

## ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST

### MANAGEMENT INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES

**This management information circular is furnished in connection with the solicitation of proxies by management of Allied Properties Real Estate Investment Trust (the “Trust”) for use at the annual meeting (the “Meeting”) of holders (the “Unitholders”) of units of the Trust (the “Units”) to be held on Tuesday, May 12, 2009, at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting (the “Notice”).** It is expected that proxy solicitation will be primarily by mail. The cost of proxy solicitation by management of the Trust will be borne by the Trust. Except as otherwise indicated, information herein is given as at March 31, 2009.

The Units are listed on The Toronto Stock Exchange (the “TSX”) and trade under the symbol “AP.UN”.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or trustees of the Trust. **A registered Unitholder desiring to appoint some other person to represent him or her at the Meeting may do so either by inserting such person’s name in the blank space provided in the applicable form of proxy or by completing another proper form of proxy.** In either case, as a registered Unitholder you can choose from three different ways to vote your Units by proxy: (a) by mail by delivering the completed proxy to CIBC Mellon Trust Company, on behalf of the Trust, in the prepaid addressed envelope provided for that purpose at P.O. Box 721, Agincourt, Ontario M1S 0A1 or deposited in person at 320 Bay Street, Banking Hall Level, Toronto, ON, M5H 4A6, by no later than 12:00 p.m. (noon) (Toronto time) on Friday, May 8, 2009, or if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used; (b) by facsimile at 416-368-2502, so as to arrive by no later than 12:00 p.m. (noon) (Toronto time) on Friday, May 8, 2009, or if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used, or (c) by depositing the completed proxy with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof.

In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Unitholder or by his or her attorney authorized in writing or, if the Unitholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either with CIBC Mellon Trust Company, on behalf of the Trust, or by facsimile at 416-368-2502, so it is received by no later than 12:00 p.m. (noon) (Toronto time) on Friday, May 8, 2009, or if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used, or with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

#### EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the 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 shares will be voted in favour of each of the matters set out in the Notice.**

**The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of printing this management information circular, the trustees of the Trust know of no such amendments, variations or other matters to come before the Meeting. **However, if any such amendment, variation or other matter should properly come before the Meeting, it is the intention of the persons named in the accompanying form of proxy to vote on such other business in accordance with their judgment.**

### ADVICE TO BENEFICIAL UNITHOLDERS

Only registered Unitholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Units beneficially owned by a person (a **“Non-Registered Holder”**) are registered in the name of a nominee such as an intermediary (an **“Intermediary”**) that the Non-Registered Holder deals with in respect of the Units (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans) or a clearing agency (such as CDS Clearing and Depository Services Inc.) 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*, the Trust has distributed copies of the Notice, this management information circular, the form of proxy, and the Trust’s 2008 annual report (collectively, the **“Meeting Materials”**) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company such as Broadridge Financial Solutions, Inc. (formerly, ADP Investor Communications) (**“Broadridge”**) to forward the Meeting Materials to Non-Registered Holders. The Trust is a **“Participating Issuer”** under Broadridge’s Electronic Delivery Procedures. Non-Registered Holders who have enrolled in Broadridge’s Electronic Delivery Procedures (at [www.investordeliverycanada.com](http://www.investordeliverycanada.com)) will have received from Broadridge an email notification that the Meeting Materials are available electronically at the Trust’s web site, which notification includes a hyperlink to the page within the Trust’s website where the Meeting Materials can be viewed.

Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will:

- (a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet; or
- (b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Units beneficially owned by the Non-Registered Holder but which is otherwise incomplete. This form of proxy should not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete this form of proxy and deposit it with CIBC Mellon Trust Company at 320 Bay Street, Banking Hall Level, Toronto, ON, M5H 4A6, as described above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Units they beneficially own. Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

### VOTING UNITS AND PRINCIPAL UNITHOLDERS

The Trust is authorized to issue an unlimited number of Units. On March 31, 2009, the Trust had outstanding an aggregate of 31,340,380 Units, each carrying the right to one vote per Unit which may be given in person or by proxy. The record date for the determination of Unitholders entitled to receive notice of the Meeting has been fixed as the close of business on April 9, 2009 (the "**Record Date**"). The Trust will prepare a list of Unitholders as of such Record Date. Each Unitholder named in the list will be entitled to one vote per Unit shown opposite his or her name on the said list, even though he or she has since that date disposed of his or her Units, and no Unitholder becoming such after that date shall be entitled to receive notice of and vote at the Meeting or any adjournment thereof.

To the knowledge of the trustees and officers of the Trust, as at March 31, 2009, the only persons who beneficially own, or control or direct, directly or indirectly, voting securities of the Trust carrying 10% or more of the voting rights attached to the Units are as follows:

Name	Number of Shares Owned (Percentage of Class and Type of Ownership)	
	Units <sup>(1)</sup>	Percentage of Voting Rights
First Capital Realty Inc.	3,453,100 Units	11%

Note:

(1) The shareholdings are based upon information available on SEDAR.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### 1. Election of Trustees

The Trust's Declaration of Trust calls for not less than seven and not more than nine trustees to be elected annually. Currently, the number of trustees is seven. The trustees of the Trust have resolved that the number of trustees to be elected at the Meeting be fixed at seven. Each trustee of the Trust will hold office until the next annual meeting or until a successor is duly elected, unless his or her office is earlier vacated in accordance with the Declaration of Trust.

The following table and notes thereto disclose: (i) the name and residence location of each person proposed to be nominated by management for election as a trustee of the Trust and all other positions and offices with the Trust and any significant affiliate thereof now held by him, (ii) his principal occupation or employment for the five preceding years, (iii) the period or periods of service as a trustee of the Trust, and (iv) the approximate number of Units beneficially owned by him or over which he exercises control or direction as at March 31, 2009.

Proxies in favour of management's nominees will be voted FOR the election of the proposed nominees in the absence of directions to the contrary from the Unitholders appointing them. The trustees of the Trust do not contemplate that any of the nominees will be unable to serve as a trustee, but if that should occur

for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

<b>Name and Residence</b>	<b>Present Principal Occupation</b>	<b>Date First Elected</b>	<b>No. of Units<sup>(4)</sup></b>
Gerald R. Connor <sup>(1) (3)</sup> (Ontario, Canada)	Chairman, Cumberland Private Wealth Management Inc. (discretionary money manager)	October 25, 2002	261,938
Gordon R. Cunningham <sup>(2) (3)</sup> (Ontario, Canada)	Corporate Director	October 25, 2002	62,335
Michael R. Emory (Ontario, Canada)	President and Chief Executive Officer of the Trust	October 25, 2002	519,349
James Griffiths <sup>(1) (3)</sup> (Ontario, Canada)	President, KLC Capital Investment Corporation (consulting and advisory services)	May 4, 2006	3,500
Robert W. Martin <sup>(2) (3)</sup> (Ontario, Canada)	Corporate Director	October 25, 2002	38,250
Ralph T. Neville <sup>(1) (3)</sup> (Ontario, Canada)	Chartered Accountant and Tax Advisor	May 14, 2008	5,000
Daniel F. Sullivan <sup>(2) (3)</sup> (New York, United States)	Consul General of Canada in New York	October 25, 2002	16,750

Notes:

- (1) Member of the Audit Committee. The disclosure relating to the Audit Committee as required by National Instrument 52-110 *Audit Committees* is contained in the Annual Information Form of the Trust for the year ended December 31, 2008 (the "AIF") under the heading "Audit Committee". A copy of the AIF is available at [www.sedar.com](http://www.sedar.com).
- (2) Member of the Governance and Compensation Committee.
- (3) Independent Trustee.
- (4) Information regarding Units owned by the trustees of the Trust is presented to the best knowledge of management of the Trust and has been furnished to management of the Trust by such trustees. Includes Units and Units issuable under the Long Term Incentive Plan.

A brief description of certain biographical information regarding the above-named nominees is contained in the AIF under the heading "Trustees and Officers". During the past five years, the above-noted nominees have been affiliated with the firms or companies set out opposite their names under "Present Principal Occupation", except as follows: Michael R. Emory is also the President and Secretary and a director of Allied Canadian Development Corporation, positions he has held since 1988. In addition, James Griffiths was President and Chief Executive Officer of Krystal Bond Inc. prior to August 2002, Daniel Sullivan was Deputy Chairman of Scotia Capital Inc. prior to December 2006 and Gordon Cunningham was President of Cumberland Private Wealth Management Inc. prior to December 2006.

To the knowledge of the Trust, no proposed trustee is at the date of this management information circular, or has been within the 10 years before the date of this management information circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, was subject to a cease trade order, except for Mr. Martin who, as a trustee of Atlas Cold Storage Income Trust, was subject to a management and insider cease trade order issued by the Ontario Securities Commission on December 2, 2003. The cease trade order was extended on December 15, 2003 and, following the completion by Atlas Cold Storage Income Trust of all required filings, allowed to lapse on February 2, 2004. In addition, Mr. Griffiths was President and Chief

Executive Officer of Krystal Bond Inc., which company was the subject of a cease trade order issued by the Ontario Securities Commission in 2002.

## **2. Appointment of Auditor**

Management proposes to nominate BDO Dunwoody LLP, Chartered Accountants, Toronto, Ontario, which firm has been auditor of the Trust since October, 2002, as auditor of the Trust to hold office until the next annual meeting of Unitholders. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the appointment of auditor.

Proxies in favour of management's nominees will be voted FOR the appointment of BDO Dunwoody LLP, Chartered Accountants, as auditors of the Trust until the next annual meeting of Unitholders and authorizing the trustees to fix the remuneration of the auditors.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No person or company who is, or at any time during the financial year ended December 31, 2008 was, a trustee or executive officer of the Trust, a proposed management nominee for election as a trustee of the Trust, or an associate or affiliate of any such trustee, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting except as otherwise disclosed.

### **EXECUTIVE COMPENSATION**

#### **Compensation Discussion and Analysis**

The Governance and Compensation Committee is responsible for making recommendations for approval by the trustees with respect to remuneration of executives of the Trust, including the Chief Executive Officer, Chief Financial Officer and the three most highly compensated executive officers of the Trust, other than such Chief Executive Officer and Chief Financial Officer, who were serving as executive officers on December 31, 2008 (collectively, the "**Named Executive Officers**"), and other senior officers and senior management of the Trust. The Governance and Compensation Committee was established on February 6, 2003.

#### *Compensation Philosophy and Objectives*

In considering executive compensation issues, the main goal of the Governance and Compensation Committee is to ensure that the compensation provided to the Trust's executive officers is determined with regard to the Trust's business strategies and objectives. In this manner, the financial interest of the executive officers is aligned with the financial interest of the Unitholders. The Governance and Compensation Committee strives to ensure that the Trust's executive officers are paid fairly and commensurately with their contributions to furthering the Trust's strategic directions and objectives. The Trust seeks to attract and retain top quality executives by providing total compensation that is appropriate and competitive with that paid by other real estate investment trusts or companies of comparable size. The Governance and Compensation Committee reviews and determined all elements of the executive officers' compensation on an annual basis. In performing this review, the committee may engage outside consultants from time to time.

The Governance and Compensation Committee has developed the following executive compensation philosophy and policies to meet the foregoing objectives:

- Link compensation with the Trust’s annual and long-term strategic and financial objectives;
- Align executive officers’ financial interest with those of the Unitholders with the goal to improve Unitholders’ value;
- Ensure the Trust’s compensation is appropriate and competitive with that paid by other companies of comparable size when superior results are achieved;
- Attract, motivate and retain high quality, key employees needed to support the Trust’s strategic growth and success; and
- Customize executive compensation to provide recognition and reward executive officers’ performance, responsibilities, experience, skill, value and contribution to the Trust.

#### *Total Compensation*

An executive officer’s target total compensation typically comprises of:

- Base salary set at or below the median for companies of comparable size;
- Performance-based annual incentive bonus, which is usually paid in cash; and
- Periodic grants of long-term incentives such as the unit option plan of the Trust (the “**Unit Option Plan**”) and the long-term incentive plan of the Trust (the “**Long Term Incentive Plan**”), which may be subject to time-based and/or performance-based vesting requirements.

The Trust does not provide pension, group RRSP or other retirement benefits to its Named Executive Officers, other than that provided for under government mandated programs (e.g. the Canada Pension Plan).

In determining the mix and relative weighting of cash incentives (base salary and bonus) versus equity-based incentives, the Trust considers the appropriate proportion of compensation that should be at risk based on the executive officer’s ability to affect and influence the Trust’s long and short-term results and advance of the interests of the Unitholders as well as the compensation mix for similar positions in other real estate investment trusts or companies of comparable size engaged in similar businesses in Canada. In general, the proportion of total pay delivered through “at risk” performance-based compensation increases directly with the executive officer’s level of responsibility in the Trust. Similarly, the proportion of equity-based compensation also increases directly with the executive officer’s level within the Trust. The Governance and Compensation Committee believes that this ensures that the senior executive officers are held most accountable for achievement of critical strategic and operating performance goals and for changes in Unitholder value. In addition, the Governance and Compensation Committee believes that this mix and weighting aligns the interests of executive officers with those of the Unitholder, provides significant incentives for superior performance and assists in keeping the Trust competitive in the market for high-quality executives.

The specific practices regarding each element of the executive officers compensation program are described below.

#### Base Salaries

Base salary is typically determined annually. A periodic survey of other entities similar to the Trust and being of similar size in terms of revenues, geographic location and employment levels provide insight to the Committee into what competitive base salaries are from time to time. The Governance and Compensation Committee strives to maintain base salaries at or below the median of base salaries for companies of comparable size. The Governance and Compensation Committee also considers base

salaries for each of the Trust's executive officers on an individual basis, taking into consideration the individual's contributions to the Trust's success, tenure in the job, and internal equities among positions. Historically, salaries of the Trust's executives have been significantly below the median for comparable companies and have increased in recent years to at or below the median.

#### Annual Cash Incentive Bonus

The Named Executive Officers are entitled, at the discretion of the Governance and Compensation Committee, to earn annual bonuses depending upon individual performance and the performance of the Trust. The Trust uses annual cash incentive bonuses to motivate and reward the Named Executive Officers for achievements of specified levels of financial and/or individual performance. Award opportunities may vary based on the individual's position and contributions to the Trust's overall performance. The Trust's incentive bonus plan became effective for the year ended December 31, 2004. Annual cash incentive bonus awards are calculated as a percentage of each of the Named Executive Officer's base salary.

#### Long-term Incentives

The Trust's long term incentives include equity-based compensation plans consisting of the Long Term Incentive Plan and the Unit Option Plan. The Governance and Compensation Committee awards Units under the Long Term Incentive Plan and the Unit Option Plan to encourage the Trust's senior officers to own and hold Units and tie their long-term interests directly to those of the Unitholders. For more information about the long-term incentives, see the disclosure under the headings "Long Term Incentive Plan" and "Unit Option Plan". Current options outstanding are divided into base options and performance options. Base options vest with the passage of time. Performance options only vest upon achievement of targeted goals which are tied to the REIT's five year total return relative to other Canadian REITs during the same period.

#### President and Chief Executive Officer's Compensation

In determining Mr. Emory's compensation, the Governance and Compensation Committee considered his performance and his contributions to the Trust's success, his tenure in office, experience and competitive industry pay practices.

#### *Benchmarking*

The Trust selected a peer group, using 2006 data for comparison purposes. That group was comprised of the following Canadian publicly traded real estate companies and trusts:

- First Capital Realty Inc.
- IPC US Real Estate Investment Trust
- Dundee Real Estate Investment Trust
- RioCan Real Estate Investment Trust
- Canadian Real Estate Investment Trust
- Canadian Apartment Properties Real Estate Investment Trust
- H&R Real Estate Investment Trust
- Northern Property Real Estate Investment Trust
- Calloway Real Estate Investment Trust
- Crombie Real Estate Investment Trust
- Artis Real Estate Investment Trust

The Trust determined that its compensation resulted in the Trust having total compensation of its Chief Executive Officer, Chief Financial Officer, Executive Vice President and Senior Vice President, Real

Estate Operations as between the median and lowest compensation among the peer group.

*Annual Cash Incentive Bonus*

Goals for 2008 were established to determine incentive bonuses based on the following:

- (a) With respect to internal growth, targeted results for:
  - (i) lease-up of vacant space;
  - (ii) tenant retention rate improvements;
  - (iii) lease-up of space covered by expired leases;
  - (iv) distributable income per unit;
  - (v) funds from operations per unit;
  - (vi) adjusted funds from operations per unit; and
  - (vii) intensification opportunities;
- (b) With respect to external growth, targeted results for:
  - (i) distributable income increases;
  - (ii) tenant mix improvements;
  - (iii) lease maturity schedule improvements; and
  - (iv) strategic acquisitions.

The board of trustees may set a maximum bonus for each Named Executive Officer, such maximum being a percentage of the Named Executive Officer's regular base salary and constituting the maximum bonus payout to which such Named Executive Officer is eligible for each fiscal year. Unless otherwise determined, the maximum payout for participants is as follows:

<b>Position</b>	<b>Maximum Bonus as Percentage of Salary</b>
Chief Executive Officer	100%
Chief Financial Officer	50%
Executive Vice President	70%
Senior Vice President, Real Estate Operations	50%
Director of Management Information Services	35%

The actual bonus payable is based on achievement of individual performance goals and corporate performance goals as follows:

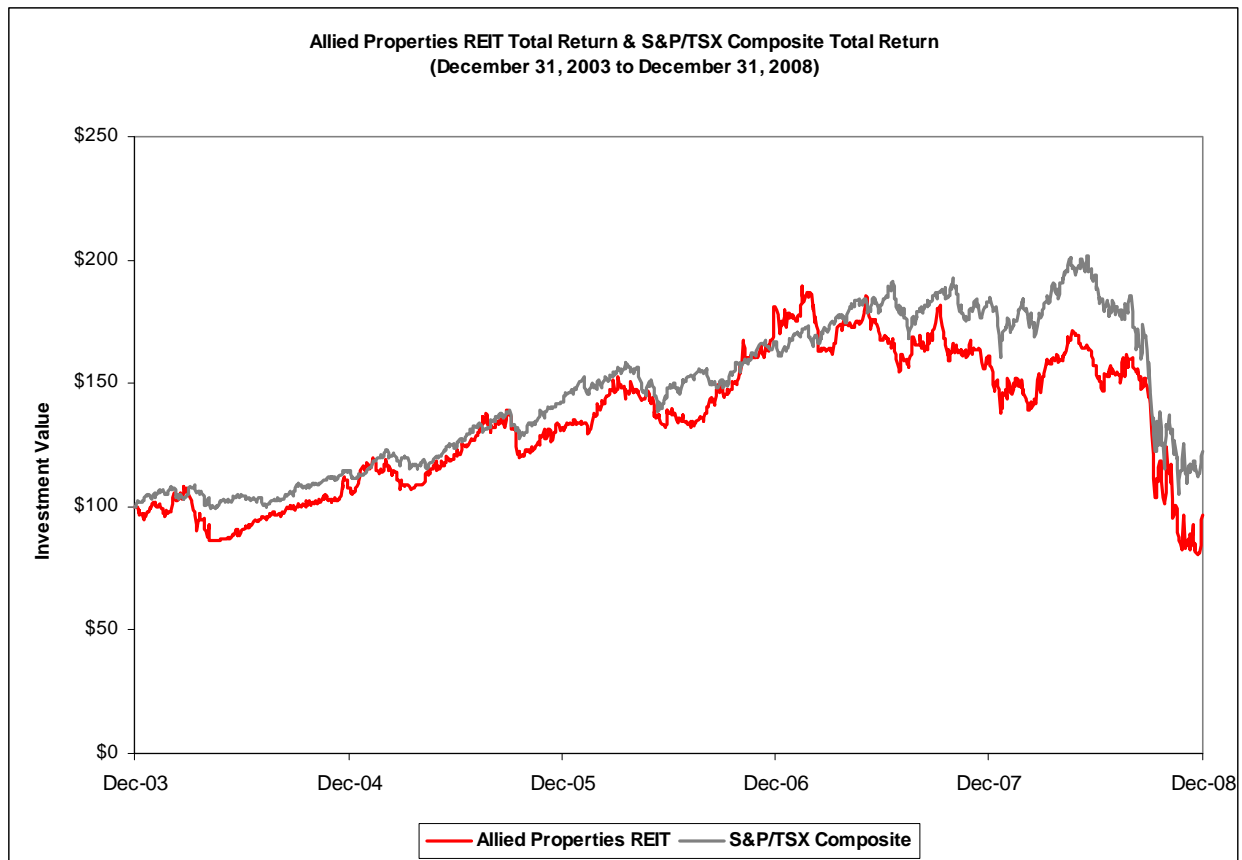
<b>Position</b>	<b>Allocation %</b>
Chief Executive Officer	80% corporate, 20% individual
Chief Financial Officer	50% corporate, 50% individual
Executive Vice President	60% corporate, 40% individual

Position	Allocation %
Senior Vice President, Real Estate Operations	50% corporate, 50% individual
Director of Management Information Services	50% corporate, 50% individual

Any bonus payable is subject to the final approval of the board of trustees.

### Unit Performance Graph

The following graph compares the total cumulative unitholder return for \$100 invested in Units with the cumulative total return of the S&P/TSX Composite Total Return Index during the period commencing on December 31, 2003 and ending on December 31, 2008, assuming the re-investment of all cash distributions of the Trust on the day of distribution.



The economic realities of 2008 and associated credit market uncertainties have adversely affected Trust's returns. As a result, the Unit price was down almost 40% in 2008, in line with the broad REIT Index. The trend shown by the above graph does not correlate with the Trust's compensation to its executive officers over the same period. This is because the market price of the Units does not necessarily reflect the overall performance of the Trust. Since the Trust's initial public offering on February 20, 2003, rental revenues, funds from operations and annualized distributions per Unit have increased, all while maintaining a conservative financial management approach in keeping with the best practices of Canadian REITs.

Certain components of compensation paid by the Trust to executive officers have been directly impacted by the performance of the Units; specifically, the decline in the value of options granted in 2007. Any

benefits of these options were directly correlated to the performance of the Units. In addition, the value of the Units issued under the Long Term Incentive Plan has declined with the market, yet the amount of indebtedness incurred is unchanged by the market.

### Summary Compensation Table

The following table sets forth information concerning the compensation earned by each Named Executive Officer during the fiscal year ended December 31, 2008. For compensation related to previous years, please refer to the Trust's management information circulars available at [www.sedar.com](http://www.sedar.com).

<u>Name and principal position</u>	<u>Fiscal year</u>	<u>Salary</u> (\$)	<u>Unit based awards</u> (\$)	<u>Option based awards</u> <sup>(1)</sup> (\$)	<u>Non-equity incentive compensation</u> (\$)		<u>Pension value</u> (\$)	<u>All other compensation</u> <sup>(2)</sup> (\$)	<u>Total compensation</u> (\$)
					Annual incentive plans	Long-term incentive plans			
Michael R. Emory President and Chief Executive Officer and a Trustee	2008	500,000	-	-	300,000	-	-	-	800,000
Tom Wenner Chief Financial Officer	2008	225,000	-	-	67,500	-	-	-	292,500
Wayne L. Jacobs Executive Vice President	2008	300,000	-	-	120,000	-	-	-	420,000
Marianne O'Leary Senior Vice President, Real Estate Operations	2008	240,000	-	-	72,000	-	-	-	312,000
Michael D. Allen Director of Management Information Systems	2008	150,000	-	-	22,500	-	-	-	172,500

Notes:

- (1) No options were granted to Named Executive Officers during the fiscal year ended December 31, 2008.
- (2) The aggregate value of perquisites and other personal benefits for each Named Executive Officer was nil.

## **Summary of Employment Contracts of each Named Executive Officer**

The following describes the material terms and conditions of the employment contracts in effect during the fiscal year ended December 31, 2008. For a description of the termination provisions and change of control benefits payable by the Trust to each Named Executive Officer, see below under the heading “Termination and Change of Control Benefits”

### Michael R. Emory

Effective February 19, 2003, Michael R. Emory entered into an employment contract with the Trust for a term of three years. Subsequently, effective March 5, 2007, Mr. Emory entered into an employment contract with the Trust for an indefinite term. Mr. Emory’s employment contract deals exclusively with Mr. Emory’s entitlement in the event of termination of his employment following a change of control of the Trust. Mr. Emory also entered into a non-competition agreement with the Trust which restricts him from certain real estate related activities. The restrictions in the non-competition agreement of Mr. Emory will continue until: (i) there is a change in control and Mr. Emory ceases to be Chief Executive Officer of the Trust; or (ii) at any time after February 19, 2004, Mr. Emory’s employment by the Trust is terminated. A breach of the non-competition agreement by Mr. Emory entitles the trustees to terminate his employment with the Trust without entitlement to severance.

### Wayne L. Jacobs

Effective March 5, 2007, Wayne Jacobs entered into an employment contract with the Trust for an indefinite term. Mr. Jacobs’ employment contract deals exclusively with Mr. Jacobs’ entitlement in the event of termination of his employment following a change of control of the Trust. Mr. Jacobs also entered into a non-competition agreement with the Trust which restricts him from certain real estate related activities. The restrictions in the non-competition agreement of Mr. Jacobs will continue until: (i) there is a Change in Control and Mr. Jacobs ceases to be Executive Vice President of the Trust; or (ii) at any time after February 19, 2004, Mr. Jacobs’ employment by the Trust is terminated. A breach of the non-competition agreement by Mr. Jacobs entitles the trustees to terminate his employment with the Trust without entitlement to severance.

### Marianne O’Leary

Effective March 5, 2007, Marianne O’Leary entered into an employment contract with the Trust for an indefinite term. Ms. O’Leary’s employment contract deals exclusively with Ms. O’Leary’s entitlement in the event of termination of her employment following a change of control of the Trust.

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

Pursuant to the employment contract between the Trust and the Trust’s President and Chief Executive Officer, Mr. Michael Emory, the Trust’s Executive Vice President, Mr. Wayne Jacobs, and the Trust’s Senior Vice President, Real Estate Operations, Ms. Marianne O’Leary, the Trust is required to make the following payments upon termination (whether voluntary, involuntary or constructive), resignation, retirement, change in control of the Trust or a change in the responsibilities of the Named Executive Officer.

### Michael R. Emory

The employment contract with Mr. Emory provides for payment of an amount equal to 24 months of Mr. Emory’s then annual base salary plus the average of the bonuses paid with respect to the three fiscal years

of the Trust prior to the year of termination of Mr. Emory's employment, in the event that Mr. Emory's employment is terminated without just cause or if he resigns within 12 months of a Change of Control of the Trust.

For purposes of the Trust's employment contracts, the term "Change of Control" means at any time any change, through the issue, transfer, acquisition, conversion, exchange of securities or otherwise, as a result of which, a person or group of persons acting jointly or in concert, acting at arm's length to the Trust, either individually or together with its or their associates and affiliates, beneficially own greater than fifty percent (50%) of the outstanding Units.

#### Wayne Jacobs

The employment contract with Mr. Jacobs provides for payment of an amount equal to 18 months of Mr. Jacobs' then annual base salary plus the average of the bonuses paid with respect to the three fiscal years of the Trust prior to the year of termination of Mr. Jacobs' employment, in the event that there is a Change of Control of the Trust and Mr. Jacobs is terminated without just cause.

#### Marianne O'Leary

The employment contract with Ms. O'Leary provides for payment of an amount equal to 18 months of Ms. O'Leary's then annual base salary plus the average of the bonuses paid with respect to the three fiscal years of the Trust prior to the year of termination of Ms. O'Leary's employment, in the event that there is a Change of Control of the Trust and Ms. O'Leary is terminated without just cause.

### **Incentive Plan Awards**

#### *Outstanding Unit-based Awards and Option-based Awards*

The following table sets forth all awards outstanding for each Named Executive Officer as of December 31, 2008:

<u>Name</u>	<b>Option-based awards</b>				<b>Unit-based awards</b>	
	<b>Number of securities underlying unexercised options</b> (#)	<b>Option exercise price</b> (\$)	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options</b> <sup>(1)</sup> (\$)	<b>Number of Units that have not vested</b> (#)	<b>Market or payout value of Unit based awards that have not vested</b> (\$)
Michael R. Emory	250,000	21.13	December 17, 2012	-	-	-
Tom Wenner	62,500	21.13	December 17, 2012	-	-	-
Wayne L. Jacobs	125,000	21.13	December 17, 2012	-	-	-
Marianne O'Leary	62,500	21.13	December 17, 2012	-	-	-
Michael D. Allen	41,667	21.13	December 17, 2012	-	-	-

Note:

(1) As a December 31, 2008, no options granted to Named Executive Officers were "in the money" options based on a closing price of the Units on the Toronto Stock Exchange on December 31, 2008 of \$12.45.

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

The following table sets forth the value of all incentive plan awards vested or earned by each Named Executive Officers during the year ended December 31, 2008:

<u>Name</u>	<u>Option-based awards-Value vested during the year</u> (\$) <sup>(1)</sup>	<u>Unit-based awards-Value vested during the year</u> (\$)	<u>Non-equity incentive plan compensation-Value earned during the year</u> (\$)
Michael R. Emory	-	-	300,000
Tom Wenner	-	-	67,500
Wayne L. Jacobs	-	-	120,000
Marianne O’Leary	-	-	72,000
Michael D. Allen	-	-	22,500

Note:

- (1) Represents the net aggregate value that would have been realized if the options had been exercised on the vesting date, which is calculated by determining the difference between the closing market price on the vesting date and the option exercise price. For the year ended December 31, 2008, this amount was nil because the exercise price exceeded the market price of the Units on the Toronto Stock Exchange on the vesting date.

*Long Term Incentive Plan*

Participation in the Long Term Incentive Plan is available to (i) the trustees of the Trust, and (ii) the officers and employees of the Trust or any subsidiary, all as selected by the Governance and Compensation Committee of the trustees (“**LTIP Participants**”). The objective of the Long Term Incentive Plan is to encourage increased long term equity participation in the Trust by LTIP Participants.

The Long Term Incentive Plan is intended to facilitate long term ownership of Units by LTIP Participants and to provide LTIP Participants with additional incentives by increasing their interest, as owners, in the Trust. The Long Term Incentive Plan provides that the aggregate number of Units authorized for issuance under the Long Term Incentive Plan (the “**Plan Units**”) and all other equity compensation plans shall not exceed 5% of the issued and outstanding Units from time to time. In addition, the aggregate number of Plan Units reserved for issuance to any one person shall not exceed 5% of the issued and outstanding Units at the date any grant is awarded.

The number of Units issuable to insiders, at any time, under the Long Term Incentive Plan and all security based compensation arrangements, cannot exceed 10% of issued and outstanding Units. Further, the number of Units issued to insiders, within any one year period, under the Long Term Incentive Plan and all security based compensation arrangements, cannot exceed 10% of issued and outstanding Units.

Under the Long Term Incentive Plan, LTIP Participants may subscribe for Plan Units for a purchase price equal to the “market price” for Units, which purchase price will be payable in cash instalments. The first instalment will be an amount equal to not less than 5% of the market price for Units on the date of grant and will be payable by LTIP Participants on the date such Plan Units are issued. The “market price” for Units will be equal to the weighted average trading price of Units on the TSX for the five trading days immediately preceding their issue.

Prior to payment in full of all instalments (including interest thereon, as described below) relating to Plan Units, beneficial ownership of Plan Units will be represented by instalment receipts issued by the Trust (the “**Instalment Receipts**”) to LTIP Participants. LTIP Participants will be required to pay interest to

the Trust on the outstanding balance of the remaining instalments at a rate not less than the prescribed rate under the *Income Tax Act* (Canada) applicable at the time Plan Units are issued. Pursuant to an instalment receipt agreement to be entered into between the Trust and LTIP Participants (the “**Instalment Receipt Agreement**”), LTIP Participants will be required to apply all distributions paid on Plan Units to pay such interest and to pay the remaining instalments, such that, following all such payments, the LTIP Participants will have paid the full market price for Plan Units.

Under the Long Term Incentive Plan, all instalment payments must be made over a period of not more than 10 years. Instalment payments in respect of Instalment Receipts may be accelerated in certain circumstances, such as on the death or disability of an LTIP Participant or on termination of their employment with the Trust. In these circumstances, if the LTIP Participant fails to make the necessary instalment payments within the accelerated period, Plan Units may, at the option of the Trust and subject to applicable law, (i) be acquired by the Trust for cancellation or (ii) be sold by the custodian in the market and that portion of the proceeds equal to the remaining instalments owing delivered to the Trust, in each case in full satisfaction of the obligations of the holder of the Instalment Receipts secured by such Plan Units.

In the event that any non-executive trustee of the Trust to whom an Long Term Incentive Plan award has been made should retire, resign or otherwise ceases to be a trustee prior to payment in full by such trustee of all amounts payable pursuant to the Instalment Receipt Agreement in respect of such Long Term Incentive Plan award, then: (a) at the election of the trustee, the trustee may pay all amounts payable pursuant to the Instalment Receipt Agreement and thereupon receive the subject Plan Units; or (b) at the election of the Trust, either (i) the trustee will be permitted to pay the amounts payable pursuant to the Instalment Receipt Agreement in the ordinary course in accordance with the terms of such agreement or (ii) the Trust may direct the custodian to sell the Plan Units represented by the subject Instalment Receipts in the market and to deliver to the Trust that portion of the proceeds from the sale of such Plan Units that is equal to the remaining instalments owing in respect of such Instalment Receipts in satisfaction of the obligations of the holder of the Instalment Receipts secured by such Plan Units, with the balance of such proceeds, if any, being paid to the subject trustee and, to the extent that there is any shortfall in the payment of the remaining instalments, the trustee shall pay such additional amount to the Trust.

The board of trustees of the Trust (the “**Board**”) may at any time and from time to time suspend or terminate the Plan in whole or in part, subject to applicable laws, regulations, rules, by-laws or policies of applicable stock exchanges and other regulatory authorities. No amendment, suspension or termination of the Long Term Incentive Plan shall, without each relevant Plan Participant’s consent, impair any of the rights or obligations under any Instalment Receipts previously issued except as may be permitted by the Long Term Incentive Plan.

As at March 31, 2009, a total of 387,293 Units have been issued and are applicable to the Long Term Incentive Plan, representing 1.24% of the issued and outstanding Units. As at March 31, 2009, a total of 444,309 Units were available for issuance under the Long Term Incentive Plan and the Unit Option Plan, representing 1.41% of the issued and outstanding Units.

#### *Unit Option Plan*

On February 6, 2003, the Trust established a Unit Option Plan. Participation in the Unit Option Plan is restricted to (i) the trustees, and (ii) the officers and employees of the Trust or any subsidiary. Any options granted under the Unit Option Plan will have a maximum term of 10 years, and will be exercisable at a price not less than the closing market price of the Units on the day preceding the grant of any such options and will be subject to such vesting provisions as the trustees may determine from time to time.

The Unit Option Plan provides that the aggregate number of Units reserved for issuance under the Unit Option Plan and all other equity compensation plans of the Trust shall not exceed 5% of the issued and outstanding Units. In addition, the aggregate number of Units reserved for issuance to any one person shall not exceed 5% of the issued and outstanding Units at the date any option purchase Units under the Unit Option Plan (an “**Option**”) is granted.

The Unit Option Plan provides that the number of Units issuable to insiders, at any time, under the Unit Option Plan and all security based compensation arrangements, cannot exceed 10% of issued and outstanding Units. Also, the number of Units issued to insiders, within any one year period, under the Unit Option Plan and all security based compensation arrangements, cannot exceed 10% of issued and outstanding Units.

Except as permitted by the TSX, each Option is non-assignable and non-transferable. The Option and any rights thereunder are not transferable otherwise than by will and the laws of succession and are not subject to attachment, execution or other similar process; provided, however, that to the extent permitted by applicable law, with respect to any Option, a beneficiary may be designated.

The expiry date will be determined by the Board with respect to each Option at the time of grant and such expiry date will not be later than the tenth anniversary of the date of the grant of the Option. Notwithstanding the foregoing, the Unit Option Plan provides that in the event that the term of an Option expires within or immediately following a “blackout period” (as such term is contemplated in the Trust’s insider trading policy, as may be amended from time to time) imposed by the Trust, the Option is expired on the date (the “**Blackout Expiration Date**”) that is ten Business Days following the end of the blackout period. The Blackout Expiration Date will not be subject to the discretion of the Board.

The purchase price for Units under each Option granted will be fixed by the Board, on the recommendation of the Governance and Compensation Committee, at the time of the grant of the Option and, except as otherwise provided in the Unit Option Plan, will be not less than the closing price of the Units on the TSX on the trading day that immediately precedes the date the Option was granted.

During the most recently completed financial year of the Trust, no options were granted to the Named Executive Officers. Current options outstanding are divided into base options and performance options. Base options vest with the passage of time. Performance options only vest upon achievement of targeted goals which are tied to the REIT’s five year total return relative to other Canadian REITs during the same period.

As at March 31, 2009, a total of 735,417 Options were outstanding under the Unit Option Plan, representing 2.35% of the issued and outstanding Units. As at March 31, 2009, a total of 444,309 Units were available for issuance under the Long Term Incentive Plan and the Unit Option Plan, representing 1.41% of the issued and outstanding Units.

## **Compensation of Trustees**

### *Trustee Compensation Table*

The following table sets forth all amounts of compensation of non-management trustees of the Trust for the year ending December 31, 2008:

<u>Name</u>	<u>Fees earned</u> (\$)	<u>Unit-based awards</u> (\$)	<u>Option-based awards</u> (\$)	<u>Non-equity incentive plan compensation</u> (\$)	<u>Pension value</u> (\$)	<u>All other compensation</u> (\$)	<u>Total</u>
Gerald R. Connor	48,500	-	-	-	-	-	48,500
Gordon R. Cunningham	62,500	-	-	-	-	-	62,500
James Griffiths	45,000	-	-	-	-	-	45,000
Robert W. Martin	45,000	-	-	-	-	-	45,000
Ralph T. Neville <sup>(1)</sup>	28,306	-	836 <sup>(2)</sup>	-	-	-	29,142
Daniel F. Sullivan	45,000	-	-	-	-	-	45,000
T. Iain Ronald <sup>(1)</sup>	16,694	-	-	-	-	-	16,694

Notes:

- (1) Mr. Neville was elected on May 14, 2008, replacing Ian Ronald as a trustee.  
(2) Based on the Black-Scholes Model for option valuation.

### *Narrative Discussion*

A person who is employed by and receives a salary from the Trust or any of its affiliates does not receive any remuneration from the Trust for serving as a trustee except as may be approved by a majority of the Independent Trustees and except for reimbursement of any out-of-pocket expenses incurred in acting as a trustee. Trustees who are not so employed receive remuneration from the Trust in the amount of \$45,000 per year. In addition, the Chairman of the Board receives an additional \$15,000 per year and the Chairman of the Audit Committee receives an additional \$3,500 per year and the Chairman of the Governance and Compensation Committee receives an additional \$2,500 per year for acting in their respective capacities as such.

For the year ended December 31, 2008, the trustees of the Trust received aggregate compensation of \$291,000 for their services as trustees of the Trust.

### *Incentive Plan Awards - Outstanding Unit-based Awards and Option-based Awards for Trustees*

The following table sets forth all awards outstanding for each non-management Trustee as of December 31, 2008:

<u>Name</u>	<u>Number of securities underlying unexercised options</u> (#)	<u>Option-based awards</u>			<u>Unit-based awards</u>	
		<u>Option exercise price</u> (\$)	<u>Option expiration date</u>	<u>Value of unexercised in-the-money options</u> <sup>(1)</sup> (\$)	<u>Number of Units that have not vested</u> (#)	<u>Market or payout value of Unit based awards that have not vested</u> (\$)
Gerald R. Connor	10,000	21.13	December 17, 2012	-	-	-
Gordon R. Cunningham	10,000	21.13	December 17, 2012	-	-	-

<u>Name</u>	Option-based awards			Unit-based awards		
	<u>Number of securities underlying unexercised options</u> (#)	<u>Option exercise price</u> (\$)	<u>Option expiration date</u>	<u>Value of unexercised in-the-money options</u> <sup>(1)</sup> (\$)	<u>Number of Units that have not vested</u> (#)	<u>Market or payout value of Unit based awards that have not vested</u> (\$)
James Griffiths	10,000	21.13	December 17, 2012	-	-	-
Robert W. Martin	10,000	21.13	December 17, 2012	-	-	-
Ralph T. Neville	1,250	10.87	December 15, 2013	1,975	-	-
Daniel F. Sullivan	10,000	21.13	December 17, 2012	-	-	-

Note:

- (1) The value of unexercised in-the-money options is calculated by multiplying the difference between the closing market price of the Units on the Toronto Stock Exchange on December 31, 2008 of \$12.45 and the option exercise price, multiplied by the total number of unexercised in the money options.

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

The following table sets forth the value of all incentive plan awards vested or earned by each trustee during the year ended December 31, 2008:

<u>Name</u>	<u>Option-based awards-Value vested during the year</u> ( <sup>(1)</sup> \$)	<u>Unit-based awards-Value vested during the year</u> (\$)	<u>Non-equity incentive plan compensation-Value earned during the year</u> (\$)
Gerald R. Connor	-	-	-
Gordon R. Cunningham	-	-	-
James Griffiths	-	-	-
Robert W. Martin	-	-	-
Ralph T. Neville <sup>(2)</sup>	-	-	-
Daniel F. Sullivan	-	-	-
T. Iain Ronald <sup>(2)</sup>	-	-	-

Notes:

- (1) Represents the net aggregate value that would have been realized if the options had been exercised on the vesting date, which is calculated by determining the difference between the closing market price on the vesting date and the option exercise price. For the year ended December 31, 2008, this amount was nil because the exercise price exceeded the market price on the vesting date.
- (2) Mr. Neville was elected on May 14, 2008, replacing Ian Ronald as a trustee.

### **TRUSTEES' AND OFFICERS' INSURANCE AND INDEMNIFICATION**

The Trust carries trustees' and officers' liability insurance with an annual aggregate policy limit of \$20,000,000. Under this insurance coverage, the Trust is reimbursed for payments made under indemnity provisions on behalf of its trustees and officers contained in the Declaration of Trust, subject to a deductible of \$150,000 for each securities claim, \$50,000 for each employment practice claim and \$100,000 for all other claims. Individual trustees and officers are also reimbursed for losses arising

during the performance of their duties for which they are not indemnified by the Trust, subject to a deductible of \$Nil. Excluded from coverage are illegal acts, acts which result in personal profit and certain other acts. The Declaration of Trust provides for the indemnification in certain circumstances of trustees and officers from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office. This information regarding the trustees' and officers' liability insurance is presented as of March 31, 2009.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out the aggregate number of Units that were authorized for issuance under the Unit Option Plan and Long Term Incentive Plan as of December 31, 2008:

<u>Plan Category</u>	<u>Number of Units to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted average exercise price of outstanding options, warrants and rights (\$)</u>	<u>Number of Units remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)<sup>(1)</sup></u>
Equity Compensation plans approved by Unitholders	605,417	21.06	574,309 <sup>(2)</sup>
Equity Compensation plans not approved by Unitholders	N/A	N/A	N/A
Total	605,417	21.06	574,309

Notes:

- (1) Includes Units available for issuance under both the Long Term Incentive Plan and the Unit Option Plan.  
(2) Based on a maximum of 5% of the issued and outstanding Units on December 31, 2008 available for issuance under equity compensation plans of the Trust.

### INDEBTEDNESS OF TRUSTEES AND EXECUTIVE OFFICERS

#### Aggregate Indebtedness

The following table sets forth the aggregate indebtedness to the Trust or its subsidiaries of all trustees, executive officers, employees and former trustees, executive officers and employees of the Trust or any of its subsidiaries as at March 31, 2009:

<u>Purpose</u>	<u>Aggregate Indebtedness (\$)</u>	
	<u>To the Trust or its Subsidiaries (\$)</u>	<u>To Another Entity</u>
Share Purchase <sup>(1)</sup>	4,527,948	-
Other	-	-

Note:

- (1) Relates indebtedness incurred in connection with the Long Term Incentive Plan. For a description of the terms of the plan, including the terms of the indebtedness see the disclosure under the heading "Long Term Incentive Plan".

## Indebtedness of Trustees and Executive Officers Under Securities Purchase Programs and Other Programs

The following table sets forth the indebtedness towards the Trust or its subsidiaries of each who is, or at any time during the most recently completed financial year of the Trust was a trustee or executive officer of the Trust, each proposed nominee for election as a trustee and each associate of any such trustee, executive officer or proposed nominee except for routine indebtedness as defined in securities legislation and indebtedness that has been entirely repaid at the date of this Circular. In all cases the indebtedness was incurred under the Long Term Incentive Plan. For a description of the terms of the plan, including the terms of the indebtedness see the disclosure under the heading “Long Term Incentive Plan”.

<b>Name and Principal Position</b>	<b>Involvement of the Trust or Subsidiary</b>	<b>Largest Amount Outstanding During Most Recently Completed Financial Year (\$)</b>	<b>Amount Outstanding as at March 31, 2009 (\$)</b>	<b>Financially Assisted Securities Purchases During Most Recently Completed Financial Year (#)</b>	<b>Security for Indebtedness (Securities Purchase Program only)</b>	<b>Amount Forgiven During Most Recently Completed Financial Year (\$)</b>
<i>Long Term Incentive Plan</i>						
Michael R. Emory President, Chief Executive Officer and Trustee	Trust	2,586,357	2,361,760	-	Pledge	-
Tom Wenner Chief Financial Officer	Trust	54,440	53,734	-	Pledge	-
Wayne L. Jacobs Executive Vice President	Trust	1,272,534	1,163,636	-	Pledge	-
Marianne O’Leary Senior Vice President, Real Estate Operations	Trust	315,698	288,182	-	Pledge	-
Michael D. Allen Director of Management Information Services	Trust	108,881	107,469	-	Pledge	-
Gerald R. Connor Trustee	Trust	102,901	92,194	-	Pledge	-
Gordon R. Cunningham Trustee	Trust	102,901	92,194	-	Pledge	-
Robert W. Martin Trustee	Trust	102,901	92,194	-	Pledge	-
T. Iain Ronald <sup>(1)</sup> Trustee	Trust	102,901	92,194	-	Pledge	-
Daniel F. Sullivan Trustee	Trust	102,901	92,194	-	Pledge	-
James Griffiths Trustee	Trust	30,051	29,459	-	Pledge	-
Ralph T. Neville <sup>(1)</sup> Trustee	Trust	-	-	-	N/A	-

Note:

(1) Mr. Neville was elected on May 14, 2008, replacing Ian Ronald as a trustee.

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

For a discussion of the material interests, direct or indirect, that the trustees or senior officers of the Trust, or any associate or affiliate of any trustee or officer, has had in any transaction which has materially affected or will materially affect the Trust, see the section entitled “Interest of Management and Others in Certain Transactions” found at page 53 of the AIF, which section is incorporated by reference herein. A copy of the Trust’s AIF can be found at [www.sedar.com](http://www.sedar.com) or a copy can be obtained on written request addressed to the Chief Financial Officer of the Trust.

## **CORPORATE GOVERNANCE PRACTICES**

The Trust’s “Statement of Corporate Governance Practices” is attached to this Management Information Circular as Appendix “A”. It has been approved by the Governance and Compensation Committee of the trustees and by the trustees as a whole.

## **APPOINTMENT AND REMUNERATION OF AUDITORS**

The persons named in the enclosed form of proxy intend to vote FOR the appointment of BDO Dunwoody LLP, Chartered Accountants, as auditors of the Trust to hold office until the next annual meeting of Unitholders and authorizing the trustees to fix the remuneration of the auditors. BDO Dunwoody LLP was first appointed as auditors of the Trust on or about October 25, 2002.

## **FINANCIAL STATEMENTS**

The annual report of the Trust for the year ended December 31, 2008, and which includes the financial statements of the Trust for the year ended December 31, 2008 and the auditor’s report thereon, will be placed before the Unitholders at the Meeting for their consideration.

## **ADDITIONAL INFORMATION**

Financial information regarding the Trust is provided in the Trust’s audited annual financial statements and Management’s Discussion and Analysis for its financial year ended December 31, 2008. Copies of the foregoing and the Trust’s AIF may be obtained on written request addressed to the Chief Financial Officer of the Trust, 255 Adelaide Street West, Toronto, Ontario, M5H 1X9.

Additional information concerning the Trust is available online at [www.sedar.com](http://www.sedar.com).

## **APPROVAL OF THE BOARD OF TRUSTEES**

The trustees of the Trust have approved the contents of this Management Information Circular and its sending to the Unitholders of the Trust, the auditors of the Trust and to appropriate governmental and regulatory agencies.

**DATED** as of the 13th day of April, 2009.

By Order of the Board of Trustees

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(Signed) Michael R. Emory  
President and Chief Executive Officer

**APPENDIX “A”  
STATEMENT OF GOVERNANCE PRACTICES**

A summary of the Trust’s governance initiatives in relation to the guidelines for effective corporate governance pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“NI 58-101”) and National Policy 58-201 - *Corporate Governance Guidelines* (“NP 58-201”) is set out below. References to “directors” have been replaced with “Trustees”.

**Information about the Fund’s Trustees**

*Independence of Trustees*

The Board has determined that 6 out of seven or 85.7% of the Trustees are independent for the purpose of NI 58-101. The independent Trustees for 2008 were Gerald Connor, Gordon Cunningham, James Griffiths, Robert Martin, Ralph Neville and Daniel Sullivan. Michael R. Emory, President and CEO of the Trust is not independent as he is a member of management of the Trust.

*Other Directorships*

Mr. Martin is a director of each of Enbridge Inc., Enbridge Gas Distribution Inc. and HSBC Bank Canada. Mr. Connor is a director of each of Cumberland Capital Appreciation Fund and Cumberland Income Fund. Mr. Griffiths is a director of Enssolutions Group, Inc. Mr. Neville is a director of Bennett Environmental Inc.

*Chairman of the Board*

The Chairman of the Board is Gordon Cunningham who is independent. The Chairman has a formal mandate which includes providing leadership to the Board to enhance Trustee effectiveness, managing the Board, acting as a liaison between the Board and management and representing the Trust to external groups.

*Trustee Attendance – Fiscal 2008*

Since the commencement of the 2008 fiscal year, the Board has held 5 regularly scheduled Board meetings and 3 non-regularly scheduled Board meetings. The following table summarizes the attendance of each of the Trustees at such Board meetings.

<u>Trustee</u>	<u>Regularly Scheduled Board Meetings Attended</u>	<u>Non-regularly Scheduled Board Meetings Attended</u>	<u>Total Board Meetings Attended</u>
Gerald R. Connor	5 out of 5	3 out of 3	8 out of 8
Gordon R. Cunningham	3 out of 5	2 out of 3	5 out of 8
Michael R. Emory	5 out of 5	3 out of 3	8 out of 8
Robert W. Martin	5 out of 5	1 out of 3	6 out of 8
Ralph T. Neville <sup>(1)</sup>	3 out of 3	1 out of 1	4 out of 4
Daniel F. Sullivan	5 out of 5	3 out of 3	8 out of 8
James Griffiths	5 out of 5	2 out of 3	7 out of 8
Ian Ronald <sup>(1)</sup>	2 out of 2	2 out of 2	4 out of 4

Note:

(1) Mr. Neville was elected on May 14, 2008, replacing Ian Ronald as a trustee.

### *Independent Trustee Meetings*

All Trustees who are not members of management meet with the auditors following each audit committee meeting to discuss matters of interest independent of any management influence. The independent Trustees met 5 times in 2008.

### **Board Mandate**

The Trustees have adopted a formal written mandate which provides that the Trustees have responsibility for the overall stewardship of the Trust, establishing the overall policies and standards of the Trust in the operation of its businesses and reviewing and approving its strategic plans. The Trustees approve all acquisitions and dispositions of property and all specific financing of properties. A copy of the Trustees' Mandate may be found as Schedule "A-1" to this Circular.

### **Position Descriptions**

The board has adopted position descriptions for each of the Chairman, the CEO, the Chair of the Audit Committee and the Chair of the Governance and Compensation Committee. The Governance and Compensation Committee reviews the mandates for each of these positions on an annual basis and recommends changes as appropriate.

### **Orientation and Continuing Education**

The Governance and Compensation Committee is responsible for the orientation and education of new recruits to the board of Trustees and it has adopted an education and orientation program which ensures that all new Trustees will receive an orientation binder consisting of all Trustees' Committee Mandates, copies of the Trust's Disclosure Policy, an Indemnity Agreement, a copy of the Trustees and officers insurance policies maintained by the Trust, a copy of the Trust's policies and the Trust's most recent significant public disclosure documents. Prior to joining the board of Trustees, each new Trustee will meet with the Chairman, the Chief Executive Officer and the Chief Financial Officer of the Trust. Each such officer shall be responsible for outlining the business and prospects of the Trust, both positive and negative, with a view to ensuring that the new Trustee is properly informed to commence his or her duties as a Trustee. Each new Trustee will also be given the opportunity to meet with the auditors and counsel to the Trust. As part of the annual board assessment process the board determines whether any additional education and training is required for board members.

### **Code of Business Ethics**

The Trustees have also adopted a Code of Business Conduct applicable to all employees, officers and trustees of the Trust to highlight key issues and identify resources available to them in order to assist them in reaching appropriate decisions. A copy of the Code may be found on SEDAR.com or obtained on written request addressed to the Chief Financial Officer of the Trust. The Board monitors compliance with the Code and management provides an annual report to the Board regarding issues, if any, arising under the Code.

### **Nomination of Trustees and the Governance and Compensation Committee**

The Governance and Compensation Committee is composed of 3 members all of whom are independent. Among other duties, this committee is responsible for identifying suitable candidates to be recommended

for election to the board of Trustees by Unitholders. One of the objectives of the Governance and Compensation Committee is to maintain the composition of the Trustees in a way that provides the best mix of skills and experience to guide the long-term strategy and ongoing business operations of the Trust.

The Governance and Compensation Committee conducts an annual review and assessment of the performance of the Chairman, the President and Chief Executive Officer and the other senior executive officers of the Trust.

The Governance and Compensation Committee reviews and recommends succession plans for the senior executives. The Governance and Compensation Committee also reviews and monitors the executive development programs of the Trust and the long-range plans and personnel policies for recruiting, developing and motivating executives of the Trust.

### **Conflicts of Interest**

The Declaration of Trust requires that all related party transactions be approved by the independent Trustees. For this purpose, “independent” means independent of management and the parties to the transaction.

### **CEO and Trustee Compensation**

The Governance and Compensation Committee conducts an annual review of the performance of the Trust and the CEO as measured against objectives established in the prior year by the Governance and Compensation Committee and the CEO and approved by the board of Trustees. The results of this annual review are communicated to the full board of Trustees who then make an evaluation of the overall performance of the Trust and the CEO. This performance evaluation is communicated to the CEO by the Chair and the Chair of the Governance and Compensation Committee. The evaluation is used by the Governance and Compensation Committee in its deliberations concerning the CEO’s annual compensation. The evaluation of performance against objectives forms part of the determination of the entire compensation of senior employees. The Governance and Compensation Committee also reviews the compensation of the outside Trustees on an annual basis, taking into account such matters as time commitment, responsibility and compensation provided by comparable organizations.

### **Assessments**

The Governance and Compensation Committee is responsible to make an annual assessment of the overall performance of the trustees as a group and to report its findings to the full board of Trustees. A questionnaire has been drafted to be utilized as part of this process. The assessment examines the effectiveness of the Trustees as a whole and specifically reviews areas that the Trustees and/or management believe could be improved to ensure the continued effectiveness of the Trustees in the execution of their responsibilities.

## **SCHEDULE “A-1”**

### **TRUSTEES’ MANDATE**

#### **Trustees’ Responsibilities**

The Trustees are explicitly responsible for the stewardship of the REIT. To discharge this obligation, the Trustees should assume responsibility in the following areas:

#### **Strategic Planning Process**

- Provide input to management on emerging trends and issues.
- Review and approve, if appropriate, management’s strategic plans on an annual basis.
- Review and approve the REIT’s financial objectives, plans and actions, including significant capital allocations and expenditures.

#### **Monitoring Tactical Progress**

- Monitor corporate performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed.

#### **Risk Assessment**

- Identify the principal risks of the REIT’s businesses and ensure that appropriate systems are in place to manage these risks.

#### **Senior Level Staffing and Succession Planning**

- Select, monitor and evaluate the Chief Executive Officer and other senior executives, and ensure management succession.
- Approve a position description for the CEO including limits to management’s responsibilities and corporate objectives which the CEO is responsible for meeting, all upon recommendation from the Corporate Governance and Compensation Committee.
- Engage in succession planning including appointing, training and monitoring senior management.

#### **Integrity**

- Ensure the integrity of the REIT’s internal control and management information systems.
- Ensure ethical behaviour and compliance with laws and regulations, audit and accounting principles, and the REIT’s own governing documents.
- Satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization.
- Monitor compliance with the Code of Ethics of the REIT.

#### **Material Transactions**

- Review and approve material transactions not in the ordinary course of business.

**Monitoring Trustees' Effectiveness**

- Assess its own effectiveness in fulfilling the above and Trustees' responsibilities, including monitoring the effectiveness of individual Trustees.

**Expectations and Responsibilities**

- Trustees are expected to attend all meetings of the board. Trustees are expected to have reviewed meeting materials in advance of meetings.

**Other**

- Perform such other functions as prescribed by law or assigned to the Trustees in the REIT's Declaration of Trust.