



**First Capital Realty Inc.**  
**Compensation and Corporate Governance**  
**Committee Charter**

Approved by the Board of Directors on November 10, 2005,  
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**FIRST CAPITAL REALTY INC.**  
**COMPENSATION AND CORPORATE GOVERNANCE**  
**COMMITTEE CHARTER**

**1. RESPONSIBILITY**

The Compensation and Corporate Governance Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to:

- the selection and retention of senior management;
- the compensation of senior management;
- professional development for senior management;
- the Corporation's overall approach to corporate governance;
- the size, composition and structure of the Board and its committees;
- orientation and continuing education for directors;
- related party transactions and other matters involving actual or potential conflicts of interest; and
- any additional matters delegated to the Compensation and Corporate Governance Committee by the Board.

**2. MEMBERS**

The Board must appoint a minimum of three directors to be members of the Compensation and Corporate Governance Committee. The members of the Compensation and Corporate Governance Committee will be selected by the Board on the recommendation of the Compensation and Corporate Governance Committee.

All of the members of the Compensation and Corporate Governance Committee will be "independent directors" ("**Independent Directors**") as defined in section 1.4 of National Instrument 52-110 — *Audit Committees*, as amended from time to time ("**NI 52-110**").

**3. DUTIES**

The Compensation and Corporate Governance Committee is responsible for performing the duties set out below as well as any other duties that are otherwise required by law or delegated to the Compensation and Corporate Governance Committee by the Board.

**(a) Senior Management Selection, Retention and Succession Planning**

The Compensation and Corporate Governance Committee will review the Corporation's organizational structure, consider policies and principles for the selection and retention of senior management and succession planning for senior management.

**(b) Senior Management Development**

The Compensation and Corporate Governance Committee will:

- review and monitor executive development programs, including training and retention programs for members of senior management;
- recommend policies and principles for performance reviews of members of senior management, and review and monitor the practices used to evaluate members of senior management; and
- provide input to the Chief Executive Officer with respect to the recruitment, promotion, transfer and termination of other members of senior management.

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

The Compensation and Corporate Governance Committee will:

- make recommendations to the Board with respect to senior management compensation and the adoption and amendment of incentive compensation plans and equity-based plans;
- approve any equity-compensation plans and amendments to such plans, subject to shareholder approval, as appropriate;
- approve all stock options granted under the Corporation's Stock Option Plan including the entitlement, vesting, exercise price and all other matters relating to the Plan;
- approve all grants under the Corporation's Directors Deferred Share Unit Plan, Restricted Share Unit Plan or any other equity-based compensation plans; and
- approve all annual incentive bonus plans and long-term incentive bonus plans.

**(d) Human Resources Strategies**

The Compensation and Corporate Governance Committee will:

- review and monitor the Corporation's compliance with applicable human rights laws;
- review and monitor the Corporation's human resources strategies for consistency with the Corporation's vision, mission and core values;
- receive reports and updates from management on the Corporation's compliance with health and safety legislation and internal policies and make any recommendations to management

(e) **Benefit Plans and Perquisites**

The Compensation and Corporate Governance Committee will review and approve all benefit plans designed primarily for members of senior management and any other perquisites granted to members of senior management.

(f) **Employment Agreements and Severance Arrangements**

The Compensation and Corporate Governance Committee will approve employment agreements, severance arrangements and any changes to contractual agreements and provisions, including pension arrangements, for all members of senior management.

(g) **Evaluation and Compensation of the Chief Executive Officer**

The Compensation and Corporate Governance Committee will have direct responsibility to:

- develop a position description for the Chief Executive Officer, setting out the Chief Executive Officer's authority and responsibilities;
- review and approve the corporate goals and objectives that are relevant to the Chief Executive Officer's compensation;
- evaluate the Chief Executive Officer's performance in meeting his or her goals and objectives;
- determine the Chief Executive Officer's compensation based on the evaluation referred to above, compensation paid to senior management in comparable organizations and the Corporation's performance and relative shareholder return; and
- recommend to the Board remedial action where necessary.

(h) **Compensation of Senior Management**

The Compensation and Corporate Governance Committee will review and provide input to the Chief Executive Officer regarding the compensation of the members of senior management. The Compensation and Corporate Governance Committee will assess the compensation of members of senior management based on the recommendation of the Chief Executive Officer, in light of the Corporation's performance and relative shareholder return and the compensation paid to senior management in comparable organizations. In addition, in assessing the compensation of the Chief Financial Officer and other key financial personnel, the Compensation and Corporate Governance Committee will consider input from the Audit Committee regarding their competence and performance.

(i) **Board Size, Composition and Structure**

The Compensation and Corporate Governance Committee will examine the size of the Board and recommend to the Board a size that facilitates effective decision making. In addition, taking into consideration the recommended size of the Board, the Compensation and Corporate Governance Committee will recommend the number of Board positions to be filled by Independent Directors, who should comprise at least a majority of the members of the Board.

The Compensation and Corporate Governance Committee will review the overall composition of the Board, taking into consideration such factors as business experience and specific areas of expertise of each director, and make recommendations to the Board as it determines appropriate.

The Compensation and Corporate Governance Committee will evaluate whether the necessary and appropriate committees exist to support the work of the Board and will make recommendations to the Board for the reorganization of responsibilities among committees, the creation of additional committees or subcommittees, or the elimination of committees as it determines appropriate.

(j) **Director Qualifications**

The Compensation and Corporate Governance Committee will establish the preferred experience and qualifications for new directors which will reflect, among other things:

- competencies, skills and personal qualities that the Board considers to be necessary for the Board, as a whole, to possess;
- competencies, skills and personal qualities that the Board considers each existing director to possess;
- competencies, skills and personal qualities that each new director would bring to the Board; and
- responsibilities that would materially interfere with or be incompatible with Board membership.

(k) **Board Succession**

The Compensation and Corporate Governance Committee will develop and maintain a Board succession plan that is responsive to the Corporation's needs and the interests of its shareholders.

(l) **Candidates for Board Membership**

The Compensation and Corporate Governance Committee will recommend to the Board a list of candidates for nomination for election to the Board at the Corporation's annual meeting of shareholders. In addition, as the need arises, it will identify and recommend

to the Board new candidates for Board membership. In making its recommendations to the Board, the Compensation and Corporate Governance Committee will provide an assessment of whether each candidate is or would be (i) an Independent Director, and (ii) “financially literate” as defined in NI 52-110.

**(m) Appointments to Board Committees**

The Compensation and Corporate Governance Committee will recommend to the Board those directors it considers qualified for appointment to each Board committee. Where a vacancy occurs at any time in the membership of any Board committee, the Compensation and Corporate Governance Committee will recommend to the Board a director to fill such vacancy.

**(n) Appointment of Lead Director**

If in any year, the Chair of the Board is not an Independent Director, the Compensation and Corporate Governance Committee will, after consultation with the Chair of the Board, recommend to the Board an Independent Director it considers qualified for appointment to the role of Lead Director. Where a vacancy occurs in the role of Lead Director, the Compensation and Corporate Governance Committee will, if applicable, recommend to the Board an Independent Director to fill such vacancy.

**(o) Compensation of Directors**

The Compensation and Corporate Governance Committee will periodically review the adequacy and form of directors’ compensation and recommend to the Board a compensation model that appropriately compensates directors for the responsibilities and risks involved in being a director or a member of one or more Board committees, as applicable.

**(p) Approach to Corporate Governance**

The Compensation and Corporate Governance Committee will review the Corporation’s overall approach to corporate governance and make recommendations to the Board in this regard. Among other things, the Compensation and Corporate Governance Committee will:

- review and assess the Board Mandate adopted by the Board and recommend any amendments to the Board;
- review the charter of each committee and recommend any amendments to the Board;
- review the position description for the Chairman and recommend any amendments to the Board;
- review and recommend the implementation of structures and procedures to facilitate the Board’s independence from management and to avoid conflicts of interest;



- monitor relationships between senior management and the Board, and recommend procedures to allow directors to have access to, and an effective relationship with, senior management;
- be available as a forum for addressing the concerns of individual directors;
- recommend to the Board a process for evaluating the contributions of individual directors to assist the Board in assessing directors' suitability for re-election;
- meet separately with each member of senior management periodically, as and when it deems advisable;
- work with the Chief Executive Officer and other members of senior management to foster a healthy corporate governance culture within the Corporation; and
- monitor developments in the area of corporate governance and recommend initiatives that will help the Corporation maintain high standards of corporate governance.

**(q) Orientation and Continuing Education for Directors**

The Compensation and Corporate Governance Committee will confirm that procedures are in place and resources are made available to provide new directors with a proper orientation to both the Corporation and their responsibilities and duties as directors and to provide other directors with appropriate continuing education opportunities.

**(r) Related Party Transactions and Conflicts of Interest**

The Compensation and Corporate Governance Committee will review all proposed related party transactions and situations involving a potential conflict of interest that are not required to be dealt with by an "independent special committee" pursuant to securities law rules. Any member of the Compensation and Corporate Governance Committee who is a party to or has a potential conflict of interest in a proposed transaction, or who has a material interest in any related party transaction or in a party to a related party transaction, must abstain from any vote on that transaction.

**(s) Code of Business Conduct and Ethics**

The Compensation and Corporate Governance Committee will:

- review and assess the Corporation's code of business conduct and ethics for directors, officers and employees (the "Code") to confirm that it addresses, among other things, conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of the Corporation's assets, compliance with applicable laws, rules and regulations (including insider trading laws) and the reporting of illegal or unethical behaviour, and establishes mechanisms to facilitate the effective operation of the Code and the granting of waivers of the Code;

- approve any waivers of the Code sought by directors or members of senior management; and
- confirm that any waivers of the Code for directors or members of senior management are promptly disclosed to shareholders.

The Code will be posted on the Corporation's Web site and the annual report of the Corporation will state that the Code is available on the Web site or is available in print to any shareholder who requests a copy.

#### 4. **REPORTING**

The Compensation and Compensation and Corporate Governance Committee will:

- regularly report to the Board on all significant matters it has addressed and with respect to such other matters that are within its responsibilities;
- oversee the preparation of the "Compensation of Executive Officers" and "Report on Executive Compensation" sections of the Corporation's management information circular; and
- oversee the preparation of the "Statement of Corporate Governance Practices" section of the Corporation's management information circular.

#### 5. **COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE MEETINGS**

##### (a) **Scheduling**

The Compensation and Corporate Governance Committee will meet as often as it determines is necessary to fulfill its responsibilities. A meeting of the Compensation and Corporate Governance Committee may be called by the Chairman of the Compensation and Corporate Governance Committee, the Chairman, the Chief Executive Officer or any Compensation and Corporate Governance Committee member.

Meetings will be held at a location determined by the Chairman of the Compensation and Corporate Governance Committee.

##### (b) **Notice**

Notice of the time and place of each meeting will be given to each member either by telephone or other electronic means not less than 48 hours before the time of the meeting or by written notice not less than five days before the date of the meeting. Meetings may be held at any time without notice if all of the members have waived or are deemed to have waived notice of the meeting. A member participating in a meeting will be deemed to have waived notice of the meeting.

(c) **Agenda**

The Chairman of the Compensation and Corporate Governance Committee will establish the agenda for each meeting. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting.

(d) **Distribution of Information**

The Chairman of the Compensation and Corporate Governance Committee will distribute, or cause the Assistant Secretary to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

(e) **Attendance and Participation**

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone or teleconference.

(f) **Quorum**

A majority of the members will constitute a quorum for any meeting of the Compensation and Corporate Governance Committee.

(g) **Voting and Approval**

At meetings of the Compensation and Corporate Governance Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Chairman of the Compensation and Corporate Governance Committee will not have a second or casting vote in addition to his or her original vote.

(h) **Procedures**

Procedures for Compensation and Corporate Governance Committee meetings will be determined by the Chairman of the Compensation and Corporate Governance Committee unless otherwise determined by the by-laws of the Corporation or a resolution of the Compensation and Corporate Governance Committee or the Board.

(i) **Transaction of Business**

The powers of the Compensation and Corporate Governance Committee may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Compensation and Corporate Governance Committee.

(j) **Absence of Chairman of the Compensation and Corporate Governance Committee**

In the absence of the Chairman of the Compensation and Corporate Governance Committee at a meeting of the Compensation and Corporate Governance Committee, the members in attendance must select one of them to act as chairman of that meeting.

(k) **Secretary**

The Compensation and Corporate Governance Committee may appoint one of its members or any other person to act as secretary.

(l) **Minutes of Meetings**

A person designated by the Chairman of the Compensation and Corporate Governance Committee at each meeting will keep minutes of the proceedings of the Compensation and Corporate Governance Committee and the Chairman will cause the Assistant Secretary to circulate copies of the minutes to each member on a timely basis.

6. **CHAIRMAN OF THE COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE**

Each year, the Board will appoint one member to be Chairman of the Compensation and Corporate Governance Committee. If, in any year, the Board does not appoint a Chairman of the Compensation and Corporate Governance Committee, the incumbent Chairman of the Compensation and Corporate Governance Committee will continue in office until a successor is appointed.

7. **REMOVAL AND VACANCIES**

Any member of the Compensation and Corporate Governance Committee may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as he or she ceases to meet the qualifications set out above. The Board will fill vacancies on the Compensation and Corporate Governance Committee by appointment from among qualified members of the Board on the recommendation of the Compensation and Corporate Governance Committee. If a vacancy exists on the Compensation and Corporate Governance Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

8. **ASSESSMENT**

At least annually, the Compensation and Corporate Governance Committee will assess its effectiveness in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the Board Mandate adopted by the Board.

9. **REVIEW AND DISCLOSURE**

The Compensation and Corporate Governance Committee will review this Charter at least annually and submit it to the Board for approval together with such amendments as it deems necessary and appropriate.

This Charter will also be posted on the Corporation's Web site and the annual report of the Corporation will state that this Charter is available on the Web site or is available in print to any shareholder who requests a copy.

10. **ACCESS TO OUTSIDE ADVISORS**

The Compensation and Corporate Governance Committee may retain any outside advisor, including a director search firm, at the expense of the Corporation at any time and has the authority to determine any such advisor's fees and other retention terms.

The Compensation and Corporate Governance Committee, and any outside advisors retained by it, will have access to all records and information relating to the Corporation which it deems relevant to the performance of its duties.