already accrued under the Deferred Unit Plan by such participant. Without limiting the general amendment powers described in the previous sentence, Unitholder approval is not required for amendments of the Deferred Unit Plan which (i) make formal, minor or technical modification to any of its provisions, including amendments of a 'housekeeping' nature, (ii) correct any ambiguity, defective provisions, error or omission in its provisions, (iii) amend the vesting provisions of the Deferred Units or (iv) make any other amendment that does not require Unitholder approval under applicable laws or the rules of the TSX, provided, however, that no such act will diminish any rights accrued in respect of grants of Deferred Units made prior to the effective date of such amendment.

On January 2, 2018 and July 31, 2018 the Board approved certain amendments to the Deferred Unit Plan of an administrative or clarifying nature. The amendments were not related to matters that require Unitholder approval under the terms of the Deferred Unit Plan. On January 2, 2018 the Deferred Unit Plan was amended to provide for adjustments if annual bonus determinations are delayed past February 27 in any year so that participants do not miss the receipt of distribution equivalents and the vesting of Matching Deferred Units is not delayed. The market price for calculating awards was amended such that the number of Deferred Units to be awarded in lieu of an annual board retainer or annual bonus will be calculated using the volume weighted average market price of the Units as of the last ten trading days prior to the start of the year. As required under the Toronto Stock Exchange rules, the Deferred Unit Plan was amended to provide that Unitholder approval is required to remove the limits on insider participation under the Deferred Unit Plan. In addition, the Board approved provisions prescribing the treatment of Deferred Units in the case of retirement described above. The amendments also provide that notice of unfavourable changes to vesting arrangements for Matching Deferred Units must be given prior to the deadline for filing elections to participate. On July 31, 2018, the Deferred Unit Plan was amended to (i) set the annual participation cap for employees holding the title of senior director or director to 25% of the employees annual bonus, (ii) clarify that participants can elect to receive cash on redemption of Deferred Units and (iii) modify the percentage of market value used in calculating the number of Deferred Units issued whenever cash distributions are paid on the Units.

As of December 31, 2018, SmartCentres had 134,498,397 Units outstanding (not including the 27,218,446 Units issuable upon the exercise or conversion of the Exchangeable Securities outstanding). The aggregate number of Units authorized for issuance upon redemption of all Deferred Units granted under the Deferred Unit Plan cannot exceed 2,000,000, or approximately 1.5% of the outstanding Units of SmartCentres as at December 31, 2018, or any 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. However, (i) at no time can the number of Units reserved for issuance to insiders of SmartCentres 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; and (ii) the number of Units issued to insiders of SmartCentres 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, cannot exceed 10% of the then outstanding Units.

### *Inducement Award Agreements*

SmartCentres may grant awards of Deferred Units to new officers of SmartCentres 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 SmartCentres to become a member of SmartCentres' 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 Corporate Governance and Compensation Committee. The purpose of the LTIP is to provide officers and key employees of SmartCentres with the opportunity to acquire "Performance Units" under the LTIP ("**LTIP Units**") in order to allow them to participate in the long-term success of SmartCentres and to promote a greater alignment of their interests with the interests of the Unitholders. These goals are achieved by linking a component of the participants' compensation to the price performance of the Units compared to the Peer Group and to the distributions paid on the Units.

LTIP Units vest on the third calendar year-end after the grant date 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 SmartCentres' long-term success. LTIP Units are non-transferable and non-assignable.

The Board may award LTIP Units to any eligible participant. The number of LTIP Units (including fractions) to be credited to each participant's account is determined by the Board in its sole discretion in accordance with the LTIP and having regard to past grants and the market value of the Units at the time of the award calculated based on the ten day volume weighted average trading price of the Units immediately preceding the award date.

LTIP Units are not considered Units or other securities of SmartCentres and do not entitle a participant to Unitholder or other securityholder rights.

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 will be settled for cash and paid out in immediately available funds within 90 days of the end of the Performance Period of the 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, 2018, the Performance Period for the LTIP Units will be the period commencing on January 1, 2018 and ending on December 31, 2020.

The amount that is payable to a participant at the conclusion of the Performance Period is a function of three factors: (1) a Performance Multiplier (defined below) based on the TSR (defined below) of SmartCentres relative to the Peer Group, (2) the market value of the Units on the last day of the Performance Period calculated based on the ten day volume weighted average trading price of the Units immediately preceding the award date, and (3) the per Unit amount of monthly distributions on the Units during the Performance Period. The value paid to each participant is equal to:

| | | | | |
|---|---|---|---|---|
| Number of LTIP Units in the award + distribution equivalents | ✖ | Performance Multiplier (ranges from 0-200%/150%, depending on TSR) | ✖ | Market value of the Units |

Whenever cash distributions are paid on the Units, additional LTIP Units will be credited to the participant's account as distribution equivalents based on the market value of the Units on the applicable distribution date calculated based on the ten day volume weighted average trading price of the Units. 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:

| *Performance Multiplier* | *SmartCentres' TSR Relative to the TSR for the Peer Group* |
|---|---|
| 0% | below $40^{th}$ percentile |
| 75% | at $40^{th}$ percentile |
| >75% - <100% | above $40^{th}$ percentile but below median |
| 100% | at median |
| >100% - <200%/150%(1) | above median but below $90^{th}$ percentile |
| 200%/150%(1) | at $90^{th}$ percentile or above |

Note:

(1) Effective January 1, 2018, the upper limit of the Performance Multiplier was reduced from 200% to 150% with respect to future grants of LTIP Units.

"**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 SmartCentres' TSR for the Performance Period is less than 6.1%, the Performance Multiplier shall not exceed 100%. Market value is calculated based on the ten day volume weighted average trading price of the relevant security.

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 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 SmartCentres or other distribution of SmartCentres' 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.

If a participant resigns (other than in the course of retirement) or is terminated for cause, any unvested LTIP Units will terminate without payment. In the case of the retirement of a participant, any unvested LTIP Units 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 in the manner described above. If a participant's employment or service is terminated without cause, any vested LTIP Units will be settled for cash in the manner described above and any unvested LTIP Units will terminate without payment.

If a participant becomes disabled, any unvested LTIP Units 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 the 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 participant's LTIP Units not vested in accordance with the foregoing will terminate without payment.

If a 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 to the date of death, divided by 12, shall vest and become payable based on the market value of such LTIP Units on the date of death. 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 has the discretion to vary the manner in which LTIP Units vest for any participant. The participant's employment or service agreement will govern in the event of any conflict between the provisions of the LTIP and the participant's employment or service agreement relating to the treatment of LTIP Units on termination of employment. LTIP awards are subject to the executive compensation claw-back policy described in this Circular.

As of December 31, 2018, 208,981 LTIP Units have been awarded pursuant to the LTIP.

## TRUSTEE COMPENSATION

### General

The Trustees, including the Executive Chairman, are entitled to compensation for their services rendered to SmartCentres in their capacities as Trustees. The following table summarizes the fees paid to such Trustees by SmartCentres for services during the 2018 financial year.

| Item | Fee |
|---|---|
| Annual Retainer – Trustee | $45,000 |
| Annual Retainer – Chairman of Board | Plus $40,000 |
| Annual Retainer – Lead Independent Trustee | Plus $40,000 |
| Annual Retainer – Chair of Investment Committee | Plus $10,000 |
| Annual Retainer – Chair of Corporate Governance and Compensation Committee | Plus $12,500 |
| Annual Retainer – Chair of the Audit Committee | Plus $15,000 |
| Monthly Retainer – Chair of the Special Independent Committee | Plus $6,000 |
| Monthly Retainer – Special Independent Committee Member | Plus $4,000 |
| 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 |
| Attendance of Special Independent Committee Meetings (in person) | Plus $1,500 per meeting |
| Attendance of Special Independent Committee Meetings (via conference call) | Plus $1,000 per meeting |
| Out of Town Travel to Attend Board or Committee Meeting | Plus $500 per meeting |

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

### Deferred Unit Plan

SmartCentres 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 SmartCentres' long-term success. Grants of Deferred Units to Trustees vest immediately. For further information, see "Executive Compensation – Equity Compensation Plan Information – Deferred Unit Plan".

### 2018 Compensation for Trustees

#### *Trustee Compensation Table*

The following table sets forth all compensation earned for the most recently completed financial year of SmartCentres to each of the Trustees, other than the Executive Chairman and the former Chief Executive Officer, for whom such compensation is included in the table titled "2018 Compensation for the Named Executive Officers – Summary Compensation Table".

| Name[(1)] | Fees Breakdown | | | | | | Allocation of Trustee Fees | |
|---|---|---|---|---|---|---|---|---|
| | Trustee Retainer ($) | Committee Chair Retainer ($) | Board and Committee Attendance Fees ($) | Travel Fees ($) | Unit-Based Awards (Deferred Units) ($) | Total ($) | Portion of Cash Fees taken in Deferred Units (%) | Total Value of Deferred Units[(2)] ($) |
| Garry Foster | 45,000 | 93,000[(3)] | 46,000[(3)] | 1,500 | 185,500 | 371,000 | 100 | 371,000 |
| Gregory Howard | 45,000 | n/a | 34,000 | n/a | 79,000 | 158,000 | 100 | 158,000 |
| Jamie McVicar | 45,000 | 12,500 | 106,000[(3)] | 3,000 | 166,500 | 333,000 | 100 | 333,000 |
| Kevin Pshebniski | 45,000 | n/a | 90,000[(3)] | 2,000 | 137,000 | 274,000 | 100 | 274,000 |
| Michael Young | 45,000 | 50,000 | 102,000[(3)] | 3,000 | 200,000 | 400,000 | 100 | 400,000 |

Notes:

(1) Huw Thomas, the former Chief Executive Officer, has been a Trustee since April 1, 2011, but he did not receive any compensation in that capacity while he was Chief Executive Officer. Mitchell Goldhar has been a Trustee of SmartCentres since 2005 and continues to earn Trustee retainer and meeting attendance fees. Mr. Goldhar has waived his annual retainer for acting as Chairman of the Board since his appointment as Chairman of SmartCentres on May 28, 2015. For a summary of the compensation paid by SmartCentres to Mr. Thomas and Mr. Goldhar, see the section titled "Executive Compensation – 2018 Compensation for the Named Executive Officers".

(2) Includes the value at grant date of compensation paid in 2018 in the form of Deferred Units (including Matching Deferred Units), but does not include the value of Deferred Units received as distribution equivalents. For further information, see "Executive Compensation – Equity Compensation Plan Information – Deferred Unit Plan".

(3) Jamie McVicar, Kevin Pshebniski, Michael Young and Garry Foster received fees of $52,000, in the case of Mr. McVicar, Mr. Pshebniski and Mr. Young, and $78,000, in the case of Mr. Foster, as compensation for additional duties assigned to them as members of the Special Independent Committee. They also received fees of $16,000, in the case of Mr. McVicar and Mr. Young, $12,500, in the case of Mr. Pshebniski, and $18,000, in the case of Mr. Foster, as additional compensation for attendance at the meetings of the Special Independent Committee.

### *Incentive Plan Awards – Deferred Units*

The following table indicates the value of Deferred Units that vested during 2018 relating to compensation earned in 2017 and the total value of vested Deferred Units that have not been paid out as of December 31, 2018 for each Trustee, other than the Executive Chairman and the former Chief Executive Officer of SmartCentres. SmartCentres has combined information from two mandatory tables: *Incentive plan awards – Value vested or earned during the year* and *Outstanding unit-based and option-based awards*, into the table below.

| Name[(1)] | Unit-Based Awards[(2)] | |
|---|---|---|
| | Value of Deferred Units Vested During The Year[(3)] ($) | Market or Payout Value of Vested Deferred Unit Awards Not Paid Out or Distributed[(4)] ($) |
| Garry Foster | 201,000 | 1,431,764 |
| Gregory Howard | 162,000 | 423,561 |
| Jamie McVicar | 212,000 | 1,917,464 |
| Kevin Pshebniski | 171,000 | 2,747,343 |
| Michael Young | 258,000 | 986,265 |

Notes:

(1) Huw Thomas, the former Chief Executive Officer, has been a Trustee since April 1, 2011, but he did not receive any compensation in that capacity while he was Chief Executive Officer. Mitchell Goldhar has been a Trustee of SmartCentres since 2005 and continues to earn Trustee retainer and meeting attendance fees. Mr. Goldhar has waived his annual retainer for acting as Chairman of the Board since his appointment as Chairman of SmartCentres on May 28, 2015. For a summary of the compensation paid by SmartCentres to Mr. Thomas and Mr. Goldhar, see the section titled "Executive Compensation – 2018 Compensation for the Named Executive Officers".

(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 "Executive Compensation – Equity Compensation Plan Information – Deferred Unit Plan".

(3) Based on the market value of the Units as at the grant date.

(4) Represents all the Trustees' Deferred Units that have vested and not been redeemed in accordance with the Deferred Unit Plan. Values are based on the market value of the Units as at December 31, 2018.

## OTHER INFORMATION

### 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 SmartCentres and its subsidiaries, any proposed Trustee, and any associate of any one of them, to:

(a) SmartCentres 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 SmartCentres or any of its subsidiaries.

| Aggregate Indebtedness as at April 12, 2019 | | |
|---|---|---|
| **Purpose** | **To SmartCentres or its Subsidiaries ($)** | **To Another Entity ($)** |
| Mortgages/Loans/Notes | $206,418,000 | 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 SmartCentres was, a Trustee, director or executive officer of SmartCentres 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 SmartCentres, indebted to SmartCentres or any of its subsidiaries; or

(b) is, or was at any time since the beginning of the most recently completed financial year of SmartCentres, 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 SmartCentres or any of its subsidiaries.

| Name and Principal Position | Involvement of SmartCentres or Subsidiary | Commitment ($) | Largest Amount Outstanding During the Year Ending December 31, 2018 ($) | Amount Outstanding as at April 12, 2019 ($) | Security For Indebtedness |
|---|---|---|---|---|---|
| Penguin Group(1) | Lender | 282,093,000 | 134,221,000(2) | 136,315,000 | First or second charges on title, assignments of rents and leases, general security agreement ("**GSA**"), and indemnities and guarantees |
| Penguin Group | Lender | 2,979,000 | 2,979,000(3) | 2,979,000 | Second charge against the property and guarantees |
| Penguin Group | Lender | 20,000,000 | 10,775,000(4) | 10,384,000 | Unsecured. Borrower has directed that earn-out payments to the borrower will be paid to repay amounts owing under the facility. |
| Penguin Group | Lender | 26,227,000 | Nil | 13,483,000(5) | First charge on title, assignments of rents and leases, GSA, and guarantees |
| Penguin Group | Lender | 45,300,000 | Nil | 43,257,000(6) | First charge on title, assignments of rents and leases, GSA, and guarantees |

Notes:

(1) The Penguin group of companies is controlled by Mitchell Goldhar, a Trustee and Executive Chairman.

(2) Mortgages receivable of $134,221,000 as at December 31, 2018 (2017 - $127,704,000) have been provided pursuant to agreements with certain members of the Penguin group of companies in which SmartCentres will lend up to $282,093,000 (2017 - $284,450,000) for use in acquiring and developing 9 (2017 – 9) properties in Ontario, Québec and British Columbia. These mortgages accrue interest monthly at both variable and fixed rates and the principal amounts are due at the maturity of the mortgages at various dates between 2019 and 2024. Six of these mortgages have variable rates ranging from bankers' acceptance rates plus 1.75% to 4.20% (2017 – 1.75% to 4.20%) (such total rates not to exceed 6.75% to 7.75% per annum), and for one of the mortgages, interest is determined based on a quarterly calculation of SmartCentres' weighted average cost of capital plus 25 basis points (such rate not to exceed 6.75% per annum). Two of the mortgages have fixed rates at an interest rate of 6.35% and 7.50% (2017 – 7.50%). 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 of companies have provided certain limited indemnities and guarantees on some mortgages receivable.

During the year, $6,517,000 (2017 - $5,283,000) was funded, offset by repayments of $nil (2017 - $2,357,000).

For five of these mortgages totalling $98,446,000, SmartCentres has an option to acquire 50% of the Penguin group of companies' interest in five properties, which represent a 50% interest in four of the properties and a 25% interest in one property, upon substantial completion at an agreed upon formula using the net operating rents and a calculated capitalization rate. For four of the five properties the capitalization rate is subject to a minimum rate ranging from 4.60% to 5.10% and a maximum rate ranging from 6.60% to 7.10%. For one of these properties, the capitalization rate is a market capitalization rate.

(3) Notes receivable at December 31, 2018 of $2,979,000 (2017 - $2,979,000) have been provided to certain members of the Penguin group of companies. These secured demand notes bear interest at 9% per annum. During the year, $nil (2017 – $nil) was funded.

(4) Loan receivable at December 31, 2018 of $10,145,000 (2017 - $10,199,000) has been provided pursuant to a loan agreement with certain members of the Penguin group of companies 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 and the principal amount is due at the maturity date of the loan on November 30, 2020.

(5) As at April 12, 2019, loan receivable of $13,483,000 has been provided pursuant to a loan agreement with certain members of the Penguin group of companies with a total loan facility of $26,227,000. This loan accrues interest monthly at both variable and fixed rates and the principal amount is due at the maturity of the loan on June 23, 2021. The variable rate is calculated at bankers' acceptance rates plus 1.45% and the fixed rate is an interest rate of 2.757%.

(6) As at April 12, 2019, the loan outstanding of $43,257,000 represents SmartCentres' 50% interest of the loan receivable from the Penguin-Calloway Vaughan Partnership ("**PCVP**"). PCVP is a partnership in which each of SmartCentres and the Penguin group owns a 50% interest. The loan receivable from PCVP was issued on April 11, 2019 in the amount of $86,500,000. A second advance was made to PCVP in the amount of $4,100,000 on April 15, 2019. The loan receivable bears interest at 2.757% per annum from the advance date to June 23, 2021. This loan accrues interest monthly and is added to the principal amount outstanding on the last day of each month.

### Interests of Management and Others in Material Transactions

Except as set out in the section of the Circular entitled "Indebtedness of Trustees and Officers" and in the section entitled "Corporate Structure – Additional Agreements with the Penguin Group" in SmartCentres' most recent annual information form, which section is incorporated by reference in the Circular, no Trustee, director or executive officer of SmartCentres or its subsidiaries, or insider of SmartCentres, or any associate or affiliate of any of the foregoing persons, has or had any material interest in any material transaction with SmartCentres since the commencement of SmartCentres' last financial period. A copy of the annual information form may be found on SEDAR at www.sedar.com.

### Insurance for Trustees and Officers

SmartCentres maintains trustees' and officers' liability insurance for the Trustees and officers of SmartCentres. The current trustees' and officers' liability insurance policies are in effect until July 1, 2019. The policy limit of $15,000,000 is coupled with excess layers, to create a total full policy limit of $50,000,000. There is an additional limit of $20,000,000 of Excess Side A DIC (Difference in Conditions) coverage. Therefore, the total limit under these insurance policies is $70,000,000. 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 SmartCentres, except for securities claims, which have a $250,000 deductible. No claims have been made or paid under such policy to date.

### Additional Information

Additional information relating to SmartCentres may be found on SEDAR at www.sedar.com including additional financial information which is provided in SmartCentres' consolidated comparative financial statements and management's discussion and analysis for its most recently completed financial year. Unitholders may contact SmartCentres at any time to receive a copy of SmartCentres' 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 SmartCentres, 3200 Highway 7, Vaughan, Ontario L4K 5Z5 Facsimile: 905-326-0783 or by email to investorrelations@smartcentres.com.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Financial Statements

The audited financial statements of SmartCentres for the year ended December 31, 2018 and the auditor's report thereon will be tabled before the Unitholders at the Meeting for the consideration of the 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 are entitled to appoint one Trustee to the Board and the number of Trustees on the Board will 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 are entitled to appoint a total of two Trustees to the Board and the number of Trustees on the Board will 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 SmartCentres, in aggregate, they are entitled to appoint a total of three Trustees to the Board and the number of Trustees on the Board will be limited to a maximum of nine.

At the Meeting, it is proposed that Peter Forde, Jamie McVicar, Michael Young, Kevin Pshebniski, Garry Foster and Sharm Powell be elected as Trustees of SmartCentres to serve until the close of the next annual meeting of Unitholders or until a successor is elected. Mr. Goldhar has confirmed that Mitchell Goldhar and Gregory Howard will be the MG Entities' appointees to the Board. Although the MG Entities have the right to appoint three Trustees under the Declaration of Trust, they have only appointed two Trustees. Each current 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.

**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 SmartCentres until the next annual meeting of Unitholders. It is further proposed that the Board be authorized to fix the auditor's remuneration. PricewaterhouseCoopers LLP has been SmartCentres' auditor since September 30, 2005.

**Approach to Executive Compensation**

SmartCentres' 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 SmartCentres and to optimizing long-term total Unitholder return through sustaining and growing SmartCentres' distributions. SmartCentres 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 SmartCentres' executive compensation program.

The Board has 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 Unitholders held on May 16, 2018, Unitholders holding over 95% of the votes cast at the meeting voted in favour of SmartCentres' approach to executive compensation.

At the Meeting, Unitholders will have an opportunity to vote on SmartCentres' 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 SmartCentres Real Estate Investment Trust, that the approach to executive compensation disclosed in the management information circular of SmartCentres Real Estate Investment Trust dated April 30, 2019 is accepted.

As the vote is advisory, it will not be binding upon the Board; however, the Corporate Governance and Compensation Committee will take into account the results of the vote when considering future executive compensation arrangements. **The Board recommends that Unitholders vote <u>in favour</u> of the above resolution.**

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

Other than the election of Trustees of SmartCentres or as otherwise set out in the Circular, no Trustee, officer or insider of SmartCentres, 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 SmartCentres 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 30th day of April, 2019.

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

By: ______________________________

Michael Young
Lead Independent Trustee

## SCHEDULE "A"
## MANDATE OF THE BOARD

### 1. Adoption

The Board of Trustees (the "**Board**") of SmartCentres 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 Chair, 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 preserve and enhance 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 Chair, 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.