



Governance, Compensation and Nominating Committee Charter

Approved by the Board of Trustees on September 17, 2015

Automotive Properties Real Estate Investment Trust
(the “Trust”)

Governance, Compensation and Nominating Committee Charter

1. Responsibility

The Governance, Compensation and Nominating Committee (the “**Committee**”) is responsible for:

- regularly assessing the effectiveness of the Trust’s Board of Trustees (the “**Board**”), each of its committees and individual members;
- identifying candidates qualified for election or appointment to the Board, other than candidates nominated by 893353 Alberta Inc. (“**Dilawri**”) pursuant to the Trust’s declaration of trust;
- determining the number of trustees and composition for each of the committees of the Board;
- assisting in orienting and educating trustees and assessing their performance on a regular basis;
- developing the Trust’s approach to governance of the Trust and recommending to the Board governance principles to be followed by the Trust;
- discharging the Board’s responsibilities relating to compensation and benefits of the Trust’s senior executives, including reviewing for approval to the Board the adoption of or any material change in any of the Trust’s executive compensation plans;
- overseeing the Trust’s succession planning for senior executives;
- overseeing the Trust’s administration agreement with Dilawri and Dilawri Real Estate Group Inc. (the “**Administration Agreement**”) and duties of the Trust’s President and Chief Executive Officer provided thereunder;
- reporting to the unitholders on executive and trustee compensation; and
- performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2. Members

The Board must appoint a minimum of three trustees to be members of the Committee. The majority of the members of the Committee shall be independent and a majority shall be residents of Canada.

For the purpose of this Charter, a trustee is “independent” if he or she would be independent within the meaning of National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, as the same may be amended or replaced from time to time.

3. Chair

Each year, the Board shall appoint one member to be Chair of the Committee who shall be an independent trustee. If, in any year, the Board does not appoint a Chair, the incumbent Chair shall continue in office until a successor is appointed.

4. Tenure

Each member shall hold office until his or her term as a member of the Committee expires or is terminated.

5. Quorum, Removal and Vacancies

A majority of the Committee’s members shall constitute a quorum. Any member may be removed and replaced at any time by the Board. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all powers so long as a quorum remains in office.

6. Duties

The Committee will have the duties set out below as well as any other duties that are specifically delegated to the Committee by the Board.

(a) Board Succession Plan

The Committee shall develop and maintain, as required, a Board succession plan.

(b) Establish and Assess Trustee Qualifications

The Committee shall from time to time establish the qualification standards for trustees relating to, among other things, the competencies, skills and personal qualities that should be sought in candidates for Board membership, having in mind the skills and competencies the Board as a whole should possess. The Committee shall regularly assess the competencies and skills of the Board.

(c) Identify Candidates for Nomination as a Trustee

The Committee shall develop and recommend to the Board from time to time a list of candidates for Board election or appointment with a view to enhancing the independence, quality and diversity of nominees to be elected by the unitholders at the annual general meeting of unitholders. The Committee should determine if each such candidate would be an independent trustee.

The Chair of the Committee, with the assistance of the Chair of the Board and one or more other trustees appointed by the Board, should approach candidates for Board membership including nominees put forth for nomination by Dilawri, if any, to:

- explore the candidates' interest in joining the Board and seek their consent to act as a trustee;
- assess the candidates' skills and competencies; and
- confirm that interested candidates understand the role of a trustee and the contribution a trustee is expected to make to the Board, including the commitment of time and energy that the Trust expects of its trustees.

The Committee shall from time to time consider the appropriate size of the Board with a view to facilitating proper decision-making.

(d) Orientation and Continuing Education of Trustees

The Committee should take steps to satisfy itself that:

- new trustees are given a proper orientation to both the Trust and their responsibilities and duties as trustees; and
- the Trust provides appropriate continuing education opportunities for trustees.

(e) Recruit Trustees for Board Committees and Filling Vacancies

The Committee will recommend to the Board those trustees that the Committee considers qualified for appointment to the Audit Committee, the Governance, Compensation and Nominating Committee and other committees of the Board. Where a vacancy occurs at any time in the membership of any committee of the Board, the Committee will recommend to the Board a trustee to fill such vacancy.

(f) Performance Assessment of the Board, Board Committees and Individual Trustees

The Committee will review, on an annual basis, the effectiveness and performance of the Board, and all committees of the Board.

The Committee will evaluate trustees on a regular basis to assess their suitability for re-election.

(g) Develop Approach to Governance of the Trust

The Committee has the authority and responsibility to review the Trust's overall approach to governance and to make recommendations to the Board in this

regard. Among other things, the Committee has the authority and responsibility to:

- develop or review the mandates and charters of the Board and committees of the Board and recommend to the Board the adoption of or amendments to such mandates or charters;
- examine the size of the Board and recommend a Board size that facilitates effective decision-making;
- study and recommend the implementation of structures and procedures to ensure that the Board can function independently of management and without conflicts of interest, including scheduling, at regular intervals, meetings of the Board without management present;
- develop processes and protocols for dealing with related party transactions and conflicts of interest;
- monitor the relationship between officers and the Board, and recommend a process whereby the trustees will have access to, and have an effective relationship with, management of the Trust;
- be available as a forum for addressing the concerns of individual trustees;
- work with the President and Chief Executive Officer and other members of management to ensure that the Trust has a healthy governance culture; and
- monitor developments in the area of governance and undertake other initiatives that may be desirable to maintain the highest standards of governance.

(h) **Code of Conduct**

The Committee shall monitor the effectiveness of the Trust's code of conduct (the "**Code**") to confirm that it appropriately addresses, among other things, conflicts of interest, opportunities, confidentiality, fair dealing, protection and proper use of the Trust's assets, compliance with applicable laws and the reporting of illegal or unethical behaviour, and also establish mechanisms to facilitate the effective operation of the Code and the granting of waivers of the Code. A copy of the Code shall be posted on the Trust's website. The Committee shall approve any material waivers of the Code that are sought by trustees or officers of the Trust. It is acknowledged that the Audit Committee receives periodic reporting on any material matters arising from known or suspected violations of the Code.

(i) **Timely Disclosure, Confidentiality and Securities Trading Policy**

The Committee shall monitor the effectiveness of the Trust's policies addressing the timely disclosure of material information, the confidentiality of material undisclosed information and the prohibitions against trading in securities of the Trust and other issuers while in possession of undisclosed information that is material to the Trust or other such issuers.

(j) **Succession Planning**

The Committee shall review the Trust's organizational structure, consider succession planning for senior executives and recommend policies and principles for the selection and performance review of the senior executives including the President and Chief Executive Officer, as well as policies regarding succession in the event of an emergency or the retirement of the President and Chief Executive Officer and for the appointment, training and monitoring of other senior executives. The Committee shall, during the term of the Administration Agreement, also review the appropriateness of its termination, in whole or in part, with a view to internalizing some or all of the services provided thereunder to the Trust.

(k) **Incentive Compensation Plans and Equity-Based Plans**

The Committee shall:

- make recommendations to the Board with respect to the adoption and amendment of executive incentive compensation plans and equity-based plans, including unit purchase plans and distribution reinvestment plans;
- approve any employment inducement option awards or other equity compensation awards under plans approved by the Board;
- approve all stock options granted under any stock option or other equity compensation plan adopted by the Trust, including the entitlement, vesting, exercise price and all other matters relating to such plans; and
- approve all senior executive compensation and incentive bonus plans and all awards under such plans.

(l) **Employment Agreements**

The Committee shall review and approve the terms of employment of the named executive officers of the Trust that are directly employed by the Trust (each being a "NEO"), if any, as disclosed in the Trust's proxy circular.

(m) **Assessment and Compensation of the President and Chief Executive Officer**

The Committee shall:

- together with the President and Chief Executive Officer, develop a position description for the President and Chief Executive Officer, setting out the President and Chief Executive Officer's authority and responsibilities;
- oversee the Administration Agreement and the duties of the President and Chief Executive Officer to ensure appropriate supervision and management of any potential conflicts of interest between the President and Chief Executive Officer, the Trust and Dilawri and its affiliates;
- review and approve the corporate goals and objectives that are relevant to the compensation of the President and Chief Executive Officer; and
- evaluate the performance of the President and Chief Executive Officer in meeting his or her goals and objectives.

When determining the long-term incentive component of the compensation of the President and Chief Executive Officer, if any, the Committee shall consider the Trust's performance, relative unitholder return and the value of similar incentive awards granted to senior executives of comparable organizations.

(n) **Compensation of Senior Executives**

The Committee shall approve the corporate goals, objectives and compensation of the NEOs and may periodically assess the NEO compensation in light of the Trust's performance, relative unitholder return and compensation paid to NEOs of comparable organizations.

(o) **Compensation of Board Members**

The Committee shall review, and recommend to the Board, the compensation to be paid to the trustees and to members and chairs of Board committees.

(p) **Disclosure of Executive Compensation**

The Committee shall be responsible for reviewing all public disclosure relating to executive compensation, including the Compensation Discussion and Analysis contained in the Trust's proxy circular.

7. Reporting

The Committee shall report to the Board on:

- the effectiveness of the Board and all committees of the Board, other than the Governance, Compensation and Nominating Committee;
- the approval of any stock option or other equity-based grants under any stock option or other equity compensation plan of the Trust;
- all senior executive incentive bonus plans and grants thereunder;
- the review of the corporate goals and objectives relevant to the compensation of NEOs;
- the compensation of the NEOs;
- any material benefits plans matters;
- the compensation to be paid to trustees and to the members and chairpersons of Board committees;
- the preparation of the Trust's management proxy circular; and
- all other material matters dealt with by the Committee.

8. Review and Disclosure

The position descriptions for the Trust's Chief Executive Officer, Chief Financial Officer, Chair of the Board, the Lead Independent Trustee and this Charter shall be reviewed by the Committee at least annually and be submitted to the Board for approval with such amendments as the Committee proposes. This Charter shall also be posted on the Trust's website.

9. Frequency Of Meetings and *in camera* Sessions

The Committee shall meet as frequently as the Committee deems appropriate to accomplish its mandate. Following each meeting of the Committee, the Committee members shall meet in a private session.

10. Retention of Experts

The Committee may engage such special executive compensation, legal, accounting or other experts, without Board approval and at the expense of the Trust, as it considers necessary to perform its duties.