



Real Estate Potential. Realized.



Morguard North American Residential
Real Estate Investment Trust
Annual Information Form

Dated February 15, 2022



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FORWARD-LOOKING STATEMENTS DISCLAIMER

Statements contained herein that are not based on historical or current fact, including without limitation statements containing the words “anticipates,” “believes,” “may,” “continue,” “estimate,” “expects,” and “will” and words of similar expression constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the REIT operates; changes in business strategy or development/acquisition plans; environmental exposures; financing risk; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the REIT; risk and uncertainties relating to the outbreak of the novel strain of the coronavirus identified as COVID-19 and other factors referred to in the REIT’s filings with Canadian securities regulators. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The REIT does not assume the obligation to update or revise any forward-looking statements.

ITEM 1 MORGUARD NORTH AMERICAN RESIDENTIAL REAL ESTATE INVESTMENT TRUST STRUCTURE

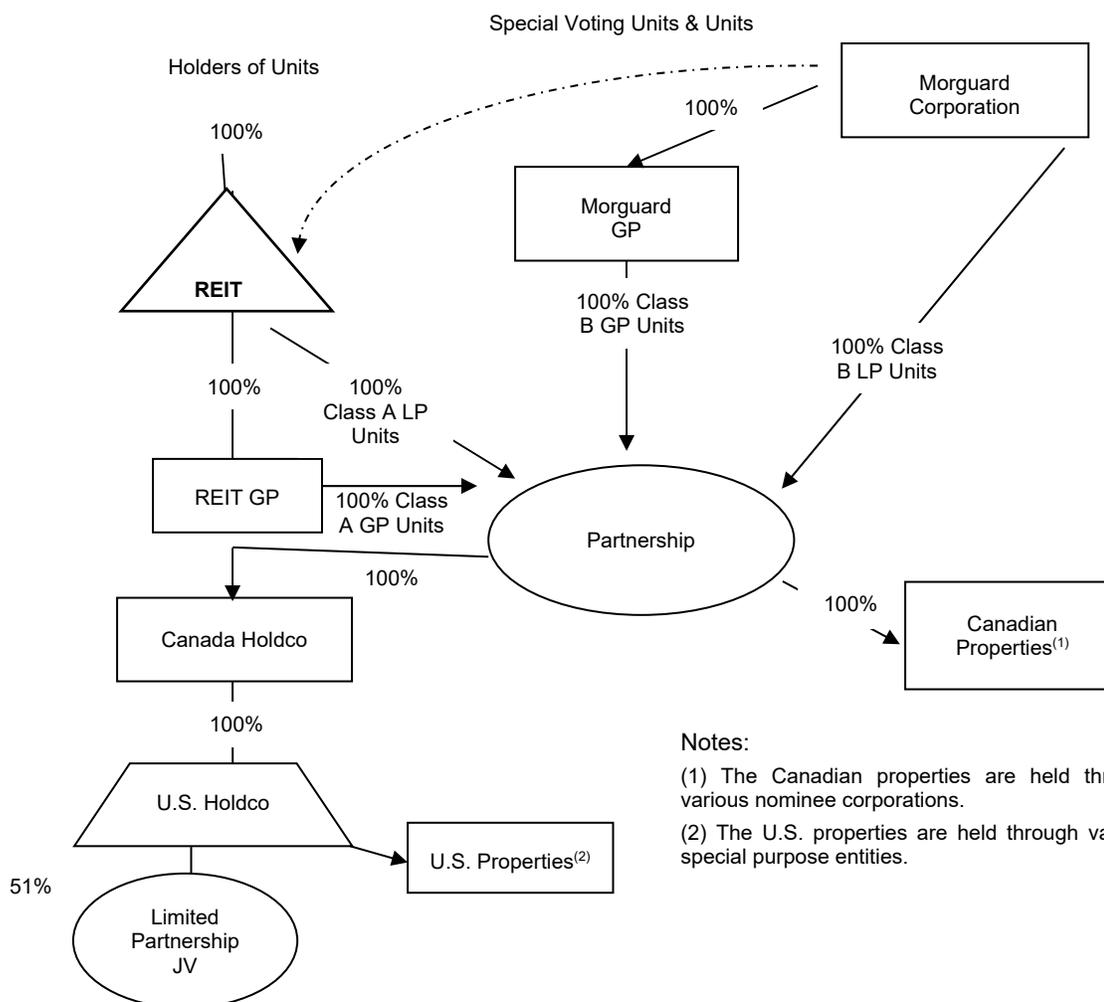
Morguard North American Residential Real Estate Investment Trust (the “REIT”) is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust (the “Declaration of Trust”) dated March 1, 2012, as most recently amended and restated on February 16, 2021 under, and governed by, the laws of the Province of Ontario. The units of the REIT (“Units”) trade on the Toronto Stock Exchange (“TSX”) under the symbol MRG.UN.

The principal office of the REIT is located at Suite 1000, 55 City Centre Drive, Mississauga, Ontario, L5B 1M3.

Operations, including the management of investments, are subject to the control and direction of a board of trustees. The board of trustees has power and responsibilities analogous to those applicable to boards of directors of corporations.

The REIT has been formed to own multi-suite residential properties in Canada and the United States. The REIT indirectly holds, through the Partnership, interests in a portfolio of 16 Canadian and 27 U.S. multi-suite residential communities. The REIT currently owns approximately 69.4% of the Partnership through the ownership of Class A LP Units and 100% of Morguard NAR GP Limited (the “REIT GP”), which manages and controls the business and affairs of the Partnership and is bound by the investment guidelines and operating policies applicable to the REIT.

Structure



Notes:

- (1) The Canadian properties are held through various nominee corporations.
- (2) The U.S. properties are held through various special purpose entities.

All information contained in this Annual Information Form is presented as at February 15, 2022, unless otherwise specified.

ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS

History

The REIT completed its initial public offering on April 18, 2012. Concurrent with the IPO, the REIT indirectly acquired from Morguard Corporation (“Morguard”) the Initial IPO Properties consisting of interests in 5,439 residential suites located in Ontario, Alberta and Louisiana. The IPO raised gross proceeds of \$82.5 million, from the sale of 8,250,000 Units (including the full exercise by the underwriters of their over-allotment option) at a price of \$10.00 per Unit.

On September 12, 2012, the REIT completed an offering of 12,720,000 Units at a price of \$11.85 per Unit for gross proceeds of \$150.7 million. As part of that offering, Morguard purchased approximately \$50 million of the Units (4,220,000 Units) that were offered at the offering price.

On March 15, 2013, the REIT completed the offering of \$95.1 million for 8,270,000 Units sold at a price of \$11.50 per Unit and the issuance of \$60 million principal amount of 4.65% convertible unsecured subordinated debentures (the “2013 Debentures”), maturing on March 30, 2018. The REIT used portions of the net proceeds of the offering to acquire a direct interest in 8,270,000 Class A LP Units of the Partnership. Morguard acquired 870,000 of the Units issued and \$5 million of the aggregate principal amount of the 2013 Debentures.

On January 9, 2017, the REIT completed the offering of 4,370,000 Units at a price of \$13.75 per Unit for gross proceeds of \$60.1 million. As part of that offering, Morguard purchased 1,230,000 Units for approximately \$16.7 million that were offered at the offering price.

On February 13, 2018, the REIT completed a public offering of convertible unsecured subordinated debentures on a bought deal basis, of \$75 million aggregate principal amount of 4.50% convertible unsecured subordinated debentures due March 31, 2023 (the “2018 Debentures”, or together with the 2013 Debentures the “Debentures”). On February 21, 2018, an additional amount of \$10.5 million was issued pursuant to the exercise of the over-allotment option. The 2018 Debentures are convertible, at the option of the holder, into Units at \$20.20 per Unit. As part of the transaction, Morguard acquired \$5 million of the 2018 Debentures.

On February 23, 2018, \$0.02 million of the 2013 Debentures were converted into 1,483 Units, and on February 26, 2018 the REIT redeemed the remaining \$60.0 million of its outstanding 2013 Debentures in advance of their March 30, 2018 maturity date.

On August 28, 2019, the REIT completed an offering of 5,226,200 Units at a price of \$19.75 per Unit for gross proceeds of \$103.2 million. As part of the transaction Morguard acquired 1,269,000 Units for approximately \$25.1 million that were offered at the offering price.

Morguard owns a 44.7% effective interest in the REIT through its ownership of 7,944,166 Units and 17,223,090 Class B LP Units.

Morguard Acquisitions

On February 19, 2013, the REIT acquired 1,032 suites in five low-rise residential properties located in Louisiana and Florida and one mid-rise property located in Louisiana from Morguard for an aggregate purchase price of approximately US\$94.0 million. The purchase price for the properties was satisfied by the assumption of certain Fannie Mae insured mortgages in the aggregate amount of approximately US\$61.8 million (the “Q1 2013 Assumed Fannie Mae Mortgages”) and a reduction of the balance owing by Morguard to the REIT under the Morguard Facility by US\$32.2 million. The acquisition of the properties had an effective date of January 1, 2013. The Q1 2013 Assumed Fannie Mae Mortgages had an effective weighted average interest rate of 5.7% and a weighted average term to maturity of 3.7 years.

On June 28, 2013, the REIT acquired from Morguard 1,690 suites in six low-rise residential properties located in Alabama and Florida, for an aggregate purchase price of approximately US\$89.0 million. The purchase price for the properties was satisfied by the assumption of certain Fannie Mae insured mortgages in the aggregate

carrying amount of approximately US\$64.4 million (the “Q2 2013 Assumed Fannie Mae Mortgages”) and a reduction of the balance owing by Morguard to the REIT under the Morguard Facility of US\$24.6 million. The transaction had an effective date of May 1, 2013. The Q2 2013 Assumed Fannie Mae Mortgages had an effective weighted average interest rate of 5.6% and a weighted average term to maturity of 3.6 years.

Morguard agreed to provide instalment payments during the remaining terms of the Q1 2013 Assumed Fannie Mae Mortgages and the Q2 2013 Assumed Fannie Mae Mortgages (the “Assumed Mortgages”) to the REIT in order to achieve an effective annual interest rate of 4.7% for the properties acquired on both February 19, 2013 and June 28, 2013. All costs and expenses relating to the assumption by the REIT of the Assumed Mortgages were paid for by the REIT. As of February 1, 2017, all Assumed Mortgages had been extinguished or refinanced.

Pearlmark Acquisitions

Between April 17, 2013 and May 22, 2013, the REIT acquired 3,752 suites in 12 low-rise and mid-rise residential properties from an institutional fund sponsored by Pearlmark Real Estate Partners, L.L.C. (“Pearlmark Properties”) for US\$450.0 million. The Pearlmark Properties are located in Colorado, Florida, North Carolina, Georgia and Texas. In connection with the purchase of 10 of the 12 properties, the REIT assumed in-place mortgage financing of US\$218.7 million with a weighted average interest rate of 4.3% and a weighted average term to maturity of 4.1 years. A mark-to-market adjustment of US\$12.7 million was recorded on the assumed mortgages. For the remaining two properties, the REIT, at closing, entered into first mortgage financing arrangements in an aggregate amount of US\$57.7 million with a weighted average interest rate of 3.5% and terms of 10 years. The REIT paid an additional US\$8.0 million in the second quarter of 2014 after the Pearlmark Properties exceeded certain defined net operating income threshold amounts for the twelve months ended December 31, 2013.

Recent Developments

2021

On November 10, 2021, the REIT completed the CMHC-insured financing on four properties, located in Toronto and Mississauga, Ontario, providing gross mortgage proceeds of \$194.2 million, at a weighted average interest rate of 2.72% and for a weighted average term of 10.5 years. Concurrently, the REIT redeemed the Class C LP Units of the Partnership held by Morguard. The Class C LP Units were entitled to priority distributions in satisfaction of financial obligations related to the Retained Debt and any associated tax payable by Morguard. The Retained Debt had a mortgage balance at maturity associated with the refinanced properties of \$74.2 million at a weighted average interest rate of 3.97%, resulting in net proceeds of \$120.0 million, before financing costs and any associated tax payable.

2020

On October 31, 2020, the REIT substantially completed the redevelopment of its mid-rise property, 1643 Josephine Street, New Orleans, Louisiana. The asset is located just off St. Charles Avenue in the renowned Garden District neighbourhood and boasts first class amenities and is within close proximity to The Georgian Apartments, offering management a platform for operational synergies. First occupancies took place in late-October. During October 2021, the redevelopment property reached stabilized occupancy.

2019

On December 9, 2019, the REIT acquired a 50% interest in a property consisting of 690 suites located in Chicago, Illinois (“The Marquee at Block 37”) for \$68.8 million (US\$52.0 million). The purchase price of the property was \$177.7 million (US\$134.3 million), including closing costs and was partially funded by a mortgage in the amount of \$109.2 million (US\$82.5 million), at an interest rate of 3.27% for a term of 10 years.

On October 29, 2019, the REIT announced a 2.94% increase to its monthly cash distributions to \$0.0583 per Unit, representing \$0.70 per Unit on an annualized basis. The increase became effective for the November 2019 distribution, and was paid on December 16, 2019 to unitholders of record as at November 29, 2019.

On May 22, 2019, the REIT acquired partial interests in three properties controlled by the REIT located in Mississauga, Ontario, for a purchase price of \$8.0 million, including closing costs and the assumption of partial interest of the mortgages secured by the properties.

On April 30, 2019, the REIT sold a property located in Harahan, Louisiana, comprising 48 suites, for gross proceeds of \$4.4 million (US\$3.3 million) and the purchaser assumed the mortgage secured by the property in the amount of \$2.9 million (US\$2.1 million).

On March 27, 2019, the REIT sold a property located in Gretna, Louisiana, comprising 261 suites, for gross proceeds of \$22.6 million (US\$16.8 million), including closing costs, and repaid the mortgage secured by the property in the amount of \$11.3 million (US\$8.4 million)

On March 19, 2019, the REIT sold a property located in New Iberia, Louisiana, comprising 148 suites, for gross proceeds of \$8.2 million (US\$6.2 million), including closing costs, and the purchaser assumed the mortgage secured by the property in the amount of \$5.9 million (US\$4.5 million).

On March 19, 2019, the REIT sold a property located in Lafayette, Louisiana, comprising 192 suites, for gross proceeds of \$15.1 million (US\$11.3 million), including closing costs, and the purchaser assumed the mortgage secured by the property in the amount of \$9.4 million (US\$7.1 million).

On February 1, 2019, the REIT sold a property located in Shreveport, Louisiana, comprising 194 suites, for gross proceeds of \$13.5 million (US\$10.3 million), including closing costs, and the purchaser assumed the mortgage secured by the property in the amount of \$7.0 million (US\$5.3 million).

ITEM 3 NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

The REIT has been formed to own multi-suite residential properties across Canada and the United States. The objectives of the REIT are to: (i) generate stable and growing cash distributions on a tax-efficient basis; (ii) enhance the value of the REIT's assets and maximize the long-term value of the Units through active asset and property management; and (iii) expand the asset base of the REIT primarily through acquisitions and the improvement of its properties through targeted and strategically deployed capital expenditures.

Select additional information regarding the property portfolio is included as Appendix "A".

Management Strategy

The REIT's external growth strategy is focused on opportunities to acquire additional multi-suite residential properties located in urban centres and major suburban regions in Canada and in the United States that satisfy the REIT's investment criteria, as well as generating greater cash flow from its properties. The REIT will seek to leverage its relationship with Morguard to access acquisition opportunities that satisfy the REIT's investment criteria. Additionally, subject to limited exceptions, the REIT has the right of first opportunity to acquire the existing interests in Morguard's multi-suite residential properties prior to any disposition by Morguard to a third party.

The REIT's internal growth strategy is focused on maximizing cash flow from its portfolio. The REIT intends to increase cash flows by maximizing occupancy and average monthly rent, taking into account local conditions in each of its regional markets, managing its operating costs as a percentage of revenues and strengthening its asset base through its building infrastructure improvement and capital expenditure programs.

Overview of Property Portfolio

At December 31, 2021, the REIT's multi-suite residential property portfolio consists of 16 Canadian properties and 27 U.S. properties, having a total of 13,275 residential suites. The properties are primarily located in urban centres and major suburban regions in Alberta, Ontario, Colorado, Texas, Louisiana, Illinois, Georgia, Florida, North Carolina, Virginia and Maryland.

The following table details the regional distribution of the REIT's portfolio as at December 31, 2021:

PORTFOLIO COMPOSITION

Region (In thousands of dollars, except as otherwise noted)	Number of Properties	Total Suites ⁽¹⁾	% of the Portfolio (based on suites)	Fair Value of Real Estate Properties ⁽¹⁾
Canadian Properties				
Alberta	1	277	2.1%	\$57,200
Ontario				
Mississauga	7	2,219	16.7%	786,300
Toronto	6	1,997	15.0%	436,650
Other ⁽²⁾	2	842	6.4%	221,500
	16	5,335	40.2%	\$1,501,650
U.S. Properties				
Colorado	2	454	3.4%	\$136,162
Texas	3	1,021	7.7%	219,710
Louisiana	3	393	3.0%	74,673
Illinois	2	1,205	9.1%	556,185
Georgia	3	814	6.1%	189,029
Florida	10	2,593	19.5%	621,095
North Carolina	2	864	6.5%	199,805
Virginia	1	104	0.8%	65,545
Maryland	1	492	3.7%	177,619
	27	7,940	59.8%	\$2,239,823
Total	43	13,275	100.0%	\$3,741,473

(1) Total suites and fair value of real estate properties include non-controlling interest; the REIT, on a proportionate basis, has ownership of 12,255 suites. Fair value of real estate properties represents the sum of income producing properties (\$3,256,158) and equity-accounted investment properties (\$485,315) inclusive of non-controlling interest share.

(2) Other Ontario includes one property in each of Kitchener, Ontario and Ottawa, Ontario.

Risks and Uncertainties

An investment in securities of the REIT involves significant risks. Investors should carefully consider the risks described below and the other information described elsewhere in this AIF before making a decision to buy securities of the REIT. If any of the following or other risks occur, the REIT's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the ability of the REIT to make distributions to Unitholders and the Partnership to make distributions could be adversely affected, the trading price of securities of the REIT could decline and investors could lose all or part of their investment in such securities. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

There are certain risks inherent in an investment in the securities of the REIT and in the activities of the REIT, including those set out in the REIT's publicly filed disclosure available on SEDAR.

The following are business risks the REIT expects to face in the normal course of its operations and management's strategy to reduce the potential impact.

COVID-19 and Other Pandemic or Epidemic Risks

The ongoing COVID-19 pandemic has led to prolonged voluntary and mandatory building closures, business closures, government restrictions on travel, movement and gatherings, quarantines, curfews, self-isolation and physical distancing. The impact of these measures has led to a general shutdown of economic activity and has disrupted workforce and business operations both in North America and other parts of the world. Such occurrences could have a material adverse effect on the demand for real estate, the ability of tenants to pay rent and the debt and equity capital markets. The duration and impact of the ongoing COVID-19 pandemic is

unknown at this time, as is the efficacy of the government and central bank interventions. The pace of recovery following such occurrences cannot be accurately predicted, nor can the impact on the REIT's business and operations, real estate valuations, securities, cash flows, results of operations and the REIT's ability to obtain additional financing or re-financing and ability to make distributions to Unitholders.

Specifically, such enhanced risks associated with COVID-19 may include, but are not limited to:

- (a) a material reduction in rental revenue and related collections due to associated financial hardship, unemployment and non-essential business orders governing the complete and partial closure of certain businesses;
- (b) a material increase in vacancy potentially caused by the resulting economic crisis, changes in consumer demand for businesses' products and services, changes in businesses' real estate requirements and the inability of businesses to operate in the normal course or at all;
- (c) uncertainty of real estate valuations resulting from the impact of a potential decline in revenue and/or lack of market activity and demand for real estate;
- (d) the negative impact on Canadian and global debt and equity capital markets, impacting both pricing and availability;
- (e) ability to access capital markets at a reasonable cost;
- (f) the trading price of the REIT's securities;
- (g) the impact of additional legislation, regulation, fiscal and monetary policy responses and other government interventions;
- (h) uncertainty delivering services due to illness, REIT or government-imposed isolation programs, restrictions on the movement of personnel, closures and supply chain disruptions;
- (i) uncertainty associated with costs, delays and availability of resources required to complete major maintenance and expansion projects on time and on budget, and lease-up space following completion of development projects;
- (j) adverse impacts on the creditworthiness of tenants and other counterparties; and
- (k) increased risk of cyber-attacks due to remote working environments and increased reliance on information technology infrastructure.

The foregoing is not an exhaustive list of all risk factors.

Developments since March 2020 regarding the COVID-19 pandemic have resulted in a substantive shift in management's focus towards ensuring the continued health and safety of our employees, tenants and service partners, compliance with guidelines and requirements issued by various health authorities and government organizations, and continuity of other critical business operations. The REIT remains focused on delivering our key business operations.

Other outbreaks of pandemics and epidemics may have similar impacts on our business, operations, financial condition and ability to make distributions to Unitholders.

Operating Risk

Real estate has a high fixed cost associated with ownership, and income lost due to vacancies cannot easily be minimized through cost reduction. Substantially all of our leases are for a term of one year or less. Because these leases generally permit residents to leave at the end of the lease without penalty, our rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms.

Tenant retention and leasing vacant suites are critical to maintaining occupancy levels. The ongoing COVID-19 pandemic and changing economic and demographic conditions may adversely impact tenant retention in certain locations. Through well-located and professionally managed properties, management seeks to increase tenant loyalty and become the landlord of choice. The REIT reduces operating risk through diversification of its portfolio by tenants, lease maturities, product and location.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property regardless of

whether a property is producing any income. If the REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

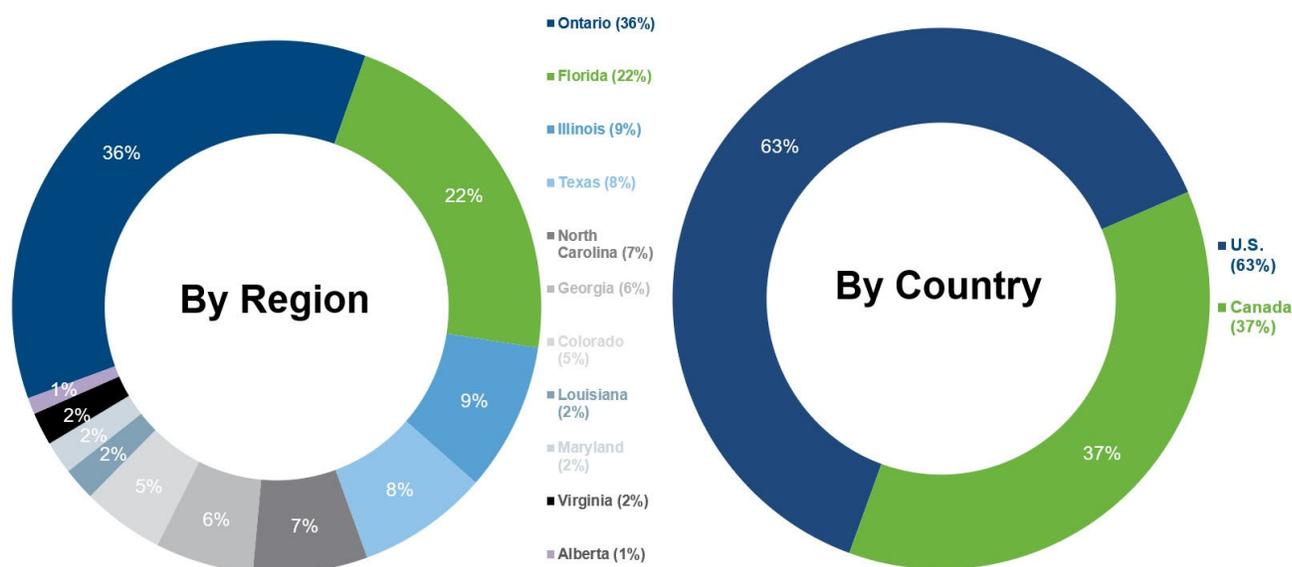
The REIT is also subject to utility and property tax risk relating to increased costs that the REIT may experience as a result of higher resource prices, as well as its exposure to significant increases in property taxes. There is a risk that property taxes may be raised as a result of revaluations of municipal properties and their adherent tax rates. In some instances, enhancements to properties may result in a significant increase in property assessments following a revaluation. Additionally, utility expenses, mainly consisting of natural gas, water and electricity service charges, have been subject to considerable price fluctuations over the past several years. Unlike commercial leases, which generally are "net" leases and allow a landlord to recover expenditures, residential leases are generally "gross" leases, and the landlord is not able to pass on costs to its tenants.

The REIT currently relies on third-party vendors, developers, co-owners and strategic partners to provide the REIT with various services or to complete projects. The lack of an effective process for developing joint venture arrangements or for contract tendering, drafting, review, approval and monitoring may pose a risk for the REIT. The REIT may not be able to negotiate contract terms, service levels and rates that are optimal for the REIT. In addition, co-owners or joint venture partners may fail to fund their share of capital, may not comply with the terms of any governing agreements or may incur reputational damage which could negatively impact the REIT. Inefficient, ineffective or incomplete vendor management/partnership strategies, policies and procedures could impact the REIT's reputation, operations and/or financial performance.

In connection with the prudent management of its properties, the REIT makes significant property capital investments (for example, to upgrade and maintain building structure, balconies, parking garages, roofing, and electrical and mechanical systems). The REIT commissioned building condition reports in connection with the acquisition of each of the properties and has committed to a multi-year property capital investment plan based on the findings of such reports. The REIT continually monitors its properties to ensure appropriate and timely capital repairs and replacements are carried out in accordance with its property capital investment programs. The REIT requires sufficient capital to carry out its planned property capital investment and repair and refurbishment programs to upgrade its properties or it could be exposed to operating business risks arising from structural failure, electrical or mechanical breakdowns, fire or water damage, etc., which may result in significant loss of earnings to the REIT.

Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

For the year ended December 31, 2021, the REIT's portfolio diversification (inclusive of equity-accounted investments) as a percentage of net operating income is as follows:



Harmonized Sales Tax (“HST”)

Currently, there is generally no HST on residential rents (that is, they are generally HST exempt). As input tax credits for HST paid can only be claimed if the payments are in respect of commercial activities and as renting residential properties is not a commercial activity, the REIT is not able to claim input tax credits for HST paid. In the future, the effect of increasing the HST rate or extending its application to a variety of new business input costs presently not subject to HST means landlords may have to absorb the additional tax costs on business inputs.

Credit Risk

The REIT’s primary business is the ownership and operation of multi-suite residential properties. The income stream generated by tenants paying rent can be affected by general and local economic conditions and by a change in the credit and financial stability of tenants. Examples of local conditions that could adversely affect income include oversupply of space or reduced demand for rental space, the attractiveness of the REIT’s properties compared to other residential properties and fluctuation in real estate taxes, insurance and other operating costs. The REIT may be adversely affected if tenants become unable to meet their financial obligations under their leases, including as a result of the COVID-19 pandemic and related financial conditions that impact their creditworthiness.

Competition

The multi-suite residential real estate sector is highly competitive. The REIT faces competition from many sources, including other multi-suite residential buildings in the immediate vicinity and the broader geographic areas where the REIT’s residential properties are located. In addition, overbuilding in the multi-suite residential sector, particularly in the United States, may increase the supply of multi-suite residential properties, further increasing the level of competition in certain markets. Such competition may reduce occupancy rates and rental revenues of the REIT and could have a material adverse effect on the REIT’s business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Furthermore, the multi-suite residential properties that the REIT owns or may acquire compete with numerous housing alternatives in attracting tenants, including owner-occupied single and multi-family homes available to rent or purchase. The relative demand for such alternatives may be increased by declining mortgage interest rates, government programs that promote home ownership or other events or initiatives that increase the affordability of such alternatives to multi-suite residential rental properties and could materially adversely affect the REIT’s ability to retain tenants, lease suites and increase or maintain rental rates. Such competition may reduce occupancy rates and rental revenues of the REIT and could have a material adverse effect on the REIT’s business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

The competition for multi-suite residential properties available for sale may significantly increase the cost of acquiring such assets and may result in such assets being acquired by the REIT at prices or on terms that are comparatively less favourable to the REIT or may result in such assets being acquired by competitors of the REIT. In addition, the number of entities seeking to acquire multi-suite residential properties and/or the amount of funds competing for such acquisitions may increase. In addition, single-property acquisitions from tax-motivated individual sellers may be available for sale only at a higher cost to the REIT relative to portfolio acquisitions. Increases in the cost to the REIT of acquiring multi-suite residential properties may materially adversely affect the ability of the REIT to acquire such properties on favourable terms and may otherwise have a material adverse effect on the REIT’s business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Environmental Risk

As an owner of real property, the REIT is subject to various laws relating to environmental matters. These laws impose liability for the cost of removal and remediation of certain hazardous materials released or deposited on properties owned or managed by the REIT or on adjacent properties. The failure to remove or remediate such substances or locations, if any, could adversely affect the REIT’s ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the REIT. As a result, Phase 1 environmental site assessments are completed prior to the acquisition of any property. Once the

property is acquired, environmental assessment programs ensure continued compliance with all laws and regulations governing environmental and related matters. The REIT's management is responsible for ensuring compliance with environmental legislation and is required to report quarterly to the REIT's Board of Trustees. The REIT has certain properties that contain hazardous substances, and management has concluded that the necessary remediation costs will not have a material impact on its operations. The REIT has obtained environmental insurance on certain assets to further manage risk.

Climate Change Risk

The REIT is exposed to risks associated with inclement winter weather, including increased need for maintenance and repair and/or energy costs at its properties. Any of these events might have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Morguard has a sustainability program which helps the group structure efforts and act on environmental, social and governance risks and opportunities that are most important to its stakeholders. These major areas of focus are:

- decreasing energy and water use; reducing waste and emissions;
- creating excellence in energy and environmental management that result in green building certifications;
- collecting consistent data that tracks and validates its performance towards its objectives;
- reporting transparency;
- engaging investors, employees and tenants to support its initiatives; and
- driving new sustainability ideas and policies that align with this focus area.

Risk of Loss Not Covered by Insurance

The REIT generally maintains insurance policies related to its business, including casualty, general liability and other policies covering the REIT's business operations, employees and assets; however, the REIT would be required to bear all losses that are not adequately covered by insurance, as well as any insurance deductibles. In the event of a substantial property loss, the insurance coverage may not be sufficient to pay the full current market value or current replacement cost of the property. In the event of an uninsured loss, the REIT could lose some or all of its capital investment, cash flow and anticipated profits related to one or more properties. Although the REIT believes that its insurance programs are adequate, assurance cannot be provided that the REIT will not incur losses in excess of insurance coverage or that insurance can be obtained in the future at acceptable levels and reasonable cost.

Risk of Natural Disaster

While the REIT has insurance to cover a substantial portion of damages to properties caused by hurricanes and other natural disasters, the insurance includes deductible amounts, and certain items may not be covered by insurance. The REIT's operations and properties may be significantly affected by future natural disasters which may expose the REIT to loss of rent and incur additional storm cleanup costs.

Risk Related to Insurance Renewals

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for terrorism. When the REIT's current insurance policies expire, the REIT may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms, including limits and deductibles customarily carried for similar properties. Such insurance may be more limited and, for catastrophic risks (for example, earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if the REIT were able to renew our policies at levels and with limitations consistent with its current policies, the REIT cannot be sure that it will be able to obtain such insurance at premium rates that are commercially reasonable. If the REIT were unable to obtain adequate insurance on its properties for certain risks, it could cause the REIT to be in default under specific covenants

on certain of its indebtedness or other contractual commitments it has that require the REIT to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur or if the REIT were unable to obtain adequate insurance and its properties experienced damages that would otherwise have been covered by insurance, it could adversely affect the REIT's financial condition and the operations of its properties.

Relative Liquidity of Real Estate

Real estate is not considered to be a liquid investment as it requires a reasonable sales period and normal market conditions to generate multiple bids to complete the sales process. The characteristics of the property being sold and general and local economic conditions can affect the time required to complete the sales process.

Liquidity and Capital Availability Risk

Liquidity risk is the risk that the REIT cannot meet a demand for cash or fund its obligations as they come due. Although a portion of the cash flows generated by the properties is devoted to servicing such outstanding debt, there can be no assurance that the REIT will continue to generate sufficient cash flows from operations to meet interest payments and principal repayment obligations upon an applicable maturity date. If the REIT is unable to meet interest payments and principal repayment obligations, it could be required to renegotiate such payments or issue additional equity or debt or obtain other financing. The failure of the REIT to make or renegotiate interest or principal payments or issue additional equity or debt or obtain other financing could have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

The real estate industry is highly capital intensive. The REIT requires access to capital to fund operating expenses, to maintain its properties, to fund its growth strategy and certain other capital expenditures from time to time, and to refinance indebtedness. Although the REIT expects to have access to the existing revolving credit facilities, there can be no assurance that it will otherwise have access to sufficient capital or access to capital on favourable terms. Further, in certain circumstances, the REIT may not be able to borrow funds due to limitations set forth in the Declaration of Trust. Failure by the REIT to access required capital could have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Liquidity and capital availability risks are mitigated by maintaining appropriate levels of liquidity, by diversifying the REIT's sources of funding, by maintaining a well-diversified debt maturity profile and by actively monitoring market conditions.

Reporting Investment Property at Fair Value

The REIT holds investment property to earn rental income or for capital appreciation, or both. All investment properties are measured using the fair value model under IFRS, whereby changes in fair value are recognized for each reporting period in the consolidated statements of income (loss) and comprehensive income (loss). Management values each investment property based on the most probable price that a property should be sold for in a competitive and open market as of the specified date under all conditions requisite to a fair sale, such as the buyer and seller each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus. Each investment property has been valued on a highest and best use basis.

There is a risk that general declines in real estate markets or sales of assets by the REIT under financial or other hardship, including as a result of changes in demand for real estate resulting from COVID-19 and related economic conditions, would have an impact on the fair values reported or the cash flows associated with owning or disposing of such properties. Market assumptions applied for valuation purposes do not necessarily reflect the REIT's specific history or experience, and the conditions for realizing the fair values through a sale may change or may not be realized. Consequently, there is a risk that the actual fair values may differ, and the differences may be material. In addition, there is an inherent risk related to the reliance on and use of a single appraiser because this approach may not adequately capture the range of fair values that market participants would assign to the investment properties. Certain ratios and covenants could be negatively affected by downturns in the real estate market and could have a significant impact on the REIT's operating revenues and cash flows, as well as the fair values of the investment properties.

Financing Risk

The REIT is subject to the risks associated with debt financing, including the risk that mortgages and credit facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. The COVID-19 pandemic and related economic and market conditions may adversely impact credit and capital markets. To minimize this risk, the REIT has structured its debt maturities over a number of years and has negotiated fixed interest rates on all of its mortgages payable.

As at December 31, 2021, the majority of the REIT's mortgages are insured in Canada under the *National Housing Act* ("NHA") and administered by CMHC and in the U.S. with Fannie Mae, Freddie Mac or the U.S. Department of Housing and Urban Development ("HUD") insured mortgages. The REIT seeks to manage its financing risk by maintaining a balanced maturity profile with no significant debts coming due in any period.

The use of CMHC, Fannie Mae, Freddie Mac or HUD insured mortgages ("insured mortgages") will assist the REIT in managing its renewal risk, allowing the REIT to increase the overall credit quality of the mortgage and, as such, enable the REIT to obtain preferential interest rates as well as facilitating easier renewal on its due dates. However, there can be no assurance that the renewal of debt will be on as favourable terms as the REIT's existing debt. Insured mortgages are major sources of financing for the multifamily residential sector and any potential reduction in loans, guarantees and credit enhancement arrangements could limit the availability of financing, increase the cost of financing or otherwise decrease the liquidity and credit available to the multifamily residential sector generally and the REIT specifically. To the extent that any insured mortgage financing requires consent or approval that is not obtained or that such consent or approval is only available on unfavourable terms, the REIT may be required to finance a conventional mortgage, which may be less favourable to the REIT than an insured mortgage.

Foreign Exchange Risk

A significant portion of the REIT's real estate properties are located in the United States. As a result, the REIT is exposed to foreign currency exchange rate risk with respect to future cash flows derived from the properties located in the United States. The REIT's exposure to exchange rate risk could increase if the proportion of income from properties located in the United States increases as a result of future property acquisitions.

As at December 31, 2021, the Canadian dollar value was US\$0.789 compared to US\$0.785 a year earlier. The average exchange rate for the year ended December 31, 2021, was US\$0.80 compared to US\$0.75 during 2020. The strengthening of the Canadian dollar during 2021 resulted in an unrealized foreign currency translation loss of approximately \$1.2 million for the year ended December 31, 2021, recognized in other comprehensive income (loss).

The REIT mitigates its foreign currency exposure by offsetting certain revenues earned in United States dollars from its U.S. properties against expenses and liabilities undertaken by the REIT in United States dollars.

Internal Controls

Effective internal controls are necessary for the REIT to provide reliable financial reports and to help prevent fraud. Although the REIT undertakes a number of procedures and Morguard and certain of its subsidiaries implement a number of safeguards, in each case, in order to help ensure the reliability of their respective financial reports, including those imposed on the REIT under Canadian securities law, the REIT cannot be certain that such measures ensure that the REIT will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls or difficulties encountered in their implementation could harm the REIT's results of operations or cause it to fail to meet its reporting obligations. If the REIT or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the REIT's consolidated financial statements and materially adversely affect the trading price of the REIT's securities.

The REIT's management has evaluated the effectiveness of the REIT's disclosure controls and procedures and, based on such evaluation, has concluded that their design and operation are adequate and effective as of and for the year ended December 31, 2021. The REIT's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design and operation are effective as of and for the year ended December 31, 2021.

Volatile Market Price for the REIT's Securities

The market price for the REIT's securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT's control, including the following: (i) the actual or perceived impact of the COVID-19 pandemic and related financial conditions; (ii) actual or anticipated fluctuations in the REIT's financial performance and future prospects; (iii) recommendations by securities research analysts; (iv) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (v) addition to or departure of the REIT's executive officers; (vi) release or expiration of lock-up or other transfer restrictions on outstanding Units or Class B LP Units; (vii) sales or perceived sales of additional Units; (viii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; (ix) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT's industry or target markets; (x) liquidity of the REIT's securities; (xi) prevailing interest rates; (xii) the market price of other REIT securities; (xiii) a decrease in the amount of distributions declared and paid by the REIT; and (xiv) general economic conditions.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the REIT's securities may decline even if the REIT's financial performance, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT's environmental, governance and social practices and performance compared to such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the REIT's securities by those institutions. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, the REIT's operations could be adversely impacted and the trading price of the securities may be adversely affected.

Dilution

The number of Units and the principal amount of Debentures under the Indenture that the REIT is authorized to issue are unlimited. The REIT may, in its sole discretion, issue additional Units and/or Debentures from time to time subject to the rules of any applicable stock exchange on which the Units are then listed and applicable securities law. The issuance of any additional Units and/or Debentures may have a dilutive effect on the interests of holders of Units and/or Debentures.

Distributions

As a result of seasonal fluctuations in cash flows or other potential reductions in cash flow, including those that may result from decreases in rental revenues relating to the COVID-19 pandemic and related economic conditions, the REIT from time to time may pay distributions to Unitholders that have exceeded cash flow from operating activities. As a result, the REIT has not funded distributions from alternate sources such as the Morguard Facility, mortgages or other financing instruments, has not made any distributions that have included a return of capital and has not been required to amend any material contracts. There can be no assurance in the future that the REIT will continue to fund distributions entirely from cash from operating activities. In such an event, the REIT may be required to fund its distributions from sources other than operations, such as the Morguard Facility, mortgages or other financing instruments, make distributions that include a return of capital or amend material contracts. In addition, non-cash distributions, such as the issuance of Units under the DRIP, have the effect of increasing the number of Units outstanding, which may cause cash distributions to increase over time assuming stable per Unit cash distribution levels.

Acquisition and Development Risk

The REIT's investment criteria are focused on well-located assets, with minimal leasing exposure in the short term and credit-worthy tenants with strong covenants. The strategy includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If the REIT is unable to manage its growth effectively, it could have a material adverse

effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to holders of Units will increase in the future.

To mitigate development risk, the REIT's development criteria for greenfield development emphasizes prudent selection of development sites, minimal land banking and an adequate level of leasing prior to commencing construction. To further reduce risk, the REIT attempts to have interim financing and fixed construction contracts in place at the outset of any development.

The REIT will rely on Morguard's expertise in identifying acquisition opportunities, underwriting potential transactions, transaction execution and asset management capabilities. Morguard also provides similar services to its other clients and will concurrently present acquisition opportunities to the REIT and to its other clients. The provision by Morguard of similar services to its other clients may increase the cost of acquiring properties that are of interest to the REIT, increase competition for those acquisitions generally or inhibit their acquisition altogether.

If the REIT is unable to manage its growth effectively, it could have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to holders of Units will increase in the future.

Potential Conflicts of Interest with Trustees

The Trustees will from time to time in their individual capacities deal with parties with whom the REIT may be dealing or who may be seeking investments similar to those desired by the REIT. The interests of these individuals could conflict with those of the REIT. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. In addition, certain decisions regarding matters that may give rise to a conflict of interest must be made by a majority of Independent Trustees only. Conflicts may also exist due to the fact that certain Trustees of the REIT will be affiliated with Morguard and will be nominated by Morguard.

Dependence on Morguard

The REIT is dependent upon Morguard for certain operational, administrative, information system and risk management services relating to the REIT's business. Should Morguard terminate the Asset Management Agreement, the REIT may be required to engage the services of an external asset manager. The REIT may be unable to engage an asset manager on acceptable terms, in which case the REIT's operations and cash available for distribution may be adversely affected. A part of our success depends in part on our ability to attract and retain the services of qualified personnel, especially executive officers who are responsible for making important capital allocation decisions. There is substantial competition for qualified personnel in the real industry, and the loss of key qualified personnel could adversely affect the REIT.

Significant Ownership by Morguard

At the date hereof, Morguard holds an approximately 44.7% effective interest in the REIT through ownership of, or the control or direction over, Units and Class B LP Units. For so long as Morguard maintains a significant effective interest in the REIT, Morguard benefits from certain contractual rights regarding the REIT and the Partnership, such as pre-emptive rights to maintain its *pro rata* ownership interest in the REIT and the Partnership and certain "tag-along" rights to sell a proportionate number of its Units pursuant to a *bona fide* third-party offer to the REIT to purchase any of the securities of a partnership controlled by the REIT on the same terms and conditions set forth in the *bona fide* offer. Morguard has the ability to exercise influence with respect to the affairs of the REIT and significantly affect the outcome of Unitholder votes and also may have the ability to effectively prevent certain fundamental transactions. Morguard's significant effective interest may discourage transactions involving a change of control of the REIT, including transactions in which an investor might otherwise receive a premium for its Units over the then current market price.

Potential Conflicts of Interest with Morguard

Morguard's continuing businesses may lead to conflicts of interest between Morguard and the REIT. The REIT may not be able to resolve any such conflicts, and, even if it does, the resolution may be less favourable to the REIT than if it were dealing with a party that was not a holder of a significant interest in the REIT. The agreements that the REIT entered into with Morguard may be amended upon agreement between the parties, subject to applicable law and approval of the Independent Trustees. Because of Morguard's significant holdings in the REIT, the REIT may not have the leverage to negotiate any required amendments to these agreements on terms as favourable to the REIT as those the REIT could secure with a party that was not a significant holders of Units.

Risk Related to Government Regulations

Certain jurisdictions in Canada and the United States have enacted residential tenancy legislation that, among other things, imposes rent control guidelines that limit the REIT's ability to raise rental rates at its properties. Limits on the REIT's ability to raise rental rates at its properties may materially adversely affect the REIT's ability to increase income from its properties.

In addition to limiting the REIT's ability to raise rental rates, provincial and territorial residential tenancy legislation provides certain rights to tenants, while imposing obligations upon the landlord. Residential tenancy legislation in the provinces of Alberta and Ontario prescribes certain procedures that must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the respective administrative body governing residential tenancies as appointed under a province's residential tenancy legislation, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Under Ontario's rent control legislation, a landlord is entitled to increase the rent for existing tenants once every 12 months by no more than the "guideline amount" based on the Ontario Consumer Price Index ("CPI"). The guideline increase cannot be more than 2.5%, even if the CPI increase is higher. For the calendar year 2021, the guideline amount was established at 0.0% (2.2% for 2020). This adjustment is meant to take into account the income of the building and the municipal and school taxes, the insurance bills, the energy costs, maintenance and service costs. Landlords may apply to the Ontario Rental Housing Tribunal for an increase above the guideline amounts if annual costs for heat, hydro, water or municipal taxes have increased significantly or if building security, maintenance and service costs have increased. When a suite is vacated, however, the landlord is entitled to lease the suite to a new tenant at any rental amount, after which annual increases are limited to the applicable guideline amount. The landlord may also be entitled to a greater increase in rent for a suite under certain circumstances, including, for example, where extra expenses have been incurred as a result of a renovation of that suite.

Further, residential tenancy legislation in certain jurisdictions in Canada and the United States provides the tenant with the right to bring certain claims to the respective administrative body seeking an order to, among other things, compel the landlord to comply with health, safety, housing and maintenance standards. As a result, the REIT may, in the future, incur capital expenditures that may not be fully recoverable from tenants. The inability to fully recover substantial capital expenditures from tenants may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Residential tenancy legislation may be subject to further regulations or may be amended, repealed or enforced, or new legislation may be enacted, in a manner that will materially adversely affect the ability of the REIT to maintain the historical level of earnings of its properties.

Morguard Residential REIT Unitholder Taxation

The Tax Act contains rules (the "SIFT Rules") that apply to a SIFT. A SIFT includes a publicly listed or traded partnership or trust such as an income trust. Under the SIFT Rules, certain distributions will not be deductible in computing the SIFT trust's taxable income, and the SIFT trust will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT trust as returns of capital should generally not be subject to the tax. The SIFT Rules do not apply to a trust that satisfies certain conditions relating to the nature of its income and investments (the

“REIT Exception”). Although, as of the date hereof, management believes that the REIT will be able to meet the requirements of the REIT Exception throughout 2021 and beyond, there can be no assurance that the REIT will be able to qualify for the REIT Exception such that the REIT and the Unitholders will not be subject to the SIFT Rules in 2022 or in future years.

In the event that the SIFT Rules apply to the REIT, the impact to Unitholders will depend on the status of the holder and, in part, on the amount of income distributed, which would not be deductible by the REIT in computing its income in a particular year, and what portions of the REIT’s distributions constitute “non-portfolio earnings”, other income and returns of capital. The likely effect of the SIFT Rules on the market for Units and on the REIT’s ability to finance future acquisitions through the issue of Units or other securities is unclear. If the SIFT Rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

The REIT intends to comply with the requirements under the Tax Act at all relevant times such that it will maintain its status as a “unit trust” and a “mutual fund trust” for purposes of the Tax Act. Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-residents, except in limited circumstances. Accordingly, non-residents may not be the beneficial owners of more than 49% of the Units (determined on a basic or a fully diluted basis). The Trustees will also have various powers that can be used for the purpose of monitoring and controlling the extent of non-resident ownership of the Units. The restrictions on the issuance of Units by the REIT to non-residents may negatively affect the REIT’s ability to raise financing for future acquisitions or operations. In addition, the non-resident ownership restrictions could have a negative impact on the liquidity of the Units and the market price at which Units can be sold. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts will not be changed in a manner that adversely affects unitholders.

The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are non-residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. Unitholders who are non-residents should consult their own tax advisers.

The Tax Act includes “loss restriction event” (“LRE”) rules that could potentially apply to the REIT. In general, the REIT will be subject to a LRE if a person (or group of persons) acquires more than 50% of the fair market value of the Units. If a LRE occurs: (i) the REIT will be deemed to have a year-end for tax purposes immediately before the LRE occurs; (ii) any net income and net realized capital gains of the REIT at such year-end will be distributed to unitholders to the extent required for the REIT not to be liable for income taxes, and (iii) the REIT will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE in taxation years that end after the time of the LRE.

Litigation Risks

In the normal course of the REIT’s operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT and, as a result, could have a material adverse effect on the REIT’s assets, liabilities, business, financial condition and results of operations. Even if the REIT prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the REIT’s business operations, which could have a material adverse effect on the REIT’s business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Withholding Tax

The Tax Act generally provides that withholding tax is not payable on interest paid or credited to non-residents of Canada who deal at arm’s length with the payor. However, withholding tax continues to apply to payments of “participating debt interest”, which is defined as interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion of the obligation or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an “excess”). The deeming rule does not apply with respect to certain “excluded obligations”, although it is not clear whether a particular convertible debenture would qualify as an “excluded obligation”. If a convertible debenture is not an excluded obligation, issues that arise are: (i) whether any excess would be considered to exist; (ii) whether any such excess that is deemed to be interest is participating debt interest, and (iii) if the excess is participating debt interest, whether that results in all interest on the obligation being considered to be participating debt interest.

The issue of whether an excess amount is properly characterized as participating debt interest is uncertain and the CRA has not provided any definitive guidance in this regard. Accordingly, there is a risk that the CRA could take the position that amounts paid or payable by the REIT to a non-resident holder of Debentures on account of interest or any excess amount may be subject to Canadian withholding tax at a rate of 25% (subject to any reduction in accordance with any applicable income tax treaty or convention).

The Indenture does not contain a requirement for us to increase the amount of interest or other payments to holders of Debentures should the REIT be required to withhold amounts with respect to income or similar taxes on payments of interest or other amounts.

Investment Restrictions

The REIT has been structured and operates in adherence to stringent investment restrictions and operating policies as set out in its Declaration of Trust and as applicable under tax laws relating to real estate investment trusts. These policies cover such matters as the type and location of properties that the REIT can acquire, the maximum leverage allowed, environmental matters and investment restrictions.

In addition, pursuant to the Declaration of Trust, the REIT’s overall leverage is limited to 70% of its reported Gross Book Value, unless the Independent Trustees, in their discretion, determine that the maximum amount of Indebtedness should be based on the appraised value of the properties instead of Gross Book Value. As the REIT reports gross book value at fair market value under IFRS, these amounts are not expected to be materially different.

Dependence on the Partnership

The REIT is an unincorporated, open-ended real estate investment trust that is entirely dependent on the operations and assets of the Partnership through the REIT’s ownership of a 69.4% limited partnership interest in the Partnership. Cash distributions to holders of Units will be dependent on, among other things, the ability of the Partnership to make cash distributions with respect to the Class A LP Units. The Partnership and its subsidiaries are separate and distinct legal entities. The ability of the Partnership to make cash distributions or other payments or advances will depend on the Partnership’s results of operations and may be restricted by, among other things, applicable corporate, tax and other laws and regulations and contractual restrictions contained in the instruments governing any indebtedness of the Partnership (including the Retained Debt), any priority distributions contained in the Limited Partnership Agreement and other agreements governing the Partnership and restrictions contained in the agreements governing the arrangement with the co-owners of certain properties.

Nature of Investment in Units

The Units represent a fractional interest in the REIT and do not represent a direct investment in the REIT’s assets and should not be viewed by investors as direct securities of the REIT’s assets. A holder of a Unit does not hold a share of a body corporate. Holders of Units, in such capacity, do not have statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring “oppression” or “derivative” actions against the REIT. The rights of holders of Units are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the *CBCA* Act, which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a

recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada), and thus the treatment of holders of Units upon an insolvency is uncertain.

Unitholder Liability

The Declaration of Trust provides that no holders of Units will be subject to any liability whatsoever to any person in connection with a holding of Units. In addition, legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide holders of Units in those provinces with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a holder of Units could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. The affairs of the REIT are conducted in a manner to seek to minimize such risk wherever possible.

The Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier will be held to have any personal liability as such, and that no recourse may be had to the private property of any Unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the REIT. Only assets of the REIT are intended to be liable and subject to levy or execution.

The following provinces have legislation relating to Unitholder liability protection: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec. Certain of these statutes have not yet been judicially considered, and it is possible that reliance on such statutes by a unitholder could be successfully challenged on jurisdictional or other grounds. The Trustees will cause the operations of the REIT to be conducted, with the advice of counsel, in a manner and in such jurisdictions so as to avoid, as far as practicable, any material risk of liability to the Unitholders for claims against the REIT. The Trustees will also cause the REIT to carry insurance, to the extent to which they determine to be possible and reasonable, for the benefit of unitholders and annuitants in such amounts as they consider adequate to cover non-contractual or non-excluded liability.

Structural Subordination of Units and the Debentures

In the event of bankruptcy, liquidation or reorganization of the Partnership or any of their subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of the Partnership and those subsidiaries before any assets are made available for distribution to the REIT or holders of Units. The Debentures are effectively subordinated to the debt and other obligations of the Partnership and their subsidiaries. The Partnership and their subsidiaries generate all of the REIT's cash available for distribution and hold substantially all of the REIT's assets.

Credit Risk with Respect to the Debentures, Prior Ranking Indebtedness and Absence of Covenant Protection

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the REIT and its creditworthiness. In addition, the Debentures are unsecured obligations of the REIT and are subordinate in right of payment to all the REIT's existing and future Senior Indebtedness (as defined in the trust indenture that governs the Debentures, the "Indenture"). Therefore, if the REIT becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the REIT's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its Senior Indebtedness and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

The Debentures are also effectively subordinate to claims of creditors (including trade creditors) of the REIT's subsidiaries except to the extent the REIT is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors. The Indenture does not prohibit or limit the ability of the REIT or its subsidiaries to incur additional debt or liabilities (including Senior Indebtedness) or to make distributions, except, with respect to distributions, where an event of default has occurred and such default has not been cured or waived. The Indenture does not contain any provision specifically intended to protect debentureholders in the event of a future leveraged transaction involving the REIT.

Conversion of Debentures Following Certain Transactions

In the case of certain transactions, each Debenture will become convertible into the securities, cash or property receivable by a holder of Units in the kind and amount of securities, cash or property into which the Debenture was convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future. For example, if the REIT were acquired in a cash merger, each Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on the REIT's future prospects and other factors.

Value of Conversion Privilege

Upon the occurrence of a change of control of the REIT, debentureholders will have the right to require the REIT to redeem the Debentures in an amount equal to 101% of the principal amount of the Debentures, plus accrued and unpaid interest until the date of redemption. In the event that debentureholders holding 90% or more of the Debentures exercise their right to require the REIT to redeem the Debentures, the REIT may acquire the remaining Debentures on the same terms. In such event, the conversion privilege associated with the Debentures would be eliminated, which may adversely affect some or all of the debentureholders.

Inability of the REIT to Purchase Debentures on a Change of Control

The REIT may be required to purchase all outstanding Debentures upon the occurrence of a change of control. However, it is possible that following a change of control, the REIT will not have sufficient funds at that time to make any required purchase of outstanding Debentures or that restrictions contained in other present or future indebtedness or agreements will restrict those purchases. The REIT's failure to purchase the Debentures would constitute an event of default under the Indenture, which may also constitute a default under the terms of the REIT's other indebtedness at that time.

Return on Investment on Units not Guaranteed

The Units are equity securities of the REIT and are not traditional fixed income securities. A fundamental characteristic that distinguishes the Units from traditional fixed income securities is that the REIT does not have a fixed obligation to make payments to holders of Units and does not promise to return the initial purchase price of a Unit on a certain date in the future. The REIT has the ability to reduce or suspend distributions to holders of Units if circumstances warrant. The ability of the REIT to make cash distributions to holders of Units, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT and its subsidiaries, and will be subject to various factors, including financial performance, obligations under applicable credit facilities, fluctuations in working capital and capital expenditure requirements. There can be no assurance regarding the amount of income to be generated by the properties. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, unlike interest payments or an interest-bearing debt security, the REIT's cash distributions to holders of Units are composed of different types of payments (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax returns to holders of Units. Therefore, the rate of return over a defined period for a holder of Units may not be comparable to the rate of return on a fixed income security that provides a "return on capital" over the same period.

Technology and Information Security Risk

The REIT uses information technology for general business operations, the effective achievement of strategic business objectives, to improve tenants' experience and to streamline operations. Consequently, the REIT faces information technology risk from its continuous adoption and use of information technology. The risk consists of information technology related events such as cybersecurity incidents that could potentially have an adverse impact on the REIT's financial condition, IT systems, operations and tenants. Although we make efforts to maintain the security and integrity of our IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts will be effective or that attempted security breaches or disruptions will not be successful or damaging.

The efficient operation of the REIT's business is dependent on computer hardware and software systems operated primarily by Morguard. Information systems are vulnerable to cybersecurity incidents. A cybersecurity

incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability or the REIT's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The REIT's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with users, the disclosure of confidential information including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny and fines, as well as litigation and other costs and expenses. Morguard takes data privacy and protection seriously and has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and IT security mechanisms. Additionally, Morguard monitors and assesses risks surrounding collection, usage, storage, protection and retention/destruction practices of personal data. These measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that the REIT's financial results will not be negatively impacted by such an incident.

The REIT and Morguard depend on relevant and reliable information for decision-making and financial reporting. As the volume of data being generated and reported by the REIT increases and evolves, Morguard will continue to undertake investments in IT systems to store, process and leverage such data. The failure to successfully migrate to new IT systems, or disruptions which may arise as a result of the transition to new IT systems, could result in a lack of relevant and reliable information to enable management to effectively achieve its strategic plan or manage the operations of the REIT, which could negatively affect the reputation, operations and financial performance of the REIT. In addition, any significant loss of data or failure to maintain reliable data could negatively affect the reputation, operations and financial performance of the REIT.

ITEM 4 DISTRIBUTION POLICY

The following outlines the distribution policy of the REIT as contained in the Declaration of Trust and the Limited Partnership Agreement. The determination as to amounts actually distributed will be made in the sole discretion of the Trustees.

The REIT currently makes monthly cash distributions of \$0.0583 per Unit, or annually a distribution of \$0.70 per Unit, to holders of Units. The Partnership makes corresponding monthly cash distributions to holders of Class B LP Units. Management of the REIT believes that the current level of distributions set by the REIT will allow the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However, the future level of distributions will be determined by the Trustees from time to time in their discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions. The REIT intends to make distributions to holders of Units at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary Canadian income taxes, net of capital gains tax refunds, on such income. Any increase or reduction in distributions on Units will result in a corresponding increase or reduction in distributions on Class B LP Units.

Holders of Units of record as at the close of business on the last business day of the month preceding a distribution date will have an entitlement on and after that day to receive distributions in respect of that month on such distribution date. Distributions may be adjusted for amounts paid in prior periods if actual figures for such period are greater than or less than the estimates for the applicable prior periods. Under the Declaration of Trust and pursuant to the above-described distribution policy of the REIT, where the REIT's cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units.

The REIT GP, on behalf of the Partnership, will make monthly cash distributions to holders of Class A LP Units and holders of Class B LP Units by reference to the monthly cash distributions payable by the REIT to holders of Units. Distributions to be made on the Class B LP Units will be equal to the distributions that the holders of Class B LP Units would have received if they were holding Units instead of Class B LP Units. Distributions to the General Partners will be made in priority to distributions to holders of Class A LP Units and holders of Class B LP Units.

For the period from closing of the IPO to May 31, 2012, the REIT distributed \$0.0716 per Unit. From June 2012 to October 2016, the REIT distributed \$0.05 per Unit each month. From November 2016 to October 2017, the REIT distributed \$0.05333 per Unit each month. From November 2017 to October 2018, the REIT distributed \$0.0550 per Unit each month. From November 2018 to October 2019, the REIT distributed \$0.0566 per Unit each month. From November 2019 to present, the REIT distributed \$0.0583 per Unit each month.

The Trustees reserve the right to revise the distribution policy at any time to provide for distributions to be made more or less frequently than monthly.

ITEM 5 DESCRIPTION OF REIT SECURITIES AND DECLARATION OF TRUST

General

The Declaration of Trust dated March 1, 2012, was amended and restated effective April 18, 2012, and as most recently amended and restated on February 16, 2021. The REIT was established for the principal purpose of providing persons who may become the holders of Units with an opportunity to participate in the ownership of multi-suite residential real estate in Canada and the United States.

The REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units. Issued and outstanding Voting Units may be subdivided or consolidated from time to time by the Trustees without the approval of the holders thereof.

Units and Special Voting Units

Units

The Units are listed on the TSX under the symbol MRG.UN. As at February 15, 2022, there were 39,071,623 Units outstanding.

Units do not have preference or priority over one another. No holder of Units has or will be deemed to have any right of ownership of any of the assets of the REIT. Each Unit represents a holder's proportionate undivided beneficial ownership interest in the REIT and confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by the REIT, whether of net income, net realized capital gains of the REIT or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units are fully paid and non-assessable when issued (unless issued on an installment receipt basis) and are transferable. The Units are redeemable at the holder's option, as described below under "Redemption Right" and, except for Morguard's pre-emptive rights, the Units have no other conversion, retraction, redemption or pre-emptive rights. On any consolidation, fractional Units, if any, will not be issued but rather rounded down to the nearest whole Unit.

Special Voting Units

As at February 15, 2022, there were 17,223,090 Special Voting Units outstanding.

Special Voting Units have no economic entitlement in the REIT or in the distributions or assets of the REIT but entitle the holder to one vote per Special Voting Unit at any meeting of the REIT's unitholders. Special Voting Units may only be issued in connection with or in relation to securities exchangeable into Units, including Class B LP Units, for the purpose of providing voting rights with respect to the REIT to the holders of such securities. The outstanding Special Voting Units were issued in conjunction with the Class B LP Units to which they relate upon the completion of the acquisition of the Initial IPO Properties. Special Voting Units are not transferable separately from the exchangeable securities to which they are attached and will be automatically transferred upon the transfer of such exchangeable securities. Each Special Voting Unit entitles the holder thereof to that number of votes at any meeting of Unitholders that is equal to the number of Units that may be obtained upon the exchange of the exchangeable security to which such Special Voting Unit is attached. Upon the exchange or surrender of a Class B LP Unit for a Unit, the Special Voting Unit attached to such Class B LP Unit will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders will be required to be called and held in various circumstances, including (i) for the election or removal of Trustees, (ii) the appointment or removal of the auditors of the REIT, (iii) the approval of amendments to the Declaration of Trust, subject to certain limited exceptions, (iv) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees), (v) the termination of the REIT, (vi) generally, any other matter which requires a resolution of Unitholders, and (vii) for the transaction of any other business as the Trustees may determine or as may be properly brought before the meeting. Meetings of Unitholders will be called and held annually, for the election of the Trustees and the appointment of the auditors of the REIT. All meetings of Unitholders must be held in Canada.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 10% of the aggregate Voting Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two or more persons present in person or represented by proxy representing in the aggregate not less than 10% of the total number of outstanding Voting Units on the record date for the meeting will constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Unitholders, will be dissolved, but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy will be deemed to constitute a quorum.

Holders of Special Voting Units have an equal right to be notified of, attend and participate in meetings of Unitholders on the same basis as Unitholders.

Pursuant to the Declaration of Trust, a resolution in writing executed by Unitholders holding a proportion of the outstanding Voting Units (or a class thereof) equal to the proportion required to vote in favour thereof at a meeting of Unitholders to approve that resolution is valid as if it had been passed at a meeting of Unitholders.

Redemption Right

A holder of Units may at any time demand redemption of some or all of its Units by delivering to the REIT a duly completed and properly executed notice requiring redemption in a form satisfactory to the Trustees, together with written instructions as to the number of Units to be redeemed. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

(a) 90% of the Market Price (as defined below) of a Unit calculated as of the date on which the Units were surrendered for redemption (the "Redemption Date"); and

(b) 100% of the Closing Market Price (as defined below) on the Redemption Date.

For purposes of this calculation, the market price of a Unit as at a specified date (the "Market Price") will be:

(a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date;

(b) an amount equal to the weighted average of the Closing Market Prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or

(c) if there was trading on the applicable exchange or market for fewer than five of the ten trading days, an amount equal to the simple average of the following prices established for each of the ten consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Units for each

day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The closing market price of a Unit for the purpose of the foregoing calculations (the “Closing Market Price”), as at any date, will be:

(a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date if the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date;

(b) an amount equal to the closing price of a Unit on the principal market or exchange if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date;

(c) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or

(d) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion. The aggregate Redemption Price payable by the REIT in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment in Canadian dollars on or before the last day of the calendar month immediately following the month in which the Units were tendered for redemption, provided that the entitlement of holders of Units to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (the “Monthly Limit”) (provided that such limitation may be waived at the discretion of the Trustees in respect of all Units tendered for redemption in such calendar month); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; and (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, in any market where the Units are quoted for trading) on the Redemption Date or for more than five trading days during the ten-day trading period commencing immediately after the Redemption Date.

To the extent a holder of Units is not entitled to receive cash upon the redemption of Units as a result of the Monthly Limit, then the portion of the Redemption Price per Unit equal to the Monthly Limit divided by the number of Units tendered for redemption in the month shall be paid and satisfied by way of a cash payment in Canadian dollars and the remainder of the Redemption Price per Unit shall be paid and satisfied by way of a distribution *in specie* to such holder of Units of Subsidiary Notes having a fair market value equal to the product of (i) the remainder of the Redemption Price per Unit of the Units tendered for redemption and (ii) the number of Units tendered by such holder for redemption. To the extent a holder of Units is not entitled to receive cash upon the redemption of Units as a result of the limitations described at (ii) or (iii) of the foregoing paragraph, then the Redemption Price per Unit shall be paid and satisfied by way of a distribution *in specie* of Subsidiary Notes having a fair market value determined by the Trustees equal to the product of (i) the Redemption Price per Unit of the Units tendered for redemption and (ii) the number of Units tendered by such holder of Units for redemption. No Subsidiary Notes in integral multiples of less than \$100 will be distributed and, where Subsidiary Notes to be received by a holder of Units includes a multiple less than that number, the number of Subsidiary Notes shall be rounded to the next lowest integral multiple of \$100 and the balance shall be paid in cash. The Redemption Price payable as described in this paragraph in respect of Units tendered for redemption during any month shall be paid by the transfer to or to the order of the holder of Units who exercised the right of redemption, of the Subsidiary Notes, if any, and the cash payment, if any, on or before the last day of the calendar month immediately following the month in which the Units were tendered for redemption.

Payments by the REIT as described in this paragraph are conclusively deemed to have been made upon the mailing of certificates representing the Subsidiary Notes, if any, and a cheque, if any, by registered mail in a postage prepaid envelope addressed to the former holder of Units and/or any party having a security interest and, upon such payment, the REIT shall be discharged from all liability to such former holder of Units and any party having a security interest in respect of the Units so redeemed. The REIT shall be entitled to all interest paid on the Subsidiary Notes, if any, on or before the date of distribution *in specie* as described in the foregoing paragraph. Any issuance of Subsidiary Notes will be subject to receipt of all necessary regulatory approvals, which the REIT shall use reasonable commercial efforts to obtain forthwith.

It is anticipated that the redemption right described above will not be the primary mechanism for holders of Units to dispose of their Units. Subsidiary Notes which may be distributed to holders of Units in connection with a redemption will not be listed on any exchange, no market is expected to develop in Subsidiary Notes and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Subsidiary Notes so distributed may not be qualified investments for Plans, depending upon the circumstances at the time.

Issuance of Units

Subject to the pre-emptive right of Morguard, the REIT may issue new Units from time to time, in such manner, for such consideration and to such person or persons as the Trustees shall determine. Unitholders will not have any pre-emptive rights whereby additional Voting Units proposed to be issued would be first offered to existing unitholders, except that for so long as Morguard continues to hold at least 10% of the Units (on a fully diluted basis), Morguard will have the pre-emptive right to purchase additional Voting Units issued by the REIT to maintain its *pro rata* voting interest in the REIT.

If the Trustees determine that the REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution in respect of Units, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

The REIT may also issue new Units (i) as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the Trustees, (ii) pursuant to any incentive or option plan established by the REIT from time to time, (iii) pursuant to a distribution reinvestment plan of the REIT or (iv) pursuant to a unitholder rights plan of the REIT.

The Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all holders of Units in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each holder of Units will hold, after the consolidation, the same number of Units as the holder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts distributed to Non-Resident holders are subject to taxes required to be withheld, such taxes will be deducted from the amounts distributed and the consolidation will not result in such Non-Resident holders of Units holding the same number of Units. Such Non-Resident holders of Units will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

Distribution Reinvestment Plan

On June 18, 2012, the REIT adopted a DRIP pursuant to which eligible holders of Units are entitled to elect to have cash distributions on their Units automatically reinvested in additional Units at a price per Unit calculated by reference to the weighted average of the closing price of Units on the TSX for the five trading days immediately preceding the relevant distribution date. During the year ended December 31, 2021, the REIT issued 44,438 Units (2020 – 40,125 Units) under the DRIP.

Limitation on Non-Resident Ownership

In order for the REIT to maintain its status as a “mutual fund trust” under the Tax Act, the REIT must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, at no time may (i) non-residents of Canada and (ii) partnerships that are not Canadian partnerships

or (iii) a combination of non-residents and such partnerships (all within the meaning of the Tax Act) (“Non-Residents”) be the beneficial owners of more than 49% of the Units and the Trustees will inform the transfer agent of this restriction. The Trustees may require a registered holder of Units to provide the Trustees with a declaration as to the jurisdictions in which beneficial owners of the Units registered in such Unitholder’s name are resident and as to whether such beneficial owners are Non-Residents (or in the case of a partnership, whether the partnership is a Non-Resident). If the Trustees become aware, as a result of acquiring such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of 49% of the Units are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person or partnership unless the person or partnership provides a declaration in form and content satisfactory to the Trustees that the person or partnership, as the case may be, is not a Non-Resident and does not hold such Units for the benefit of Non-Residents. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units are held by Non-Residents, the Trustees may send a notice to such Non-Resident holders of the Units chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not more than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such holders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units (other than the right to receive the net proceeds from the sale). Upon such sale, the affected holders shall cease to be holders of the relevant Units and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such Units. The Trustees will have no liability for the amount received provided that they act in good faith. The REIT may direct its transfer agent to assist the Trustees with respect to any of the foregoing. Class B LP Units, which are economically equivalent to Units, are not permitted to be transferred to Non-Residents.

Notwithstanding the foregoing, the Trustees may determine not to take any of the actions described above if the Trustees have been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the REIT as a “unit trust” and a “mutual fund trust” for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the REIT as a “mutual fund trust” for purposes of the Tax Act.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by not less than two-thirds of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose. Additionally, certain amendments to the Declaration of Trust require the approval of Morguard.

Approval by Special Resolution of Unitholders

The following amendments, among others, require the approval of not less than two-thirds of the votes cast by all Unitholders at a meeting (or by written resolution in lieu thereof):

- a) an exchange, reclassification or cancellation of all or part of the Voting Units;
- b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Voting Units, except where such addition, change or removal is made by the Trustees pursuant to subparagraphs (f), (h) or (i) at “— Approval by Trustees” below;
- c) the constraint of the issue, transfer or ownership of the Voting Units or the change or removal of such constraint;
- d) the sale or transfer of the assets of any of the REIT or its subsidiaries as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of any of the REIT or its subsidiaries approved by the Trustees);
- e) the termination of any of the REIT or its subsidiaries (other than as part of an internal reorganization as approved by the Trustees);

f) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity that is not the REIT or a subsidiary of the REIT (other than as part of an internal reorganization as approved by the Trustees); and

g) except as described herein, the amendment of the Investment Guidelines and Operating Policies of the REIT (see “Investment Guidelines and Operating Policies — Amendments to Investment Guidelines and Operating Policies”).

Approval by Trustees

Notwithstanding the foregoing, the Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the Trustees; (ii) the REIT; or (iii) the distribution of Units;

b) which, in the opinion of the Trustees, provide additional protection for the Unitholders;

c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;

d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in this prospectus and the Declaration of Trust;

e) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders;

f) which, in the opinion of the Trustees, are necessary or desirable: (i) as a result of changes in accounting standards from time to time which may affect the REIT or its beneficiaries; or (ii) to ensure the Units qualify as equity for purposes of IFRS;

g) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to implement a Unit option or purchase plan or issue Units for which the purchase price is payable in installments;

h) which, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders, (i) to create and issue one or more new classes of preferred equity securities of the REIT (each of which may be comprised of unlimited series) that rank in priority to the Units (in payment of distributions and in connection with any termination or winding-up of the REIT), and/or (ii) to remove the redemption right attaching to the Units and convert the REIT into a closed-end limited purpose trust;

i) which, in the opinion of the Trustees, are necessary or desirable for the REIT to qualify for a particular status under, or as a result of changes in, taxation or other laws, or the interpretation of such laws, including to qualify as a “mutual fund trust”, “unit trust” or “real estate investment trust” as those terms are defined in the Tax Act or to otherwise prevent the REIT or any of its subsidiaries from becoming subject to tax under the SIFT Rules;

j) to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the REIT’s property or income other than a return of capital; and

k) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Unitholders and is necessary or desirable.

Approval by Morguard

Provided that Morguard beneficially owns more than 10% of the issued and outstanding Units on a fully diluted basis, any amendment to the Declaration of Trust that affects the right of Morguard to nominate certain Trustees of the REIT will require the prior written approval of Morguard.

Limitations

Any amendment to the Declaration of Trust which directly or indirectly adds, changes or removes any of the rights, privileges, restrictions or conditions in respect of the Special Voting Units shall require the approval of a majority of the votes cast by all holders of Special Voting Units at a meeting of Unitholders (or by written resolution in lieu thereof).

Investment Guidelines

The Declaration of Trust provides certain guidelines on investments that may be made by the REIT. The assets of the REIT may be invested only in accordance with the following guidelines:

a) the REIT will focus its activities primarily on the acquisition, holding, developing, maintaining, improving, leasing, managing or otherwise dealing with income producing real property exclusively in Canada and the United States which is being utilized or intended to be utilized for one or more of the following purposes: (i) multi-suite rental residential, (ii) rental condominium suites, (iii) townhomes, and (iv) other residential purposes determined to be appropriate by the Trustees (collectively, the “Focus Activities”);

b) notwithstanding anything else contained in the Declaration of Trust, the REIT will not make or hold any investment, take any action or omit to take any action or permit a subsidiary to make or hold any investment, or take any action or omit to take any action that would result in:

- i) the REIT not qualifying as a “mutual fund trust” or “unit trust”, both within the meaning of the Tax Act;
- ii) Units not qualifying as qualified investments for investment by trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans or tax-free savings accounts; or
- iii) the REIT not qualifying as a “real estate investment trust”, as defined in subsection 122.1(1) of the Tax Act if, as a consequence of the REIT not so qualifying, the REIT would be subject to tax on its “taxable trust distributions” pursuant to section 122 of the Tax Act;

c) the REIT may, directly or indirectly, make such investments, do all such things and carry out all such activities as are necessary or desirable in connection with the conduct of its activities provided they are not otherwise specifically prohibited by the Declaration of Trust;

d) unless otherwise specifically prohibited by the Declaration of Trust, the REIT may invest in freehold, leasehold, or other interests in property (real, personal, moveable or immovable);

e) the REIT shall not purchase any interest in a single real property if, after giving effect to the proposed purchase, the cost to the REIT of such purchase (net of the amount of debt incurred or assumed in connection with such purchase) will exceed 20% of Gross Book Value at the time the purchase is made;

f) the REIT may make its investments and conduct its activities, directly or indirectly, through an investment in one or more persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited) and limited liability companies;

g) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province or of Canada, short-term government debt securities or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue, or except as otherwise permitted by the Declaration of Trust, the REIT may not hold securities other than securities of a person: (i) acquired in connection with the carrying on, directly or indirectly, of the REIT’s activities or the holding of its assets; or (ii) which focuses its activities primarily on Focus

Activities, provided in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 20% of the outstanding units of the securities issuer (the "Acquired Issuer"), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of the REIT and the Acquired Issuer or for otherwise ensuring that the REIT will control the business and operations of the Acquired Issuer;

h) the REIT will not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as ancillary to an investment in real property;

i) the REIT may only invest in operating businesses indirectly through one or more trusts, partnerships, corporations or other legal entities;

j) the REIT may invest in mortgages and mortgage bonds (including a participating or convertible mortgage) only where (i) the mortgage or mortgage bond is secured, (ii) the real property which is security therefor is real property that constitutes Focus Activities, (iii) the primary intention is to use such investment as a method of acquiring control of a real property that would otherwise constitute Focus Activities, and (iv) the aggregate amount of such investments after giving effect to the proposed investment, will not exceed 15% of Gross Book Value;

k) the REIT shall not invest in raw land for development, except for (i) existing properties with additional development, (ii) the purpose of renovating or expanding existing properties, or (iii) the development of new properties that will constitute Focus Activities provided that the aggregate cost of the investments of the REIT in raw land, after giving effect to the proposed investment, will not exceed 5% of Gross Book Value; and

l) notwithstanding any other provision of the Declaration of Trust but subject to subparagraph (b) above, the REIT may make investments that do not otherwise comply with one or more of subparagraphs (a), (g) and (j) of the investment guidelines provided the aggregate amount of such investments will not exceed 20% of Gross Book Value.

For the purpose of the foregoing guidelines and restrictions (other than subparagraph (b)), the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

Operating Policies

The Declaration of Trust provides that the operations and affairs of the REIT will be conducted in accordance with the following policies:

a) the REIT will not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes to the extent that such hedging activity complies with National Instrument 81-102, as amended from time to time, or any successor instrument or rule and provided that subparagraph (b) of the foregoing investment guidelines is complied with;

b) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage, and (ii) to the extent the Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion shall be bound; the REIT, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;

c) the REIT shall not incur or assume any Indebtedness if, after giving effect to the incurring or assumption of the Indebtedness, the total Indebtedness of the REIT would be more than 70% of Gross Book Value;

d) at no time shall the REIT incur Indebtedness aggregating more than 20% of Gross Book Value (excluding debt with an original maturity of one year or more falling due in the next 12 months or variable rate

debt for which the REIT has entered into interest rate swap agreements to fix the interest rate for a one year period or more) at floating interest rates or having maturities of less than one year;

e) except in connection with or related to the acquisition of the Initial Properties, the REIT shall not directly or indirectly guarantee any Indebtedness or liabilities of any person unless such guarantee: (i) is given in connection with or incidental to an investment that is otherwise permitted under the REIT's investment guidelines; (ii) has been approved by the Trustees; and (iii) (A) would not disqualify the REIT as a "mutual fund trust" within the meaning of the Tax Act, and (B) would not result in the REIT losing any other status under the Tax Act that is otherwise beneficial to the REIT and its Unitholders;

f) title to each real property shall be held by and registered in the name of the REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT; provided, that where land tenure will not provide fee simple title, the REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;

g) the REIT shall have obtained an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition thereof, in each case, by an independent and experienced consultant;

h) the REIT will obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and

i) the REIT shall either (i) have conducted a Phase I environmental site assessment or (ii) be entitled to rely on a Phase I environmental site assessment dated no earlier than six months prior to receipt by the REIT, in respect of each real property that it intends to acquire and, if the Phase I environmental site assessment report recommends that further environmental site assessments be conducted, the REIT shall have conducted such further environmental site assessments, in each case, by an independent and experienced environmental consultant.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture.

Amendments to Investment Guidelines and Operating Policies

General

Pursuant to the Declaration of Trust, the investment guidelines set forth at "— Investment Guidelines" and the operating policies set forth in subparagraphs (a), (c), (d), (e), (g), (h) and (i) at "— Operating Policies" may be amended only with the approval of not less than two-thirds of the votes cast at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast at a meeting of Unitholders called for such purpose.

Regulatory Conflict

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over the REIT or any property of the REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of the REIT then in force (other than subparagraph (b) at "— Investment Guidelines"), such investment guideline or operating policy in conflict shall, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of the Trustees shall not require the prior approval of Unitholders.

The Partnership

General

The Partnership is a limited partnership formed under the laws of the Province of Ontario and governed by the Limited Partnership Agreement. The Partnership has acquired, directly or indirectly, all of the Initial IPO Properties and following the closing of the IPO owned, operated and leased real estate assets and property and engaged in all activities ancillary and incidental thereto. The general partners of the Partnership are the REIT GP and Morguard GP and the limited partners of the Partnership are the REIT and Morguard.

Partnership Units

The Partnership has outstanding Class A GP Units, all of which are held by the REIT GP, Class B GP Units, all of which are held by Morguard GP, Class A LP Units, all of which are held by the REIT, Class B LP Units, all of which are held by Morguard and Class C LP Units, all of which are held by Morguard. The Class A LP Units represent approximately 69% of the limited partnership interests in the Partnership and the Class B LP Units represented approximately 31% of the limited partnership interests in the Partnership.

The Class B LP Units are, in all material respects, economically equivalent to the Units on a per unit basis. Under the Exchange Agreement, the Class B LP Units are exchangeable on a one-for-one basis for Units (subject to customary anti-dilution adjustments) at any time at the option of their holder, unless the exchange would jeopardize the REIT's status as a "mutual fund trust" or a "unit trust" under the Tax Act and subject to satisfaction of conditions set out therein.

The Class C LP Units have been designed to provide Morguard with an interest in the Partnership that entitle Morguard to distributions, in priority to distributions to holders of the Class A LP Units, Class B LP Units, Class A GP Units and Class B GP Units in an amount, if paid, expected to be sufficient (without any additional amounts) to permit Morguard to satisfy amounts payable in respect of (i) principal, interest or any other amount owing under the Retained Debt, and (ii) the amount of income tax that is due and payable by Morguard, if any, under either the Tax Act or any similar provincial or territorial statute that is reasonably attributable to any distributions on the Class C LP Units, including any disposition whether by redemption or otherwise of any Class C LP Unit or on capital employed by Morguard, and any interest or penalties thereon; excluding, in each case, any amount arising from the default by the holder of the Class C LP Units to satisfy any obligation under or in connection with the Retained Debt, unless such default can reasonably be attributed to the conduct of the Partnership.

So long as any of the Class C LP Units are outstanding, the Partnership will not at any time without, but may at any time with, the approval of the holders of a majority of the Class C LP Units: (i) pay any distribution on the Class A LP Units, the Class B LP Units, the Class A GP Units or the Class B GP Units unless distributions payable on the Class C LP Units have been paid in full; (ii) offer to accept the withdrawal of the Class A LP Units or the Class B LP Units of the Partnership; or (iii) issue any additional Class C LP Units, other than to Morguard, in each case, subject to certain limited exceptions, including, in connection with (A) the redemption rights available to unitholders, (B) an exchange of Class B LP Units pursuant to the Exchange Agreement and (C) the refinancing of the Retained Debt.

Except as required by law or the Limited Partnership Agreement, and in certain specified circumstances in which the rights of a holders of Class B LP Units and/or a holders of Class C LP Units are particularly affected, the holders of Class B LP Units and holders of Class C LP Units will not be entitled to vote at any meeting of the holders of LP Units.

Operation

The business and affairs of the Partnership are managed and controlled by the REIT GP which is bound by the investment guidelines and operating policies applicable to the REIT. The Limited Partners are not entitled to take part in the management or control of the business or affairs of the Partnership. Subject to certain exceptions, the Partnership will reimburse the General Partners for all direct costs and expenses incurred by the General Partners in the performance of their duties as general partners of the Partnership.

The Board shall determine the composition of the REIT GP's board of directors; provided the REIT GP shall have a majority of directors who are "independent" within the meaning of applicable securities laws.

The Partnership operates in a manner to ensure, to the greatest extent possible, the limited liability of the Limited Partners. The Limited Partners may lose their limited liability in certain circumstances.

If the limited liability of any limited partner of the Partnership is lost by reason of the negligence of either General Partner in performing its duties and obligations under the Limited Partnership Agreement, such General Partner will indemnify any limited partner of the Partnership against all claims arising from assertions that its liabilities are not limited as intended by the Limited Partnership Agreement. The General Partners, however, have no significant assets or financial resources other than their respective distribution entitlements from the Partnership. Accordingly, this indemnity may only be of nominal value.

Duties and Responsibilities of the General Partners

The REIT GP is the managing general partner of the Partnership and manages and controls the operations and affairs of the Partnership and makes all decisions regarding the business and activities of the Partnership.

The business and activities of Morguard GP are restricted to acting as a general partner of the Partnership and any other limited partnership controlled by the REIT. The duties and responsibilities of Morguard GP as a general partner of the Partnership are subject to the oversight of the REIT GP and are comprised of the Morguard GP Duties outlined under “Arrangements with Morguard — Morguard GP — Duties and Responsibilities of Morguard GP as a General Partner”.

Distributions

Distribution Policy and Priority

The REIT GP shall, on behalf of the Partnership, distribute cash, subject to the priorities and other provisions set out below.

The REIT GP shall determine on a monthly basis, but in no event later than the 10th day of each month, the amount of cash on hand of the Partnership that is derived from any source and that is determined by the REIT GP not to be required for use in connection with the business of the Partnership.

Distributions on Class C LP Units

The Class C LP Units have been designed to provide Morguard with an interest in the Partnership that will entitle Morguard to distributions, in priority to distributions to holders of the Class A LP Units, Class B LP Units, Class A GP Units and Class B GP Units, in an amount, if paid, expected to be sufficient (without any additional amounts) to permit Morguard to satisfy amounts payable (i) in respect of principal, interest or any other amount owing under the Retained Debt, and (ii) in respect of the amount of income tax that is due and payable by Morguard, if any, under either the Tax Act or any similar provincial or territorial statute that is reasonably attributable to any distributions on the Class C LP Units, including any disposition whether by redemption or otherwise of any Class C LP Unit or on capital employed by Morguard, and any interest or penalties thereon; excluding, in each case, any amount arising from the default by the holder of the Class C LP Units to satisfy any obligation under or in connection with the Retained Debt, unless such default can reasonably be attributed to the conduct of the Partnership.

On November 10, 2021, all Class C LP Units were redeemed.

Distributions to Morguard GP

Morguard GP, as the sole holder of the Class B GP Units, receives distributions from the Partnership as set out under “Arrangements with Morguard — Morguard GP — Partnership Distributions to Morguard GP”. Distributions to Morguard GP are made in priority to distributions to holders of the Class A GP Units, the Class A LP Units and the Class B LP Units, but after the holders of the Class C LP Units have been paid their distributions.

Distributions to REIT GP

The REIT GP, as the sole holder of the Class A GP Units, receives priority distributions from the Partnership equal to 0.001% of distributions made by the REIT GP, on behalf of the Partnership, in priority to distributions

to holders of the Class A LP Units and the Class B LP Units, but after holders of the Class C LP Units and the Class B GP Units have been paid their respective distributions.

Distributions on Class A LP Units and Class B LP Units

The REIT GP, on behalf of the Partnership, makes monthly cash distributions to the holder of the Class A LP Units in the amount required to account for expenses incurred directly by the REIT as determined by the REIT GP. Distributions on the Class A LP Units for expenses incurred by the REIT are made in priority to distributions to holders of the Class A LP Units and the Class B LP Units but after the holders of the Class C LP Units, the Class B GP Units and the Class A GP Units have been paid their respective distributions.

In addition, the REIT GP, on behalf of the Partnership, makes monthly cash distributions to holders of Class A LP Units and to holders of Class B LP Units with reference to the monthly cash distributions payable by the REIT to holders of Units on a per Unit basis. Distributions to be made on the Class B LP Units will be equal to the distributions that the holders of Class B LP Units would have received if they were holding Units instead of Class B LP Units. Distributions to the General Partners and holders of Class C LP Units are made in priority to distributions to holders of Class A LP Units and to holders of Class B LP Units.

Allocation of Partnership Net Income

Partnership Net Income is allocated at the end of each fiscal year in the following manner:

- a) firstly, an allocation of Partnership Net Income to the holder of the Class C LP Units, generally equal to the interest component of the Retained Debt and any tax liability paid by the Partnership in respect of the Retained Debt payable in the fiscal year;
- b) secondly, an allocation of Partnership Net Income (net of the allocation to the holder of the Class C LP Units) to Morguard GP, as the holder of the Class B GP Units, generally equal to all amounts distributed to the holder of the Class B GP Units in the fiscal year;
- c) thirdly, as to Partnership Net Income (net of the allocation to the holder of the Class C LP Units and the holder of the Class B GP Units) and as to net loss, 0.001% to the REIT GP, as holder of the Class A GP Units; and
- d) the balance, first to the holders of the Class A LP Units, such amount as is necessary to account for expenses incurred by the REIT as determined by the REIT GP and then any residual amount among the holder of the Class A LP Units and the Class B LP Units based on their proportionate share of distributions received or receivable for such fiscal year.

Transfer of LP Units

The transfer of Class A LP Units, Class B LP Units and Class C LP Units is subject to a number of restrictions, including: (i) the Class A LP Units, Class B LP Units and Class C LP Units may not be transferred to a person or partnership who is a Non-Resident; (ii) no Class A LP Units, Class B LP Units or Class C LP Units are transferable in part; and (iii) no transfer of Class A LP Units, Class B LP Units or Class C LP Units is accepted by the REIT GP unless a transfer form, duly completed and signed by the registered holder of such Class A LP Units, Class B LP Units or Class C LP Units, as applicable, has been remitted to the registrar and transfer agent of the Partnership.

In addition, a transferee of Class A LP Units, Class B LP Units or Class C LP Units must provide to the REIT GP such other instruments and documents as the REIT GP may require, in appropriate form, completed and executed in a manner acceptable to the REIT GP and must pay the administration fee, if any, required by the REIT GP. A transferee of a unit of the Partnership will not become a partner or be admitted to the Partnership and will not be subject to the obligations and entitled to the rights of a partner under the Limited Partnership Agreement until the foregoing conditions are satisfied and such transferee is recorded on the Partnership's register of partners.

In addition to the above restrictions, the Limited Partnership Agreement also provides that no holder of Class B LP Units is permitted to transfer such Class B LP Units, other than for Units in accordance with the terms of the Exchange Agreement or the Limited Partnership Agreement, unless: (i) the transfer is to an affiliate of the

holder; (ii) such transfer would not require the transferee to make an offer to holders of Units to acquire Units on the same terms and conditions under applicable securities laws if such Class B LP Units, and all other outstanding Class B LP Units, were converted into Units at the then current exchange ratio in effect under the Exchange Agreement immediately prior to such transfer; or (iii) the offeror acquiring such Class B LP Units makes a contemporaneous identical offer for the Units (in terms of price, timing, proportion of securities sought to be acquired and conditions) and does not acquire such Class B LP Units unless the offeror also acquires a proportionate number of Units actually tendered to such identical offer. Certain rights affecting Morguard as a holder of the Class B LP Units, as such rights are set forth in the Declaration of Trust and the Exchange Agreement, are specific to Morguard and are not transferable to a transferee of the Class B LP Units, other than a Morguard entity.

In addition to the above restrictions, the Limited Partnership Agreement also provides that no holder of Class C LP Units will be permitted to transfer such Class C LP Units without the consent of the Board, unless such transfer is to an affiliate of the holder.

The Class B GP Units are not transferable by a holder thereof without the consent of the Board, which consent is not to be unreasonably withheld, provided that such consent will not be required for a transfer to an affiliate of such holder.

Resignation or Removal of Morguard GP

For the rights of the REIT GP to remove Morguard GP as a general partner of the Partnership, the right of Morguard GP to resign as a general partner of the Partnership, and certain consequences resulting from such removal or resignation, see “Arrangements with Morguard — Morguard GP”.

Amendments to the Limited Partnership Agreement

The Limited Partnership Agreement may be amended with the prior consent of the holders of at least 66 2/3% of the Class A LP Units voted on the amendment at a duly constituted meeting of holders of Class A LP Units or by a written resolution of partners holding more than 66 2/3% of the Class A LP Units entitled to vote at a duly constituted meeting of holders of Class A LP Units, except for certain amendments which require unanimous approval of holders of Class A LP Units, including: (i) changing the liability of any limited partner; (ii) changing the right of a limited partner to vote at any meeting of holders of Class A LP Units; and (iii) changing the Partnership from a limited partnership to a general partnership. The REIT GP may also make amendments to the Limited Partnership Agreement without the approval or consent of the Limited Partners to reflect, among other things: (i) a change in the name of the Partnership or the location of the principal place of business or registered office of the Partnership; (ii) the admission, substitution, withdrawal or removal of Limited Partners in accordance with the Limited Partnership Agreement; (iii) a change that, as determined by the General Partners, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership in which the limited partners have limited liability under applicable laws; (iv) a change that, as determined by the General Partners, is reasonable and necessary or appropriate to enable the

Partnership to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; or (v) a change to amend or add any provision, or to cure any ambiguity or to correct or supplement any provisions contained in the Limited Partnership Agreement which may be defective or inconsistent with any other provision contained in the Limited Partnership Agreement or which should be made to make the Limited Partnership Agreement consistent with the disclosure set out in this prospectus. Notwithstanding the foregoing: (i) no amendment which would adversely affect the rights and obligations of any General Partner, as a general partner, may be made without the consent of the affected General Partner; and (ii) no amendment which would adversely affect the rights and obligations of any other holders of limited partnership units or any class of limited partner differently than any other class of limited partner may be made without the consent of such holder or class, including with respect to amendments to the restrictions on transfer of Class B LP Units or Class C LP Units.

In addition, the Declaration of Trust provides that the REIT will not agree to or approve any material amendment to the Limited Partnership Agreement without the approval of not less than two-thirds of the votes cast at a meeting of Unitholders called for such purpose (or by written resolution in lieu thereof).

Debentures

The following is a description of the material attributes and characteristics of the Debentures. This summary is qualified in its entirety by the full text of such attributes contained in the trust indenture entered and dated March 15, 2013 between the REIT and Computershare Trust Company of Canada (the “Debenture Trustee”), as supplemented from time to time (the “Indenture”) as filed on SEDAR.

On February 13, 2018, the REIT issued the 2018 Debentures, maturing on March 31, 2023 pursuant to a trust indenture supplement entered and dated February 13, 2018 between the REIT and the Debenture Trustee, as supplemented from time to time (the “Indenture Supplement”). On February 21, 2018, an additional amount of \$10.5 million was issued pursuant to the exercise of the over-allotment option. The 2018 Debentures are convertible, at the option of the holder, into Units at \$20.20 per Unit. They bear interest at 4.50% per annum, payable semi-annually in arrears on March 31 and September 30 in each year, commencing September 30, 2018.

As at December 31, 2021, \$85.5 million 2018 Debentures are outstanding.

The Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Book-entry only certificates representing the Debentures are issued in registered form to CDS as registered global debentures and deposited with CDS. Holders of beneficial interests in the Debentures will, generally, not be entitled to receive physical certificates evidencing their ownership.

Interest

Subject to applicable regulatory approval, the REIT may elect, from time to time, to satisfy its obligation to pay interest on the Debentures on the date interest is payable under the Indenture, by issuing and delivering fully paid, non-assessable and freely tradeable Units to the Debenture Trustee to be sold by the Debenture Trustee for proceeds, which together with any cash payments to be made by the REIT in lieu of fractional Units, are sufficient to satisfy all of the REIT’s obligations to pay interest on the Debentures in accordance with the Indenture. The amount received by a debentureholder in respect of interest will not be affected by whether or not the REIT elects to use such an interest payment election.

Cancellation

All Debentures converted, redeemed or purchased as aforesaid will be cancelled.

Subordination

The Debentures are direct unsecured obligations of the REIT, subordinated in right of payment to all present and future senior indebtedness of the REIT. Each Debenture ranks *pari passu* with each other Debenture of the same series (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the REIT except for sinking fund provisions (if any) applicable to different series of debentures or other similar types of obligations of the REIT.

The Debentures do not limit the ability of the REIT to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Rights

Each 2018 Debenture will be convertible into fully-paid, non-assessable and freely-tradeable Units at any time prior to 5:00 p.m. (Toronto time) on the earlier of March 20, 2023 or, if called for redemption, on the business day immediately preceding the date specified by the REIT for redemption of the 2018 Debentures, at a conversion price of \$20.20 per Unit (the “2018 Debenture Conversion Price”), being a conversion rate of approximately 49.5050 Units per \$1,000 principal amount of the Debentures.

Debentureholders converting their Debentures will also receive accrued and unpaid interest for the period from the last interest payment date on their Debentures to and including the last record date declared by the REIT, occurring prior to the date of conversion, for determining the holders of Units entitled to receive a distribution on the Units. Notwithstanding the foregoing, no Debenture may be converted during the five business days

preceding March 31 and September 30 in each year, as the registers of the Debenture Trustee will be closed during such periods.

Redemption

The 2018 Debentures shall not be redeemable on or prior to March 31, 2021, except upon the satisfaction of certain conditions. From April 1, 2021 to March 31, 2022, the 2018 Debentures shall be redeemable, in whole at any time, or in part from time to time, at the option of the REIT on not more than 60 days' and not less than 30 days' prior written notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest up to the date fixed for redemption, provided that the volume-weighted average trading price of the Units on the TSX (if the Units are then-listed on the TSX) for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given (the "Current Market Price") is not less than 125% of the 2018 Debenture Conversion Price. From April 1, 2022, and prior to the Maturity Date, the 2018 Debentures shall be redeemable, in whole at any time, or in part from time to time, at the option of the REIT on not more than 60 days' and not less than 30 days' prior written notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest up to the date fixed for redemption.

Put Right upon a Change of Control

Upon the occurrence of a change of control, each holder of Debentures may require the REIT to purchase, on the date which is 30 days following the date upon which the Debenture Trustee delivers a notice of a change of control (received from the REIT) to the holders of Debentures (the "Put Date"), all or any part of such holder's Debentures at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest up to but excluding the Put Date. If 90% or more in aggregate principal amount of the Debentures outstanding on the date the REIT provides notice of a change of control to the Debenture Trustee have been tendered for purchase on the Put Date, the REIT has the right to redeem all the remaining Debentures of such series on the same terms on such date.

Modification

The rights of debentureholders under the Indenture may be modified in accordance with the terms of the Indenture. The Indenture contains, among others, certain provisions that will make binding on all debentureholders resolutions passed at meetings of the debentureholders by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the then outstanding Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the then outstanding Debentures. In certain cases, the modification will, instead of or in addition to, require assent by the holders of the required percentage of debentures of each particularly affected series. Under the Indenture, the Debenture Trustee will have the right to make certain amendments to the Indenture in its discretion, without the consent of the debentureholders.

Events of Default

If an event of default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon receipt of a request in writing signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding, declare the principal of (and premium, if any) and accrued interest on all outstanding Debentures to be immediately due and payable to the Debenture Trustee. In certain cases, the holders of not less than 66 2/3% of the principal amount of the Debentures then outstanding may, on behalf of all debentureholders, waive any event of default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Offers for Debentures

If an offer is made to acquire outstanding Debentures where, as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire, together with the offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures, and, among other things, (i) within the time provided in the offer for its acceptance or within 60 days after the date the offer is made, whichever period is shorter, the offer is accepted by holders of Debentures representing at least 90% of the outstanding principal amount of the Debentures, other than Debentures beneficially owned, or over which

control or direction is exercised, on the date of the offer by the offeror, any affiliate or associate of the offeror or any person acting jointly or in concert with the offeror and (ii) the offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the debentureholders who accepted the offer, the offeror will be entitled to acquire, for the same consideration per Debenture payable under the offer, the Debentures held by debentureholders who did not accept the offer.

ITEM 6 MARKET FOR SECURITIES

The REIT's Units are listed on the TSX under the symbol "MRG.UN". During fiscal 2021, the price of Units traded from a low of \$14.65 to a high of \$19.50.

The following table sets forth the reported high and low trading prices and trading volumes of the Units as reported for the year ended December 31, 2021.

Month	Price (\$)		Volume
	High	Low	
January	16.12	14.90	897,995
February	15.53	14.65	1,376,328
March	15.95	14.78	1,453,496
April	15.80	15.36	1,107,910
May	16.70	15.57	1,101,549
June	17.23	16.24	691,721
July	18.09	16.73	702,918
August	18.57	17.27	762,523
September	18.13	16.86	535,581
October	18.74	16.83	525,658
November	19.50	17.02	865,501
December	17.89	16.83	577,987

The REIT's 2018 Debentures are listed on the TSX under the symbol "MRG.DB.A". During fiscal 2021, the price of the 2018 Debentures traded from a low of \$101.00 to a high of \$106.00.

The following table sets forth the reported high and low trading prices and trading volumes of the 2018 Debentures as reported for the year ended December 31, 2021.

Month	Price (\$)		Volume
	High	Low	
January	106.00	101.50	4,930
February	103.00	101.10	6,570
March	102.00	101.00	10,220
April	104.98	102.00	4,680
May	105.90	101.98	3,720
June	104.00	102.50	5,720
July	106.00	102.65	6,940
August	104.00	103.02	230
September	105.95	103.02	2,500
October	106.00	103.00	15,290
November	106.00	102.00	11,730
December	102.50	101.00	6,050

ITEM 7 TRUSTEES AND OFFICERS OF THE REIT

The following table sets forth certain information with respect to the Trustees and officers of the REIT as at February 15, 2022.

Name and Municipality of Residence	Office	Trustee Since	Principal Occupation	No. of Units owned ⁽¹⁾
AVTAR T. BAINS Vancouver, British Columbia	Independent Trustee, Lead Trustee	April 18, 2012	Real Estate Advisor and Investor	15,000
DINO CHIESA Toronto, Ontario	Independent Trustee	April 18, 2012	Principal, Chiesa Group (commercial property investors), Corporate Director	10,100
MEL LEIDERMAN Toronto, Ontario	Independent Trustee	April 18, 2012	Senior Consultant, Lipton LLP (an accounting firm)	27,500
FRANK MUNSTERS Toronto, Ontario	Trustee	March 1, 2012	Corporate Director	10,000
BRUCE K. ROBERTSON Toronto, Ontario	Independent Trustee	March 1, 2012	Vice President, Investments, The Woodbridge Company Limited	439,416
K. RAI SAHI Mississauga, Ontario	Trustee, Chairman and Chief Executive Officer	March 1, 2012	Chairman and Chief Executive Officer of Morguard Corporation	931,077 ⁽²⁾
WILLIAM O. WALLACE Toronto, Ontario	Independent Trustee	April 18, 2012	President, Wallace Automotive Inc.	10,000
CHRISTOPHER A. NEWMAN Mississauga, Ontario	Chief Financial Officer	-	Chief Financial Officer	nil
BEVERLEY G. FLYNN Toronto, Ontario	Senior Vice President, General Counsel and Secretary	-	Senior Vice President and General Counsel of Morguard Corporation	30,000
PAUL MIATELLO Toronto, Ontario	Senior Vice President	-	Senior Vice President, Chief Financial Officer of Morguard Corporation	44,492
ANGELA SAHI Mississauga, Ontario	Senior Vice President	-	Senior Vice President of Morguard Corporation	10,000
BRIAN ATHEY Toronto, Ontario	Vice President	-	Vice President of Morguard Corporation	nil
JOHN TALANO Pompano Beach, FL	Vice President, U.S. Operations	-	Senior Vice President of U.S. Manager	nil

(1) The information as to units beneficially owned or over which control or direction is exercised, not being within the knowledge of the REIT, has been furnished by the applicable Trustee and/or officer as at February 15, 2022.

(2) As at February 15, 2022, Morguard Corporation and its affiliates beneficially owned 7,944,166 Units and 17,223,090 Class B LP Units (approximately 44.7% effective interest) of the REIT. Mr. Sahi directly or indirectly owned approximately 6,691,000 shares (60.3%) of Morguard Corporation. Mr. Sahi is a director of Morguard Corporation.

Each of the Trustees will serve as a Trustee of the REIT until the next annual meeting of Unitholders or until his successor is elected in accordance with the Declaration of Trust.

As at February 15, 2022, the Trustees and executive officers of the REIT (or persons acting in such capacity) as a group, beneficially own, directly or indirectly, or exercise control or direction over, including Units owned

by Morguard Corporation, 26,694,841 Voting Units, representing approximately 47.4% of the Voting Units outstanding.

As required by the Declaration of Trust, the REIT has three committees: Audit, Compensation and Governance, and Investment. The members of each committee are as follows:

Audit Committee

Mel Leiderman (Chair)
Bruce K. Robertson
Dino Chiesa

Investment Committee

K. Rai Sahi (Chair)
Avtar T. Bains
Bruce K. Robertson
Dino Chiesa

Compensation and Governance Committee

Frank Munsters (Chair)
Avtar T. Bains
William O. Wallace

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No Trustee or executive officer of the REIT has within 10 years become subject to any proceedings with creditors, or any securities or other penalties or been involved with any company that was subject to cease trade or other securities order or proceedings, Mr. Robertson consistent with the business of Grandview Capital, was appointed to the board of Yellow Media Inc. in January 2012 and was also appointed Chairman of the Financing Committee. In December 2012, Yellow Media successfully completed a Plan of Arrangement pursuant to the Canada Business Corporations Act, pursuant to which Yellow Media recapitalized the company. Upon completion of the arrangement, Mr. Robertson resigned from the board of directors.

ITEM 8 AUDIT COMMITTEE COMPOSITION, EDUCATION AND EXPERIENCE

The Audit Committee is responsible for reviewing the REIT's financial reporting policies and procedures, internal controls and performance of the REIT's external auditors and reporting to the Trustees regarding these and other financial matters. The Audit Committee is responsible for reviewing quarterly financial statements and the annual financial statements, and the accompanying management discussion and analysis of financial results, prior to their approval by the board of Trustees. The committee is also responsible for insurance risk management of the REIT.

The Audit Committee charter sets out its purpose, responsibilities and duties, qualifications for membership, accountability and reporting to the board of Trustees. A copy of the Audit Committee charter is attached hereto as Appendix B. The Audit Committee consists of three Trustees, all of whom are independent directors and are considered financially literate. The Audit Committee members, along with relevant education and experience are as follows.

Mr. Robertson has more than two decades experience in financing and real estate including senior roles at Brookfield Asset Management Inc., Grandview Capital and The Woodbridge Company Limited.

Mr. Leiderman, FCPA, FCA, chairman of the Audit Committee, is the senior consultant of Lipton LLP, Chartered Professional Accountants. He has over 30 years' experience specializing in providing advisory services, financing, tax, estate and strategic planning. Mr. Leiderman consults to a broad range of clients in the real estate sector, including commercial, industrial and residential property owners, property and subdivision developers, residential and commercial construction companies and property management companies.

Mr. Chiesa is past Chair of the Board of Directors of CMHC, a position he held from 2005 to 2012, and a board he has served as a member of since 2001. Mr. Chiesa is Principal, Chiesa Group commercial property investors and Chair of Sienna Senior Living Inc. (formerly Leisureworld Senior Care Corporation), one of Canada's largest owners of long-term care facilities. Prior to this, Mr. Chiesa served as Vice Chair of Canadian Apartment Properties Real Estate Investment Trust and Chief Executive Officer of Residential Equities REIT.

The Audit Committee has adopted a policy regarding the provision of non-audit services by the REIT's external auditors. The policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and required the Audit Committee's pre-approval of permitted audit and audit-related services. The policy specifies a number of services which are not permitted to be performed by the REIT's external auditors, including the use of external auditors for financial information design and implementation assignments. Additional information, including external auditor fees by category, is contained in the Management Information Circular of the REIT.

ITEM 9 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as noted below, there are no material interests, direct or indirect, of any Trustee or executive officer of the REIT, any Unitholder that beneficially owns, or controls or directs, (directly or indirectly) more than 10% of the Units or Special Voting Units of the REIT, or any associate or affiliate of any of the foregoing persons, in any transaction since the establishment of the REIT (up to the date hereof) that has materially affected or is reasonably expected to materially affect the REIT or any of its subsidiaries.

K. Rai Sahi (Trustee, Chair of the Board and Chief Executive Officer of the REIT), Christopher A. Newman (Chief Financial Officer of the REIT), Beverley G. Flynn (Secretary and Senior Vice President, General Counsel of the REIT), Paul Miatello (Senior Vice President of the REIT), John Talano (Vice President, U.S. Operations of the REIT), Brian Athey (Vice President of the REIT), and Angela Sahi (Senior Vice President of the REIT) and certain other executive officers of the REIT are employees of Morguard and have ongoing relationships with Morguard. The REIT indirectly acquired certain properties from Morguard and entered into certain agreements with Morguard. In addition, Morguard holds a significant effective interest in the REIT.

ITEM 10 MATERIAL CONTRACTS

This Annual Information Form includes a summary description of certain material agreements of the REIT. The summary description discloses all attributes material to an investor in Units but is not complete and is qualified by reference to the terms of the material agreements, which have been filed with the Canadian securities regulatory authorities and are available on SEDAR at www.sedar.com. Investors are encouraged to read the full text of such material agreements.

Except for certain contracts entered into in the ordinary course business of the REIT and its subsidiaries, the following are the only contracts entered into by the REIT or its subsidiaries on or after January 1, 2012 that are material to the REIT:

- a. the Acquisition Agreements described under "Arrangements with Morguard – Acquisition Agreements";
- b. the Declaration of Trust described under "Description of Trust Units and Declaration of Trust";
- c. the Limited Partnership Agreement described under "The Partnership";
- d. the U.S. Management Agreements described under "Arrangements with Morguard — U.S. Manager";
- e. the Services Agreement described under "Arrangements with Morguard — Services Agreement";
- f. the Right of First Offer and Non-Solicit Agreement described under "Arrangements with Morguard — Right of First Offer and Non-Solicit Agreement".
- g. the Indemnity Agreement described under "Arrangements with Morguard — Indemnification";
- h. the Exchange Agreement described under "Arrangements with Morguard — Exchange Agreement";

Arrangements with Morguard

The REIT, the Partnership and certain Morguard entities have entered into certain agreements governing the relationships among such parties.

Acquisition Agreements

The REIT indirectly acquired interests in the Initial IPO Properties from Morguard, pursuant to the Acquisition Agreements, for an aggregate purchase price of approximately \$623.3 million. The Acquisition Agreements contained representations and warranties typical of those contained in acquisition agreements negotiated between sophisticated purchasers and vendors acting at arm's length, certain of which were qualified as to knowledge and materiality and subject to reasonable exceptions, relating to Morguard and relating to the Initial IPO Properties from Morguard in favour of the REIT and the Partnership (including, among other things, representations and warranties as to organization and status, power and authorization, authorized and issued capital, compliance with laws, title to the Initial IPO Properties, condition of tangible assets, financial information, outstanding indebtedness and guarantees, outstanding liens, absence of undisclosed liabilities, material agreements, accuracy of rent rolls, tax matters, environmental matters and employment matters).

Morguard GP

The business and activities of Morguard GP are restricted to acting as a general partner of the Partnership or any other limited partnership controlled by the REIT. The duties and responsibilities of Morguard GP as a general partner of the Partnership is subject to the oversight of the REIT GP and includes the following (the "Morguard GP Duties"):

- a) providing the Partnership's senior officers and management team, if required;
- b) providing and operating the Partnership's head office, including providing the office space, equipment, supplies, support services and administrative, clerical and secretarial personnel incidental thereto;
- c) managing the day-to-day operations of the Partnership;
- d) maintaining the books and financial records of the Partnership's properties and preparing reports, tax returns and other disclosure documents based on the maintenance of such books and records;
- e) conducting the day-to-day relations with respect to the Partnership's Canadian properties, on behalf of the Partnership, with third parties, including suppliers, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers;
- f) supervising Canadian property expansions, capital projects and development projects for the Partnership;
- g) managing and operating the Partnership's Canadian properties, including inspecting the properties, negotiating contracts, ensuring reasonable security, handling tenant requests and negotiations, arranging for such improvements and repairs as may be required and purchasing all materials and services, and incurring such expenses (with certain exceptions), as it deems necessary in connection therewith, all in accordance with an approved budget;
- h) collecting all rents and other charges and payments of costs and expenses related to the management of the Partnership's Canadian properties;
- i) reporting on the financial condition of the Partnership's Canadian properties and preparing budgets and leasing and marketing plans with respect to the Partnership's Canadian properties on a periodic basis;
- j) supervising and conducting all Canadian leasing operations, including negotiating and executing leases in accordance with an approved leasing and marketing plan;

- k) preparing all reports reasonably requested by the Partnership, including operational reporting such as cash flow by property and by asset type, reports on development costs and executive summaries by asset type describing each of the Partnership's Canadian properties;
- l) providing the REIT with the information on the Partnership's Canadian properties that the REIT requires for (i) investor relations activities, (ii) regulatory and financial reporting requirements, and (iii) the preparation of all documents, reports, data and analysis required by the REIT for its filings and documents necessary for its continuous disclosure requirements pursuant to applicable stock exchange rules and securities laws; and
- m) establishing and maintaining disclosure controls and procedures and internal controls over financial reporting of the Partnership.

In performing the Morguard GP Duties, Morguard GP must exercise the degree of care, diligence, judgment and skill that would be exercised by a professional, prudent and competent person who is experienced in performing substantially similar duties and responsibilities.

Morguard GP is responsible for performing the Morguard GP Duties primarily through its dedicated management team and employees. In performing such duties, Morguard GP may from time to time retain the services of third parties where it is appropriate to do so, taking into account such factors as the proximity of its workforce to the relevant properties, economies of scale and operational efficiencies, provided that Morguard GP will at all times remain responsible for such functions in accordance with the Limited Partnership Agreement. Morguard GP is responsible for all employment matters with respect to its personnel as well as the costs of any third parties it retains in performing the Morguard GP Duties.

Partnership Distribution Policy and Priority

The REIT GP, on behalf of the Partnership, will make monthly cash distributions in the manner set out below. Except as noted otherwise herein, such distributions will be paid within 15 days following each calendar month end. The REIT GP, on behalf of the Partnership, may also make cash distributions at any other time.

The Partnership shall make monthly cash distributions to its partners in the following order of priority:

- a) first, to the holders of Class C LP Units (being Morguard), distributions as outlined below at "The Partnership — Distributions — Distributions on Class C LP Units";
- b) second, to the holders of the Class B GP Units (being Morguard GP), distributions as outlined below at "The Partnership — Distributions — Partnership Distributions to Morguard GP";
- c) third, to the holders of the Class A GP Units (being the REIT GP), distributions as outlined at "The Partnership — Distributions — Distributions to REIT GP";
- d) fourth, to the holders of Class A LP Units (being the REIT), distributions as outlined at "The Partnership — Distributions — Distributions on Class A LP Units and Class B LP Units"; and
- e) thereafter, to the holders of the Class A LP Units (being the REIT) and the Class B LP Units (being Morguard) *pro rata* in accordance with the Partnership's aggregate number of units of each class issued and outstanding, as outlined below at "The Partnership — Distributions — Distributions on Class A LP Units and Class B LP Units".

In the event that the aggregate amount of the GP Distributions to the General Partners in respect of any fiscal year of the Partnership is greater than Partnership Net Income in excess of the amount allocated to the holder of the Class C LP Units, for that year for the Partnership, the General Partners will be required to repay that excess (pro rata to the aggregate amount of the distributions received by each of the General Partners in respect of such fiscal year of the Partnership) within a designated timeframe (the "GP Distribution Repayment Amount"). In the event that in any fiscal quarter of the Partnership, the General Partners shall have paid a GP Distribution Repayment Amount to the Partnership, such amount (the "Deficiency") shall be paid to the General Partners in the next subsequent fiscal quarter in which there is, and to the extent there is, Partnership Net Income greater than the GP Distributions for that quarter in priority to all distributions other than distributions to the holders of the Class C LP Units (being Morguard). Any Deficiency which remains unpaid in any fiscal quarter shall continue to be carried forward as a Deficiency in subsequent fiscal quarters.

Distributions made by the Partnership under the Limited Partnership Agreement, including all distributions to the partners other than distributions to Morguard on the Class C LP Units (in respect of the Retained Debt), shall be made inclusive of applicable taxes (if any), and each of the partners shall agree to take all necessary acts or steps to ensure that such distributions are inclusive of all applicable taxes; provided that amounts required to be withheld under applicable law on account of income taxes or non-resident withholding taxes shall be withheld and will be deemed to have been paid to the relevant person or distributed to the relevant partner.

Partnership Distributions to Morguard GP

Morguard GP, as the sole holder of the Class B GP Units, receives a base annual distribution (the “Base Annual Distribution”) from the Partnership in respect of its performance of duties and responsibilities as a general partner of the Partnership, as follows:

- a) 0.25% of Canadian Gross Book Value of the Partnership to be distributed in arrears in equal monthly installments on or about the 15th day of each calendar month based on the immediately preceding calendar month except for the first fiscal quarter following the closing of the IPO, it was the Canadian Gross Book Value as of the closing of the IPO;
- b) 3.50% of Canadian Gross Property Revenue of the Partnership to be distributed in arrears in equal monthly installments on or about the 15th day of each calendar month based on the monthly average of the Canadian Gross Property Revenue for the immediately preceding fiscal quarter, except for the first fiscal quarter following the closing of the IPO, it was estimated, with reconciliation to actual figures once annual audited financial statements became available; and
- c) an annual distribution, calculated in arrears, in an amount equal to the product of (A) 15% of the Partnership’s FFO per Unit (assuming that all issued and outstanding Class B LP Units have been exchanged for Units) in excess of \$0.66 and (B) the number of issued and outstanding Units (assuming that all issued and outstanding Class B LP Units have been exchanged for Units), subject to adjustments for certain transactions affecting the Units (including any subdivision, split, combination or consolidation of the Units).

In addition, the Partnership is responsible for all costs and expenses relating to its business and operations and Morguard GP will be reimbursed for all out-of-pocket costs and expenses incurred by Morguard GP, on behalf of the Partnership, in connection with carrying out its duties and obligations under the Limited Partnership Agreement, other than the costs of Morguard GP’s overhead and certain other costs and expenses, including its office rent, office administrative costs and costs relating to its employees other than in respect of employees who are on-site at a property (for which the Partnership shall be responsible).

The Base Annual Distribution shall be subject to review by the Trustees on the tenth anniversary of the closing of the IPO and each subsequent fifth anniversary thereof. In the event that Morguard GP and the Trustees are unable to agree on the Base Annual Distribution on the applicable anniversary for the associated renewal period, the Base Annual Distribution shall be determined by binding arbitration. In such event, following the applicable anniversary, the Base Annual Distribution shall continue to be the expiring Base Annual Distribution until a final determination has been made pursuant to the binding arbitration.

Right of the REIT GP to Remove Morguard GP

At least 12 months prior to the tenth anniversary of the closing of the IPO and each subsequent fifth anniversary thereof, the Independent Trustees of the REIT will review the performance of Morguard GP and, if a majority of the Independent Trustees of the REIT are not satisfied with the performance by Morguard GP of the Morguard GP Duties, they may submit the removal of Morguard GP to a vote of Unitholders. If such removal is approved by a simple majority of the votes cast by Unitholders, the REIT GP may remove Morguard GP as a general partner of the Partnership effective on the forthcoming tenth anniversary of the closing of the IPO or the subsequent fifth anniversary thereof, as applicable, provided that the REIT provides at least 12 months’ prior written notice or payment in lieu thereof, which payment shall be equal to the Base Annual Distributions over the preceding 12 months, plus the reimbursement of Morguard GP for Morguard GP Employee Severance Costs (as defined below).

In addition, the REIT GP has the right to remove Morguard GP as a general partner of the Partnership:

- a) upon the occurrence of:
 - i) an event of insolvency of Morguard GP within the meaning of the Limited Partnership Agreement;
 - ii) a material breach by Morguard GP under the Limited Partnership Agreement, if such material breach is not cured within 30 days after receipt by Morguard GP of written notice from the REIT GP or the Partnership with respect thereto;
 - iii) fraudulent misconduct of, or misappropriation of funds by, Morguard GP;
 - iv) an act of gross negligence by Morguard GP;
 - v) a default by a Morguard entity under any U.S. Management Agreement, the Services Agreement or the Right of First Offer and Non-Solicit Agreement, that results in the termination by the applicable REIT entity of such applicable agreement; or
 - vi) the termination by a Morguard entity of any U.S. Management Agreement or the Services Agreement other than as a result of an event of default or change of control of the applicable REIT entity, provided that such Morguard entity is not being replaced by another Morguard entity,(each, a “Morguard GP Event of Default”); or
- b) upon a change of control of Morguard GP, subject to the reimbursement of Morguard GP for Morguard GP Employee Severance Costs.

Under the Limited Partnership Agreement, the Partnership shall be responsible to reimburse Morguard GP for any and all severance or termination costs and payments (if any) actually incurred by Morguard GP in respect of employees of Morguard GP arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of (a) the removal (other than as a result of a Morguard GP Event of Default, including as a result of the termination of the Services Agreement or any U.S. Management Agreement by Morguard on 90 days’ written notice, as a result of a Servicer Event of Default or a U.S. Manager Event of Default), or (b) resignation as a result of a Morguard GP Resignation Event of Default (as defined below), of Morguard GP as a general partner of the Partnership, in respect of the period after the closing of the IPO that each such employee has worked on Partnership matters and based on the proportion of each such employee’s services attributable to Partnership matters, if Morguard GP is removed (other than as a result of a Morguard GP Event of Default, as a result of the termination of the Services Agreement or any U.S. Management Agreement by Morguard on 90 days’ written notice, as a result of a Servicer Event of Default or a U.S. Manager Event of Default), or resigns as a result of a Morguard GP Resignation Event of Default (the “Morguard GP Employee Severance Costs”) provided that, notwithstanding the foregoing, in the event that the Partnership or an affiliate of the Partnership employs any employee of Morguard GP within 12 months of Morguard GP’s removal or resignation, as the case may be, for any reason whatsoever, the Partnership or affiliate shall be responsible for any and all severance and termination costs and payments paid or payable by Morguard GP to such employee.

If the REIT GP requests the removal, without cause, of a senior officer of the Partnership, whose services were being provided by Morguard GP, the Partnership will be responsible for reimbursing Morguard GP for severance and termination costs and payments (if any) actually incurred by Morguard GP for such senior officer in respect of (a) the period after the closing of the IPO that such senior officer has worked on Partnership matters and (b) the proportion of each such senior officer’s services attributable to Partnership matters.

Right of Morguard GP to Resign

Morguard GP will have the right to resign as a general partner of the Partnership upon the occurrence of (a “Morguard GP Resignation Event of Default”) (i) an event of insolvency of the Partnership within the meaning of the Limited Partnership Agreement, or (ii) a material breach by the REIT GP under the Limited Partnership Agreement, if such material breach is not cured within 30 days after receipt by the REIT GP of written notice from Morguard GP with respect thereto. Upon any such termination, Morguard GP shall be entitled to

reimbursement for Morguard GP Employee Severance Costs, which reimbursement will not derogate from or in any way affect or preclude any other rights of Morguard GP for damages or otherwise at law or equity.

Morguard GP will also have a right to resign at any time on 90 days' written notice, provided that in such event (other than by reason of a Morguard GP Resignation Event of Default), Morguard GP will not be entitled to any reimbursement for severance or termination costs or payments incurred by Morguard GP other than in respect of any employee of Morguard GP employed by the Partnership or its affiliates within 12 months immediately following Morguard GP's resignation.

Change of Control Payment

Upon a change of control of the REIT GP, other than a change of control caused by Morguard, and upon Morguard GP resigning as general partner of the Partnership within the 12 months following such change of control, the Partnership shall pay Morguard GP an amount equal to the Base Annual Distributions over the preceding 12 months, provided that Morguard will not be entitled to any reimbursement for severance costs or payments incurred by it other than in respect of any employee of Morguard GP employed by the Partnership or its affiliates within the 12 months following Morguard GP's resignation.

Non-Solicitation

Upon removal or resignation of Morguard GP as a general partner of the Partnership, the Partnership will not solicit employees of Morguard GP for a period of 18 months, provided that the Partnership will be entitled to solicit any employee of Morguard GP for whom the Partnership is responsible to reimburse Morguard GP for severance or termination costs or payments, other than any employee of Morguard GP appointed as a senior officer of the Partnership. Notwithstanding the foregoing, in the event that Morguard GP resigns as a result of a Morguard GP Resignation Event of Default, the Partnership shall not be entitled to solicit any employee of Morguard GP for a period of 18 months.

Disposition of Properties

The REIT may, subject to the terms of the Limited Partnership Agreement, and subject to any required consents, sell, exchange or otherwise dispose of its Canadian properties and the Morguard GP Duties in respect of such Canadian properties shall terminate upon the completion of the applicable sale, exchange or disposition; provided, however, that the sale, exchange or other disposition of all or substantially all of the assets of the Partnership, in a single transaction or a series of related transactions, whether or not as a result of the dissolution, winding-up or distribution of all the assets of the Partnership, except in conjunction with an internal reorganization of the Partnership, shall require the approval, by special resolution, of the holders of Units and the Special Voting Units in accordance with the terms of the Declaration of Trust.

U.S. Manager

The U.S. Manager has been appointed by U.S. Holdco to manage the U.S. properties. Pursuant to the U.S. Management Agreements, the U.S. Manager has general responsibility for the overall management and operation of the U.S. properties of the REIT. Its duties include the following U.S. Manager Duties:

- a) advising U.S. Holdco on strategic matters relating to the U.S. properties, dispositions and development of properties, and value maximization;
- b) subject to approval by U.S. Holdco, identifying, structuring and negotiating dispositions and other transactions in respect of the U.S. properties;
- c) conducting day-to-day relations with respect to the U.S. properties with third parties, including tenants, suppliers, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers;
- d) managing the regulatory compliance in respect of the U.S. properties, including making all required filings;
- e) supervising U.S. property expansions, capital projects and development projects;

- f) managing the U.S. properties, including inspecting the properties, negotiating contracts, ensuring reasonable security, handling tenant requests and negotiations, arranging for such improvements and repairs as may be required and purchasing all materials and services, and incurring such expenses (with certain exceptions), as it deems necessary in connection therewith, all in accordance with an approved budget;
- g) collecting all rents and other charges and payments of costs and expenses related to the management of the U.S. properties;
- h) reporting on the financial condition of the U.S. properties and preparing budgets and leasing and marketing plans with respect to the U.S. properties on a periodic basis;
- i) supervising and conducting all U.S. leasing operations, including negotiating and executing leases in accordance with an approved leasing and marketing plan;
- j) preparing all reports reasonably requested by U.S. Holdco, including operational reporting such as cash flow by property and by asset type, reports on development costs and executive summaries by asset type describing each of the U.S. properties;
- k) providing U.S. Holdco with the information on the U.S. properties that the REIT requires for (i) investor relations activities, (ii) regulatory and financial reporting requirements, and (iii) the preparation of all documents, reports, data and analysis required by the REIT for its filings and documents necessary for its continuous disclosure requirements pursuant to applicable stock exchange rules and securities laws;
- n) arranging such administrative, executive and management personnel to be provided to U.S. Holdco as is reasonably necessary; and
- o) such other responsibilities and services in respect of the U.S. properties as may be required from time to time.

In performing the U.S. Manager Duties, the U.S. Manager must exercise the degree of care, diligence, judgment and skill that would be exercised by a professional, prudent and competent person who is experienced in performing substantially similar duties and responsibilities.

At all times, one or more of the special purpose entities owned by U.S. Holdco shall have at least six employees.

Since their acquisition, all of the U.S. properties have been managed by the U.S. Manager. The U.S. Management Agreements permits the U.S. Manager to retain, where appropriate from time to time, taking into account economies of scale and other relevant factors, other managers to manage a portion of the REIT's U.S. properties; provided, however, that the other managers are subject to at least the same standard of care as that of the U.S. Manager and may, for U.S. properties wholly owned by the REIT, be terminated by the REIT on not more than 90 days' written notice. If the U.S. Manager retains other managers, it will at all times remain responsible for such functions in accordance with the U.S. Management Agreements, and will be responsible for all employment matters with respect to its personnel as well as the costs of any third parties it retains to perform its duties as U.S. Manager. The U.S. Manager will also be responsible for supervising the activities of any such other managers of the U.S. properties.

The fees under the U.S. Management Agreements shall be subject to review by the Trustees on the tenth anniversary of the closing of the IPO and each subsequent fifth anniversary thereof. In the event that the U.S. Manager and the Trustees are unable to agree on the fees payable under the U.S. Management Agreements on the applicable anniversary for the associated renewal period, such fees shall be determined by binding arbitration. In such event, following the applicable anniversary, the fees under the U.S. Management Agreements shall continue to be the fees payable thereunder for the expiring period until a final determination has been made pursuant to the binding arbitration.

Property Management Fee

The U.S. Manager is the current manager of the REIT's U.S. properties and will continue to manage certain properties not owned by the REIT, some of which may be in competition with the REIT's U.S. properties. The U.S. Manager is entitled to receive a property management fee equal to 3.50% of the U.S. Gross Property Revenue to be paid in arrears on a monthly basis.

Asset Management Fee

The U.S. Manager is the current asset manager of the REIT's U.S. properties and will continue to manage certain properties not owned by the REIT, some of which may be in competition with the REIT's U.S. Properties. The U.S. Manager is entitled to receive an asset management fee equal to 0.25% of U.S. Gross Book Value of the Partnership to be paid in arrears on a monthly basis.

Acquisition Fee

The U.S. Manager is entitled to the following fees for its U.S. Manager Duties (other than in respect of such matters that occurred at or were in conjunction with the closing of the IPO) in respect of U.S. properties acquired, directly or indirectly, by the REIT, to be paid upon the closing of the purchase of each such property:

- a) 0% of the purchase price paid for U.S. properties acquired, directly or indirectly, from Morguard or any party that is affiliated or related to Morguard (including any entity controlled by or controlling Morguard) (collectively, the "Morguard Related Parties");
- b) 0.75% of the purchase price paid for U.S. properties acquired in each fiscal year of the REIT from parties that are not Morguard Related Parties until the aggregate purchase price paid by the REIT for all properties acquired in Canada and the United States, from parties that are not Morguard Related Parties, is \$200 million (using the applicable exchange rate at the time of each such acquisition); and
- c) 0.50% of the purchase price paid for U.S. properties acquired in each fiscal year of the REIT from parties that are not Morguard Related Parties after the aggregate purchase price paid by the REIT for all properties acquired in Canada and the United States, from parties that are not Morguard Related Parties, exceeds \$200 million (using the applicable exchange rate at the time of each such acquisition).

Financing Fee

With respect to Arranging for Financing Services (other than in respect of such matters that occurred at or were in conjunction with the closing of the IPO), the U.S. Manager is entitled to a financing fee in an amount equal to 0.15% of the principal amount and associated costs (excluding any Fannie Mae, Freddie Mac or similar premium) of any debt financing or debt refinancing in respect of U.S. real property held directly or indirectly by the REIT, to be paid on closing of each such financing.

Development Fee

The U.S. Manager is entitled to a development fee in an amount equal to 1.00% of the development costs in respect of the U.S. properties held directly or indirectly by the REIT, where such costs exceed US\$1 million per property and are incurred in connection with: (i) the construction, enlargement or reconstruction of any building, erection, plant, equipment or improvement on a property; or (ii) any refurbishing, additions, upgrading or restoration of or renovations to existing buildings, erections, plant, equipment or improvements, including redevelopments, other than repair and maintenance in the ordinary course of business.

Additional Fees

To the extent that the U.S. Manager or an affiliate of the U.S. Manager performs services for the REIT in addition to those specifically enumerated under the U.S. Management Agreements, those services will be compensated separately at rates to be agreed upon between the REIT and the U.S. Manager.

Expenses

U.S. Holdco will reimburse the U.S. Manager for all property specific expenses, including on-site expenses and out-of-pocket costs incurred by the U.S. Manager in connection with carrying out its duties and obligations under the U.S. Management Agreements, other than the costs of the U.S. Manager's overhead and employees (excluding employees that are on-site at a property, the costs for which shall be the responsibility of U.S. Holdco) and certain other costs and expenses, including its office rent or office administrative costs.

Term of the U.S. Management Agreements

Each U.S. Management Agreement has an initial term of ten years and is automatically renewable for further terms of five years each. At least 12 months prior to the tenth anniversary of the closing of the IPO and each subsequent fifth anniversary of the closing of the IPO, the Independent Trustees of the REIT will review the performance of the U.S. Manager and, if a majority of the Independent Trustees of the REIT are not satisfied with the performance by the U.S. Manager of the U.S. Manager Duties, they may submit the termination of the applicable U.S. Management Agreement to a vote of Unitholders. If such termination is approved by a simple majority of the votes cast by Unitholders, the REIT may terminate such U.S. Management Agreement effective on the forthcoming tenth anniversary of the closing of the IPO or the subsequent fifth anniversary thereof, as applicable, provided that the REIT provides at least 12 months' prior written notice or payment in lieu thereof (which payment shall be equal to the gross fees paid to the U.S. Manager over the preceding 12 months), plus the reimbursement of the U.S. Manager Employee Severance Costs (as defined below).

In addition, the REIT has the right to terminate a U.S. Management Agreement:

- a) in the event of:
 - i) an event of insolvency of the U.S. Manager within the meaning of such U.S. Management Agreement;
 - ii) a material breach by the U.S. Manager under such U.S. Management Agreement, if such material breach is not cured within 30 days after receipt by the U.S. Manager of written notice from the REIT or U.S. Holdco with respect thereto;
 - iii) fraudulent misconduct of, or misappropriation of funds by, the U.S. Manager;
 - iv) an act of gross negligence by the U.S. Manager within the meaning of such U.S. Management Agreement;
 - v) a default by a Morguard entity under the Limited Partnership Agreement, the other U.S. Management Agreement, the Services Agreement or the Right of First Offer and Non-Solicit Agreement, that results in the termination by the applicable REIT entity of such applicable agreement, or the removal of the applicable Morguard entity, as applicable;
 - vi) the resignation by a Morguard entity under the Limited Partnership Agreement or termination by a Morguard entity of the Services Agreement or the other U.S. Management Agreement, in each case, other than as a result of an event of default or change of control of the applicable REIT entity, provided that such Morguard entity is not being replaced by another Morguard entity;(each, a "U.S. Manager Event of Default"); or
- b) upon a change of control of the U.S. Manager, subject to the reimbursement of the U.S. Manager for the U.S. Manager Employee Severance Costs.

Under each U.S. Management Agreement, U.S. Holdco shall be responsible to reimburse the U.S. Manager for any and all severance or termination costs and payments (if any) actually incurred by the U.S. Manager in respect of employees of the U.S. Manager arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of the termination of such U.S. Management Agreement (other than as a result of a U.S. Manager Event of Default, as a result of a termination of a U.S. Management Agreement or Services Agreement by Morguard on 90 days' written notice, as a result of a Servicer Event of Default or as a result of the resignation of Morguard GP as a general partner of the Partnership (other than as a result of a Morguard GP Resignation Event of Default)), in respect of the period after the closing of the IPO that each such employee has worked on REIT matters and based on the proportion of each such employee's services attributable to REIT matters, if such U.S. Management Agreement is terminated (other than as a result of a U.S. Manager Event of Default, as a result of a termination of a U.S. Management Agreement or Services Agreement by Morguard on 90 days' written notice, as a result of a Servicer Event of Default or as a result of the resignation of Morguard GP as a general partner of the Partnership (other than as a result of a Morguard GP Resignation Event of Default)) (collectively, the "U.S. Manager Employee Severance Costs"), provided that, notwithstanding the foregoing, in the event that the REIT or an affiliate of the REIT employs any employee of the U.S. Manager within 12 months of the termination of such U.S. Management Agreement, for any reason whatsoever, U.S.

Holdco or affiliate shall be responsible for any and all severance and termination costs and payments paid or payable by the U.S. Manager to such employee.

Right of the U.S. Manager to Terminate the U.S. Management Agreements

The U.S. Manager has the right to terminate a U.S. Management Agreement upon the occurrence of (a “U.S. Manager Resignation Event of Default”) (i) an event of insolvency of the Partnership within the meaning of such U.S. Management Agreement, or (ii) a material breach by the REIT GP or U.S. Holdco under such U.S. Management Agreement, if such material breach is not cured within 30 days after receipt by the REIT GP or U.S. Holdco, as the case may be, of written notice from the U.S. Manager with respect thereto. Upon any such termination, the U.S. Manager shall be entitled to reimbursement of any U.S. Manager Employee Severance Costs, which reimbursement will not derogate from or in any way affect or preclude any other rights of the U.S. Manager for damages or otherwise at law or equity.

The U.S. Manager also has the right to terminate each U.S. Management Agreement at any time on 90 days’ written notice, provided that in such event (other than by reason of a U.S. Manager Resignation Event of Default), the U.S. Manager will not be entitled to reimbursement for severance or termination costs or payments incurred by the U.S. Manager other than in respect of any employee of the U.S. Manager employed by the Partnership or its affiliates within 12 months immediately following the U.S. Manager’s termination of such U.S. Management Agreement.

Change of Control Payment

Upon a change of control of U.S. Holdco, other than a change of control caused by Morguard, and upon the U.S. Manager terminating a U.S. Management Agreement within the 12 months following such change of control, U.S. Holdco shall pay the U.S. Manager an amount equal to the gross fees paid to the U.S. Manager over the preceding 12 months, provided that the U.S. Manager will not be entitled to any reimbursement for severance costs or payments incurred by it except in respect of any employee of the U.S. Manager employed by U.S. Holdco or its affiliates within the 12 months following resignation.

Non-Solicitation

Upon termination of a U.S. Management Agreement, U.S. Holdco and its affiliates will not solicit employees of the U.S. Manager for a period of 18 months, provided that U.S. Holdco and its affiliates will be entitled to solicit any employee of the U.S. Manager for whom U.S. Holdco or its affiliates is responsible to reimburse the U.S. Manager for severance or termination costs or payments. Notwithstanding the foregoing, in the event that a U.S. Management Agreement is terminated as a result of a U.S. Manager Resignation Event of Default, U.S. Holdco and its affiliates shall not be entitled to solicit any employee of the U.S. Manager for a period of 18 months.

Disposition of Properties

U.S. Holdco and its affiliates may, subject to any required consents, sell, exchange or otherwise dispose of its U.S. properties and the U.S. Manager Duties in respect of such U.S. properties shall terminate upon the completion of the applicable sale, exchange or disposition; provided, however, that the sale, exchange or other disposition of all or substantially all of the assets of the Partnership, in a single transaction or a series of related transactions, whether or not as a result of the dissolution, winding-up or distribution of all the assets of the Partnership, except in conjunction with an internal reorganization of the Partnership, shall require the approval, by special resolution, of the holders of Units and the Special Voting Units in accordance with the terms of the Declaration of Trust.

Services Agreement

Services

Pursuant to the Services Agreement, the Services provided by Morguard to the REIT include the following, subject to the overriding supervision and direction of the Trustees:

- a) advising the REIT on potential acquisitions and dispositions of Canadian properties;

- b) advising the REIT GP on strategic matters relating to the Partnership's Canadian properties, dispositions and development or re development of properties and value maximization;
- c) subject to the approval of the REIT GP, identifying, structuring and negotiating dispositions and other transactions in respect of the Partnership's Canadian properties;
- d) providing the services of a member of Morguard's senior management team, such person to be appointed by Morguard (for so long as Morguard GP is a general partner of the Partnership) and acceptable to the REIT, to act as the Chief Executive Officer of the REIT;
- e) providing the services of a member of Morguard's senior management team, such person to be appointed by Morguard (for so long as Morguard GP is a general partner of the Partnership) and acceptable to the REIT, to act as the Chief Financial Officer of the REIT;
- f) providing the services of such administrative, management and executive personnel to be provided to the REIT as is reasonably necessary;
- g) assisting the REIT with investor relations activities;
- h) managing regulatory compliance in respect of the Partnership's Canadian properties, including making all required filings; and
- i) assisting the REIT with the preparation of all documents, reports, data and analysis required by the REIT for its filings and documents necessary for its continuous disclosure requirements pursuant to applicable stock exchange rules and securities laws.

In providing the Services, Morguard must exercise the degree of care, diligence, judgment and skill that would be exercised by a professional, prudent and competent person who is experienced in providing services substantially similar to the Services.

The fees under the Services Agreement shall be subject to review by the Trustees on the tenth anniversary of the closing of the IPO and each subsequent fifth anniversary thereof. In the event that Morguard and the REIT are unable to agree on the fees payable under the Services Agreement on the applicable anniversary for the associated renewal period, such fees shall be determined by binding arbitration. In such event, following the applicable anniversary, the fees under the Services Agreement shall continue to be the fees payable thereunder for the expiring period until a final determination has been made pursuant to the binding arbitration.

Arranging for Financing Services

Pursuant to the Services Agreement, Morguard is responsible for also, subject to the approval of the REIT, responsible for providing the Arranging for Financing Services to the REIT. In providing the Arranging for Financing Services, Morguard must exercise the degree of care, diligence, judgment and skill that would be exercised by a professional, prudent and competent person who is experienced in providing services substantially similar to the Arranging for Financing Services.

Sub-Contracting

Morguard is responsible for performing the Services or Arranging for Financing Services primarily through its dedicated management team and employees. In performing such duties, Morguard may from time to time retain the services of third parties where it is appropriate to do so, taking into account such factors as the proximity of its workforce to the relevant properties, economies of scale and operational efficiencies, provided that Morguard will at all times remain responsible for such functions in accordance with the Services Agreement. The REIT will not have any employees and Morguard will be responsible for all employment matters with respect to its personnel as well as the costs of any third parties it retains. To the extent that Morguard performs any of its duties and responsibilities through contractual arrangements with other parties, Morguard will bear the related costs and will remain responsible for such functions in accordance with the Services Agreement.

Acquisition Fee

Morguard is entitled to the following fees for its Services (other than in respect of such matters that occurred at or were in conjunction with the closing of the IPO) in respect of Canadian properties acquired, directly or indirectly, by the REIT, to be paid upon the closing of the purchase of each such property:

- a) 0% of the purchase price paid for Canadian properties acquired, directly or indirectly, from Morguard Related Parties;
- b) 0.75% of the purchase price paid for Canadian properties acquired in each fiscal year of the REIT from parties that are not Morguard Related Parties until the aggregate purchase price paid by the REIT for all properties acquired in Canada and the United States, from parties that are not Morguard Related Parties, is \$200 million (using the applicable exchange rate at the time of each such acquisition); and
- c) 0.50% of the purchase price paid for Canadian properties acquired in each fiscal year of the REIT from parties that are not Morguard Related Parties after the aggregate purchase price paid by the REIT for all properties acquired in Canada and the United States, from parties that are not Morguard Related Parties, exceeds \$200 million (using the applicable exchange rate at the time of each such acquisition).

Financing Fee

With respect to Arranging for Financing Services (other than in respect of such matters that occurred at or were in conjunction with the closing of the IPO), Morguard is entitled to a financing fee in an amount equal to 0.15% of the principal amount and associated costs (excluding any CMHC or similar premium) of any debt financing or debt refinancing in respect of Canadian real property held directly or indirectly by the REIT, to be paid on closing of each such financing.

Development Fee

Morguard is entitled to a development fee in an amount equal to 1.00% of the development costs in respect of the Canadian properties held directly or indirectly by the REIT, where such costs exceed \$1 million per property and are incurred in connection with: (i) the construction, enlargement or reconstruction of any building, erection, plant, equipment or improvement on a property; or (ii) any refurbishing, additions, upgrading or restoration of or renovations to existing buildings, erections, plant, equipment or improvements, including redevelopments, other than repair and maintenance in the ordinary course of business.

Expenses

In addition, the REIT will reimburse Morguard for all out-of-pocket costs and expenses incurred by Morguard in connection with carrying out its duties and obligations under the Services Agreement. Morguard is, however, responsible for its own overhead costs and certain other costs and expenses, including its office rent and costs relating to its employees.

Term of the Services Agreement

The Services Agreement has an initial term of ten years and is automatically renewable for further terms of five years each. At least 12 months prior to the end of the initial term and any renewal term, the Independent Trustees of the REIT will review the performance of Morguard and, if a majority of independent Trustees are not satisfied with the performance of the Services by Morguard under the Services Agreement, they may submit the termination of the Services Agreement to a vote of Unitholders. If such termination is approved by a simple majority of the votes cast by Unitholders, the REIT may terminate the Services Agreement effective on the forthcoming tenth anniversary of the closing of the IPO or the subsequent fifth anniversary thereof, as applicable, provided that the REIT GP provides at least 12 months' prior written notice or payment in lieu thereof (which payment shall be equal to the gross fees paid to Morguard over the preceding 12 months) plus reimbursement for Servicer Employee Severance Costs (as defined below).

In addition, the REIT has the right to terminate the Services Agreement:

- a) in the event of:
 - i) an event of insolvency of Morguard within the meaning of the Services Agreement;
 - ii) a material breach by Morguard under the Services Agreement, if such material breach is not cured within 30 days after receipt by Morguard of written notice from the REIT with respect thereto;
 - iii) fraudulent misconduct of, or misappropriation of funds by, Morguard;
 - iv) an act of gross negligence by Morguard;
 - v) a default by a Morguard entity under the Limited Partnership Agreement, any U.S. Management Agreement or the Right of First Offer and Non-Solicit Agreement, that results in the termination by the applicable REIT entity of such applicable agreement, or removal of the applicable Morguard entity, as applicable; or
 - vi) the resignation by a Morguard entity under the Limited Partnership Agreement or termination by a Morguard entity of any U.S. Management Agreement, in each case, other than as a result of an event of default or change of control of the applicable REIT entity, provided that such Morguard entity is not being replaced by another Morguard entity;(each, a “Servicer Event of Default”); or
- b) upon a change of control of Morguard, subject to reimbursement of Morguard for Servicer Employee Severance Costs.

If the REIT requests the removal, without cause, of a senior officer of the REIT (including the Chief Executive Officer or Chief Financial Officer of the REIT) whose services were being provided by Morguard or its affiliates, the REIT will be responsible for reimbursing Morguard for severance and termination costs and payments (if any) actually incurred by Morguard or its affiliates for such senior officer in respect of (a) the period after the closing of the IPO that such senior officer has worked on REIT matters and (b) the proportion of such senior officer’s services attributable to REIT matters.

For purposes of the Services Agreement, “Servicer Employee Severance Costs” means any and all severance or termination costs and payments (if any) actually incurred by Morguard or its affiliates in respect of employees of Morguard or its affiliates arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of the termination of the Services Agreement (other than as a result of a Servicer Event of Default, including as a result of a termination of any U.S. Management Agreement, or termination of the Services Agreement by Morguard on 90 days’ written notice, as a result of a Morguard GP Event of Default, as a result of a U.S. Manager Event of Default, or the resignation of Morguard GP as a general partner of the Partnership (other than as a result of a Morguard GP Resignation Event of Default)), in respect of the period after the closing of the IPO that each such employee has worked on REIT matters and based on the proportion of each such employee’s services attributable to REIT matters, provided that, notwithstanding the foregoing, in the event that the REIT or an affiliate of the REIT employs any employee of Morguard within 12 months of termination of the Services Agreement for any reason whatsoever, the REIT or such affiliate shall be responsible for any and all severance and termination costs and payments paid or payable by Morguard to such employee.

Right of Morguard to Terminate the Services Agreement

Morguard has the right to terminate the Services Agreement upon the occurrence of (a “REIT Event of Default”) (a) an event of insolvency of the REIT, within the meaning of the Services Agreement, or (b) a material breach by the REIT under the Services Agreement, if such material breach is not cured within 30 days after receipt by the REIT of written notice from Morguard with respect thereto. Upon any such termination, Morguard shall be entitled to reimbursement for Servicer Employee Severance Costs, which reimbursement will not derogate from or in any way affect or preclude any other rights of Morguard for damages or otherwise at law or equity.

Morguard also has the right to terminate the Services Agreement at any time on 90 days’ written notice, provided that in such event (other than by reason of a REIT Event of Default), Morguard will not be entitled to reimbursement for severance or termination costs or payments incurred by Morguard other than in respect of

any employee of Morguard employed by the REIT or its affiliates within 12 months of the termination of the Services Agreement.

Change of Control Payment

Upon a change of control of the REIT, other than a change of control caused by Morguard, and upon Morguard terminating the Services Agreement within the 12 months following such change of control, the REIT shall pay Morguard an amount equal to the gross fees paid to Morguard over the preceding 12 months, provided that Morguard will not be entitled to any reimbursement for severance costs or payments incurred by it except in respect of any employee of Morguard employed by the REIT or its affiliates within the 12 months following *resignation*.

Non-Solicitation

Upon termination of the Services Agreement, the REIT will not solicit employees of Morguard for a period of 18 months, provided that the REIT will be entitled to solicit any employee of Morguard for whom the REIT is responsible to reimburse Morguard for severance or termination costs, other than the Chief Executive Officer and Chief Financial Officer of the REIT or any other employee of Morguard appointed as a senior officer of the REIT. Notwithstanding the foregoing, if Morguard terminates the Services Agreement as a result of a REIT Event of Default, the REIT shall not be entitled to solicit any employee of Morguard for a period of 18 months.

Right of First Offer and Non-Solicit Agreement

Morguard, Morguard GP, the U.S. Manager and the REIT entered into the Right of First Offer and Non-Solicit Agreement, which shall continue in effect until the later of (i) the date that Morguard owns, directly or indirectly, less than 10% of the Units (on a fully diluted basis), and (ii) the date that Morguard GP (or other Morguard entity) is no longer a general partner of the Partnership.

Non-Solicit

Morguard GP, the U.S. Manager and Morguard will not, and Morguard GP, the U.S. Manager and Morguard will cause their subsidiaries to not, solicit any specific tenant to vacate any REIT property in favour of a property in which Morguard GP, the U.S. Manager, Morguard or any Morguard Related Parties have an ownership or operating interest during the occupancy of such tenant at such REIT property. In addition, none of Morguard GP, the U.S. Manager, Morguard or any Morguard Related Parties will preferentially market buildings in which it has an ownership or operating interest over buildings held directly or indirectly by the REIT.

In accordance with Morguard's acquisition allocation policy, future Canadian and U.S. acquisition opportunities for multi-suite residential properties not owned by Morguard will be offered to the REIT at the same time as they are offered to Morguard's other clients and in priority to affiliates of Morguard, including Morguard Related Parties. Morguard strives to ensure fair and equitable treatment for all its clients through the use of a clearly defined acquisition allocation policy to manage conflicts among its investors for acquisition opportunities. Morguard's acquisition allocation policy provides that, subject to certain exceptions, investment opportunities are required to be provided to all its clients simultaneously. Upon receipt, clients are required to confirm their level of interest and identify the terms or conditions to their interest. Each interested client is required to provide parameters including in respect of pricing, timing and conditions, upon which Morguard will assess the terms and proceed with the client that has the highest probability of successfully acquiring the subject property. To ensure fairness in specific circumstances, there are exceptions to this process, including where: (a) a client sources a specific property and approaches Morguard to acquire such property on its behalf; and (b) a property is adjacent, or complimentary to, a property currently managed by Morguard and owned by one of its current clients.

Obligations of the REIT

As long as a Morguard entity is performing Services or Arranging for Financing Services for the REIT, the REIT will not engage the services of a party that is not a Morguard entity to provide such Services or Arranging for Financing Services in respect of any current or after acquired properties of the REIT or properties in which the REIT has an opportunity to make an investment, provided that such obligation does not apply in respect of

properties in which the REIT has or would have an ownership interest of 50% or less. Further, so long as a Morguard entity is a general partner of the Partnership, the REIT will not engage the services of a party that is not a Morguard entity to perform the Services, the Morguard GP Duties or the U.S. Manager Duties in respect of any current or after acquired properties of the REIT, provided that such obligation does not apply in respect of properties in which the REIT has or would have an ownership interest of 50% or less. The REIT will also acquire properties only through the Partnership or through a new limited partnership with Morguard GP acting as a general partner thereof, provided that such obligation does not apply in respect of properties in which the REIT has or would have an ownership interest of 50% or less. Furthermore, no such obligation shall apply to any real property in respect of which the applicable Morguard entity has decided not to provide any such services or duties.

Right of First Offer

Morguard has provided the REIT with the Right of First Offer to acquire any interests of Morguard in the properties that it owns after the closing of the IPO that are multi-suite residential properties located in Canada and the United States, including interests in any such properties acquired or developed (including such properties under development that are substantially complete), prior to disposition of any such interest to a third party (other than the sale of individual condominium suites) which will be on terms not materially less favourable to the REIT than those offered by or to such third party. The Right of First Offer provides that if at any time and from time to time following the closing of the IPO Morguard determines that it desires to sell, or receives and desires to accept an offer to acquire (directly or indirectly by way of the sale or acquisition of securities), a multi-suite residential rental property (a "Proposed Disposition"), Morguard will, by notice in writing, advise the REIT of such opportunity. Such a notice must outline all of the material terms and conditions of the Proposed Disposition and be accompanied by all material information relating to the Proposed Disposition as is in the control or possession of Morguard. The REIT will have up to ten business days to notify Morguard, in the form of an executed non-binding letter of intent and accompanying refundable deposit, if it intends to acquire the Proposed Disposition. If the REIT reasonably believes that the information contained in the investment proposal is insufficient for it to make an investment decision, and notifies Morguard of same, Morguard must make reasonable commercial efforts to provide the REIT with such further information as is requested by the REIT and the REIT will have up to ten business days from receipt of such additional information to notify Morguard, in the form of an executed non-binding letter of intent and accompanying refundable deposit, if it intends to acquire the Proposed Disposition. If the REIT is unwilling to acquire the Proposed Disposition at the proposed price, the REIT may counter, in the form of an executed non-binding letter of intent, with a minimum reservation price, below which price Morguard would be unable to sell the Proposed Disposition to a third party for a period of 180 days, following which period any sale of the property would be considered a new Proposed Disposition. If the REIT notifies Morguard that it does not wish to acquire the Proposed Disposition, or the applicable period for the REIT providing notice to Morguard lapses, Morguard will be entitled to complete the sale of the Proposed Disposition within the following 180 days to any third party on terms not materially more favourable to the third party than those offered to the REIT. In respect of properties of Morguard that are co-owned or held in partnership with unrelated parties, the Right of First Offer will be subject to the terms of contractual arrangements with such unrelated parties. Further, the Right of First Offer may be subject to the rights of lenders under certain loan documents securing properties in which Morguard has an interest.

Indemnification

Morguard has entered into the Indemnity Agreement pursuant to which Morguard has indemnified the REIT and the Partnership for any breach of the representations, warranties and covenants provided under the Acquisition Agreements. The maximum liability of Morguard under its indemnity for any breach of the representations, warranties and covenants provided under the Acquisition Agreements is limited to an amount equal to the net proceeds of the IPO offering. No claim under such indemnity may be made until the aggregate claims exceed \$1 million and thereafter in respect of claims of not less than \$50,000. Morguard has also indemnified the Partnership for any breach of covenants by Morguard GP under the Limited Partnership Agreement for a period ending five years following Morguard GP (or any other Morguard entity) having ceased to be a general partner of the Partnership. See "Arrangements with Morguard — Morguard GP".

Morguard continues to remain liable, as principal obligor, for the Retained Debt. The Partnership is, however, the beneficial owner of the Initial Canadian IPO Properties associated with the Retained Debt and accordingly

could suffer impairment of these assets if Morguard fails to discharge its obligations pursuant to the Retained Debt. Accordingly, Morguard has indemnified the Partnership and the REIT for losses caused by Morguard's failure to discharge obligations pursuant to the Retained Debt. Certain obligations under the Retained Debt, such as adequate insurance, repairs and maintenance, is the responsibility of the Partnership and, as a result, such indemnification will not extend to defaults outside the scope of responsibility of Morguard.

Exchange Agreement

Exchange Rights

The REIT, the Partnership, the REIT GP and each Morguard entity holding Class B LP Units have entered into the Exchange Agreement, pursuant to which Morguard will be granted the right to require the REIT to exchange each Class B LP Unit held by Morguard for one Unit, subject to customary anti-dilution adjustments. Upon an exchange, the corresponding number of Special Voting Units will be cancelled. Collectively, the exchange rights granted by the REIT are referred to as the "exchange right". This Annual Information Form also qualifies the grant of the exchange right by the REIT in respect of the Class B LP Units.

A holder of a Class B LP Unit has the right to initiate the exchange procedure at any time so long as each of the following conditions have been satisfied:

- a) the exchange would not cause the REIT to breach the restrictions respecting non-resident ownership contained in the Declaration of Trust as described under "Description of Trust Units and Declaration of Trust — Limitation on Non-Resident Ownership" or otherwise cause it to cease to be a "mutual fund trust" or "real estate investment trust" trust for purposes of the Tax Act or create a substantial risk of either such cessation;
- b) the REIT is legally entitled to issue the Units in connection with the exercise of the exchange rights; and
- c) the person receiving the Units upon the exercise of the exchange rights complies with all applicable securities laws.

Pre-Emptive Rights

In the event that the REIT, the Partnership or one of their subsidiaries decides to issue equity securities of the REIT or the Partnership or securities convertible into or exchangeable for equity securities of the REIT or the Partnership or an option or other right to acquire any such securities other than to an affiliate thereof ("Issued Securities"), the Exchange Agreement provides Morguard, for so long as it continues to hold at least 10% of the Units (on a fully diluted basis), with pre-emptive rights to purchase Units, Class B LP Units or Issued Securities, to maintain Morguard's pro rata ownership interest (on a fully diluted basis). The pre-emptive right will not apply to the issuance of Issued Securities in certain circumstances, including the following: (i) to participants in the DRIP or a similar plan of the Partnership, including any "bonus" distribution, (ii) in respect of the exercise of options, warrants, rights or other securities issued under the REIT's or Partnership's security based compensation arrangements, if any, (iii) the issuance of Units in lieu of cash distributions, (iv) the issuance is full or partial consideration for the purchase of real property by the REIT from Morguard, (v) the exercise by a holder of a conversion, exchange or other similar privilege pursuant to the terms of a security in respect of which Morguard did not exercise, failed to exercise, or waived, its pre-emptive right or in respect of which the pre-emptive right did not apply, (vi) pursuant to a unitholder rights plan of the REIT, (vii) to the REIT, the Partnership or any subsidiary of the REIT or the Partnership or an Affiliate of any of them, and (viii) the issuance of Units any over-allotment option granted to the future underwriters in an offering.

Registration Rights

The Exchange Agreement provides Morguard with the right (the "Piggy-Back Registration Right"), among others, to require the REIT to include Units held by Morguard, including Units issuable upon exchange of Class B LP Units, in any future offering undertaken by the REIT by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a "Piggy-Back Distribution"). The REIT will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Units Morguard requests to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead

underwriter determines that the total number of Units to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Units to be included in the Piggy-Back Distribution will be first allocated to the REIT.

In addition, the Exchange Agreement provides Morguard with the right (the “Demand Registration Right”) to require the REIT to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities, qualifying Units held by Morguard, including Units issuable upon the exchange of Class B LP Units, for distribution (a “Demand Distribution”). Morguard is entitled to request a Demand Distribution no more than once in any calendar year and the REIT must take such steps as may be reasonably necessary to assist it in making a Demand Distribution, provided that, among other things, each request for a Demand Distribution must relate to such number of Units that would reasonably be expected to result in gross proceeds of at least \$20 million and if the Demand Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Demand Distribution should be limited for certain prescribed reasons, the Units to be included in the Demand Distribution will be first allocated to Morguard.

Each of the Piggy-Back Registration Right and the Demand Registration Right are exercisable at any time from 12 months following the closing of the IPO, provided that Morguard owns at least 10% of the Units (on a fully diluted basis) at the time of exercise. The Piggy-Back Registration Right and the Demand Registration Right are subject to various conditions and limitations, and the REIT will be entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days. The expenses in respect of a Piggy-Back Distribution, subject to certain exceptions, will be borne by the REIT, except that any underwriting fee on the sale of Units by Morguard and the fees of Morguard’s external legal counsel will be borne by Morguard. The expenses in respect of a Demand Distribution, subject to certain exceptions, will be borne by the REIT and Morguard on a proportionate basis according to the number of Units distributed by each. Pursuant to the Exchange Agreement, the REIT will indemnify Morguard for any misrepresentation in a prospectus under which Morguard’s Units are distributed (other than in respect of any information provided by Morguard, in respect of Morguard, for inclusion in the prospectus) and Morguard will indemnify the REIT for any information provided by Morguard, in respect of Morguard, for inclusion in the prospectus.

Tag/Drag Rights

The Exchange Agreement provides that if Morguard owns at least 10% of the Units (on a fully diluted basis), and so requests, the REIT will cause, in respect of the Partnership, a purchaser (other than the REIT or an affiliate of the REIT) of securities of the Partnership owned by the REIT (or any permitted assignee) to purchase a pro rata portion of the securities of the Partnership held by Morguard, on the same terms and subject to the same conditions as are applicable to the purchase of securities of the Partnership by the purchaser. If Morguard or any permitted assignee holds in aggregate less than 10% of the Units (on a fully diluted basis), the REIT will be entitled, in connection with the direct or indirect sale of all of its securities of the Partnership, to require Morguard or any permitted assignee to sell its securities in the Partnership on the same conditions as are applicable to the REIT’s direct or indirect sale of all other interests in the Partnership, and upon the REIT making such request and completing such sale, Morguard or any permitted assignee will have no further interest in the Partnership.

Assignment

The Exchange Agreement is not assignable by Morguard without the REIT’s prior written consent other than to a Morguard entity provided such entity remains a Morguard entity. The pre-emptive rights, registration rights and tag/drag rights described above are personal to Morguard. The transfer of Class B LP Units is subject to a number of restrictions. See “The Partnership — Transfer of LP Units”.

ITEM 11 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The REIT is not aware of any existing or contemplated material legal proceedings to which it is or was a party to, or to which any of its properties is or was the subject of, since January 1, 2021.

ITEM 12 AUDITORS, TRANSFER AGENT AND REGISTRAR

The independent auditor of the REIT is Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, Ernst & Young Tower, 100 Adelaide Street West, PO Box 1, Toronto, Ontario, Canada, M5H 0B3. Such firm is independent of the REIT within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario).

The Transfer Agent and Registrar for the REIT's Units is Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

ITEM 13 ADDITIONAL INFORMATION

Additional information, including Trustees' and officers' remuneration and indebtedness, principal holders of the REIT's securities, options to purchase securities and interests of insiders in material transactions, as applicable, is contained in the REIT's information circular for its most recent annual meeting of Unitholders.

Additional financial information is provided in the REIT's comparative financial statements for the year ended December 31, 2021, and related Management's Discussion and Analysis. Selected financial information is included in Appendix C to this Annual Information Form.

A copy of such documents may be obtained upon request from the REIT.

Additional information and disclosure relating the REIT including, financial and other material information is available on the REIT's website at www.morguard.com and may be found on SEDAR at www.sedar.com.

The REIT will also provide to any person upon request to the Secretary of the REIT:

- 1) When Units are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed in respect of a distribution of Units,
 - a) One copy of the REIT's Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;
 - b) One copy of the comparative financial statements of the REIT for its most recently completed financial year together with the accompanying report of the auditors and one copy of any interim financial statements of the REIT subsequent to the financial statements for its most recently completed financial year;
 - c) One copy of the REIT's information circular in respect of its most recent annual meeting of Unitholders that involved the election of Trustees or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and
 - d) One copy of any other document that is incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (a) to (c) above; or
- 2) At any other time, one copy of any other document referred to in 1) (a), (b) and (c) above, provided the REIT may require the payment of a reasonable charge if the request is made by a person who is not a Unitholder.

GLOSSARY

The following terms used in this annual information form have the meanings set out below:

“Acquisition Agreements” means the agreements of purchase and sale entered into on or before the closing of the IPO pursuant to which the REIT indirectly acquired the Initial IPO Properties.

“CBCA” means the *Canada Business Corporations Act*, as amended.

“Change of Control” means the acquisition by any person, or group of persons acting jointly or in concert (other than Morguard acting alone), of voting control or direction over an aggregate of not less than 66 2/3 of the outstanding Units (on a fully diluted basis).

“Class A GP Unit” means the Class A general partnership units of the Partnership.

“Class A LP Unit” means the Class A limited partnership units of the Partnership.

“Class B GP Unit” means the Class B general partnership units of the Partnership.

“Class B LP Unit” means the Class B limited partnership units of the Partnership.

“Class C LP Unit” means the Class C limited partnership units of the Partnership.

“Closing Market Price” has the meaning ascribed to it under the “Description of Trust Units and Declaration of Trust – Redemption Right.”

“CMHC” means the Canada Mortgage and Housing Corporation.

“CRA” mean the Canada Revenue Agency.

“Declaration of Trust” means the amended and restated declaration of trust of the REIT dated as of February 16, 2021 as it may be amended and restated from time to time, all as described under “Description of Trust Units and Declaration of Trust”.

“DRIP” means the Distribution Reinvestment Plan of the REIT.

“Exchange Agreement” means the exchange agreement among the REIT, Morguard, the Partnership and the REIT GP, dated April 18, 2012.

“Fannie Mae” means the Federal National Mortgage Association.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation.

“GAAP” means Canadian generally accepted accounting principles for publicly accountable enterprises as defined by the Accounting Standards Board of Canada of the Chartered Professional Accountants of Canada, as amended from time to time.

“General Partners” means, collectively, the REIT GP and Morguard GP, and **“General Partner”** means any one of them.

“Gross Book Value” is a non-GAAP financial measure of the value of the REIT’s assets calculated as the acquisition cost of the REIT’s assets plus: (i) fair value adjustments and (ii) accumulated amortization on property, plant and equipment.

“High-rise” means a building with more than seven stories.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Chartered Professional Accountants of Canada in Part I of the Chartered Professional Accountants of Canada Handbook — Accounting, as amended from time to time.

“Independent Trustee” means a Trustee who, in relation to the REIT, is “independent” within the meaning of National Instrument 58-101 — Disclosure of Corporate Governance Practices, as replaced or amended from time to time (including any successor rule or policy thereto).

“Initial Canadian IPO Properties” means the portfolio of 14 Canadian residential properties comprising interests in an aggregate of 12 high-rise, 3 mid-rise and 56 low-rise buildings, which were indirectly acquired by the REIT concurrently with the completion of its IPO.

“**Initial IPO Properties**” means, collectively, the Initial Canadian IPO Properties and the Initial U.S. IPO Properties.

“**Initial U.S. IPO Properties**” means the portfolio of interests in three U.S. residential walk-up garden community properties comprising an aggregate of 52 two-storey buildings, which were indirectly acquired by the REIT concurrently with the completion of its IPO.

“**IPO**” means the initial public offering of the REIT that was completed on April 18, 2012.

“**Limited Partnership Agreement**” means the limited partnership agreement of the Partnership dated April 11, 2012.

“**Low-rise**” means a building with fewer than four storeys.

“**Market Price**” has the meaning ascribed to it under “Description of Trust Units and Declaration of Trust—Redemption Right”.

“**MD&A**” means management’s discussion and analysis.

“**Mid-rise**” means a building with no fewer than four storeys and no more than seven storeys.

“**Monthly Limit**” means the monthly limit on the total amount payable in cash by the REIT in respect of Units tendered for redemption in a calendar month as described under “Description of Trust Units and Declaration of Trust — Redemption Right”.

“**Morguard**” means Morguard Corporation, a CBCA corporation, and where the context requires, together with its affiliates.

“**Morguard Facility**” means the unsecured revolving credit facility made available by each of Morguard and the Partnership pursuant to a credit facility between the Partnership and Morguard dated April 18, 2012, as amended on July 31, 2012, and August 29, 2012.

“**Morguard GP**” means Morguard (Canada) GP Limited, a corporation incorporated under the CBCA and a wholly-owned subsidiary of Morguard.

“**NOI**” is defined by the REIT as revenue from income producing properties less property operating costs, realty taxes and utilities as presented in the consolidated statements of income.

“**Non-Residents**” means non-residents of Canada, as described under “Description of REIT Securities and Declaration of Trust — Limitation on Non-Resident Ownership”.

“**Partnership**” means Morguard NAR Canada Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

“**Plans**” means, collectively, registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.

“**Proportionate NOI**” is a non-GAAP financial measure and represents NOI from the IFRS financial statement presentation of revenue from real estate properties, property operating costs, realty taxes and utilities adjusted for the following: i) to exclude the impact of realty taxes accounted for under the International Financial Reporting Interpretations Committee (“IFRIC”) Interpretation 21, “Levies” (“IFRIC 21”). Proportionate NOI records realty taxes for all properties on a *pro rata* basis over the entire fiscal year; ii) to exclude the non-controlling interest share of NOI for those properties that are consolidated under IFRS; and iii) to include equity-accounted investments NOI at the REIT’s ownership interest.

“**Redemption Price**” has the meaning ascribed to it under “Description of REIT Securities and Declaration of Trust — Redemption Right”.

“**REIT**” means Morguard North American Residential Real Estate Investment Trust.

“**REIT Exception**” means the exclusion from the definition of SIFT trust in the Tax Act for a trust qualifying as a “real estate investment trust” under the Tax Act.

“**REIT GP**” means Morguard NAR GP Limited, a corporation incorporated under the *Business Corporations Act* (Ontario) and a wholly-owned subsidiary of the REIT and a general partner of the Partnership.

“**Retained Debt**” means those mortgages on certain of the Initial Canadian IPO Properties that have been retained by Morguard.

“**Same Property NOI**” is a supplementary financial measure, representing NOI for properties owned by the REIT continuously for the current and comparable reporting period and does not take into account the impact of the operating performance of property acquisitions and dispositions as well as development properties until reaching stabilized occupancy.

“**Same Property Proportionate NOI**” is a non-GAAP financial measure representing, Proportionate NOI for properties owned by the REIT continuously for the current and comparable reporting period and does not take into account the impact of the operating performance of property acquisitions and dispositions as well as development properties until reaching stabilized occupancy.

“**Services Agreement**” means the services agreement between the REIT and Morguard dated April 18, 2012.

“**SIFT**” means specified investment flow-through within the meaning of the SIFT Rules.

“**SIFT Rules**” means provisions which potentially impose tax on publicly traded trusts, as explained under the Tax Act.

“**Special Voting Units**” means special voting units in the capital of the REIT, and “**Special Voting Unit**” means any one of them.

“**Specified Financial Measures**” are financial measures that are not defined by IFRS following the disclosure requirements established by National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*. Specified financial measures are categorized as non-GAAP financial measures, non-GAAP ratios, and other financial measures, which are capital management measures, supplementary financial measures, and total of segments measures.

“**Subsidiary Notes**” means promissory notes of the Partnership, a trust all of the units of which, or a corporation all of the shares of which, are owned directly or indirectly by the REIT or another entity that would be consolidated with the REIT under GAAP, having a maturity date, determined at the time of issuance, of not more than five years, bearing interest at a market rate determined by the Trustees at the time of issuance.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Trustees**” means the trustees from time to time of the REIT, and “**Trustee**” means any one of them.

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

“**Units**” means trust units in the capital of the REIT, other than Special Voting Units, and “**Unit**” means any one of them.

“**Unitholders**” means holders of Voting Units, and “**Unitholder**” means any one of them.

“**U.S. Holdco**” means Morguard NAR (U.S.) Holdings LLC, a Delaware limited liability company.

“**U.S. Management Agreements**” means the agreements between U.S. Holdco and the U.S. Manager dated April 18, 2012.

“**U.S. Manager**” means Morguard Management Company Inc., an indirect wholly-owned subsidiary of Morguard.

“**Voting Units**” means, collectively, the Units and the Special Voting Units, and “**Voting Unit**” means any one of them.

APPENDIX A
ADDITIONAL PROPERTY PORTFOLIO INFORMATION

The following tables highlight all properties owned as at February 15, 2022. Occupancy Level is as at December 31, 2021.

CANADA

Property	City	Prov.	Ownership Interest (%)	Total Suites	Ownership Suites	Occupancy (%)
Square 104	Edmonton	AB	100	277	277	77
Margaret Place ⁽¹⁾	Kitchener	ON	100	472	472	99
Meadowvale Gardens ⁽¹⁾	Mississauga	ON	100	325	325	95
The Arista ⁽¹⁾	Mississauga	ON	100	458	458	96
The Elmwoods ⁽¹⁾	Mississauga	ON	100	321	321	96
The Forestwoods ⁽¹⁾	Mississauga	ON	97	300	291	96
The Maplewoods ⁽¹⁾	Mississauga	ON	97	300	291	96
The Valleywoods ⁽¹⁾	Mississauga	ON	98	373	366	95
Tomken Place ⁽¹⁾	Mississauga	ON	100	142	142	99
160 Chapel ⁽¹⁾	Ottawa	ON	100	370	370	79
Downsview Park Townhomes ⁽¹⁾	Toronto	ON	100	60	60	100
Rideau Towers I ⁽¹⁾	Toronto	ON	90	287	258	93
Rideau Towers II ⁽¹⁾	Toronto	ON	100	380	380	93
Rideau Towers III ⁽¹⁾	Toronto	ON	100	474	474	93
Rideau Towers IV ⁽¹⁾	Toronto	ON	100	400	400	94
Rouge Valley Residence	Toronto	ON	100	396	396	98
SUBTOTAL				5,335	5,281	94

(1) Certified Rental Building™ Program

U.S.

Property	City	State	Ownership Interest (%)	Total Suites	Ownership Suites	Occupancy (%)
Retreat at City Center	Aurora	CO	100	225	225	95
Settlers' Creek	Fort Collins	CO	100	229	229	97
The Retreat at Spring Park	Garland	TX	100	188	188	94
Grand Venetian at Las Colinas	Irving	TX	100	514	514	96
Verandah at Valley Ranch	Irving	TX	100	319	319	96
The Georgian Apartments	New Orleans	LA	100	135	135	98
1643 Josephine	New Orleans	LA	100	114	114	96
Greenbrier Estates	Slidell	LA	100	144	144	99
Coast at Lakeshore East ⁽¹⁾	Chicago	IL	51	515	263	95
The Marquee at Block 37 ⁽¹⁾	Chicago	IL	50	690	345	95
Briarhill Apartments	Atlanta	GA	100	292	292	94
The Savoy Luxury Apartments	Atlanta	GA	100	232	232	97
Barrett Walk Luxury Apartment Homes	Kennesaw	GA	100	290	290	97
210 Watermark	Bradenton	FL	100	216	216	95
Blue Isle Apartment Homes	Coconut Creek	FL	100	340	340	98
2940 Solano at Monterra	Cooper City	FL	51	252	129	97
Governors Gate I	Pensacola	FL	100	240	240	99
Governors Gate II	Pensacola	FL	100	204	204	99
Jamestown Estates	Pensacola	FL	100	177	177	99
Woodcliff Apartment Homes	Pensacola	FL	100	184	184	100
Woodbine Apartment Homes	Riviera Beach	FL	100	408	408	98
Mallory Square	Tampa	FL	100	383	383	98
Village Crossing Apartment Homes	West Palm Beach	FL	100	189	189	97
The Lodge at Crossroads	Cary	NC	100	432	432	94
Perry Point Ultimate Apartments	Raleigh	NC	100	432	432	93
Northgate at Falls Church	Falls Church	VA	100	104	104	94
The Fenestra at Rockville Town Square	Rockville	MD	50	492	246	98
SUBTOTAL				7,940	6,974	96
TOTAL MULTI-SUITE RESIDENTIAL				13,275	12,255	95

(1) LEED® Certified.

DESCRIPTION OF THE PROPERTIES

The following is a description of each of the Canadian Properties.

ALBERTA

Edmonton, Alberta

10404 104 Avenue, Edmonton, Alberta ("Square 104")

Square 104 consists of two connecting mid-rise apartment buildings situated in downtown Edmonton at the northeast corner of 105th Street and 104th Avenue, Edmonton, Alberta. Square 104 is located in close proximity to Grant MacEwan College, restaurants, pubs and downtown offices. The five-storey and four-storey buildings have elevator service and are situated on approximately four acres of land. The buildings include in-suite laundry facilities, a fitness centre and provide 285 underground parking spaces. The buildings were constructed in 2004 and contain a total of 277 suites consisting of one, two and three-bedroom suites.

ONTARIO

Kitchener, Ontario

305-315 Margaret Avenue, Kitchener, Ontario ("Margaret Place")

Margaret Place consists of two high-rise apartment buildings situated near the intersection of Victoria Street and Margaret Avenue in Kitchener, Ontario. Built in 1990, Margaret Place is located in close proximity to St. Jacobs Farm and Craft Market, and the manufacturing hub and local retail establishments. The two 18-storey buildings have three elevators in each building, and are situated on approximately six acres of lush private parkland and contain a total of 472 suites consisting of one and two-bedroom suites. Margaret Place includes hospitality suites, an indoor swimming pool and whirlpool, fitness centre, party room, saunas, billiards room, indoor bike room, indoor driving range, library, in-suite laundry facilities, and provides 437 underground parking spaces and 193 surface parking spaces.

Mississauga, Ontario

2869 Battleford Road, Mississauga, Ontario ("Meadowvale Gardens")

Meadowvale Gardens is a low-rise residential complex comprising of 24 buildings, situated east of Winston Churchill and north of Battleford Road in Mississauga, Ontario. The 23 three-storey garden terrace suites and one mid-rise building containing five stories, are situated on approximately 8.6 acres of land and contain a total of 325 suites consisting of one, two and three-bedroom suites. The buildings include an outdoor pool, fitness centre, party room, indoor bike room, children's playground, tennis and squash courts, saunas, laundry facilities and provide a total of 379 underground parking spaces and 169 surface parking spaces. Meadowvale Gardens is located in close proximity to public transportation, local retail establishments and Pearson International Airport and is directly adjacent to Meadowvale Town Centre. It was constructed in 1977 and is built of cast-in-place concrete foundation and conventional wood frame structure with brick facade.

3665 Arista Way, Mississauga, Ontario ("The Arista")

The Arista is a high-rise residential apartment building situated near the intersection of Hurontario Street and Burnhamthorpe Road in Mississauga, Ontario. The Arista is located in close proximity to public transportation, schools, Square One Shopping Centre, Pearson International Airport and within walking distance of local retail establishments. The building includes an outdoor pool, fitness centre, billiards room, party room, indoor bike room, saunas, laundry facilities, library and business centre with internet access. The 19-storey building has five elevators, is situated on approximately 9.7 acres of land and contains a total of 458 suites consisting of one, two and three-bedroom suites. The building provides 607 underground parking spaces and 96 surface parking spaces. It was constructed in 1980 of cast-in-place foundation with pre-cast concrete walls and floors.

30 Elm Drive East, Mississauga, Ontario ("The Elmwoods")

The Elmwoods is a high-rise residential apartment building situated east of Hurontario Street and south of Elm Drive in Mississauga, Ontario. Built in 1984, The Elmwoods is located in close proximity to public transportation, schools, Square One Shopping Centre, Pearson International Airport and is walking distance to local retail amenities. The 19-storey building has three elevators, is situated on approximately 4.1 acres of land and contains a total of 321 suites consisting of bachelor, one, two and three-bedroom suites. The building includes hospitality suites, a fitness centre, party room, saunas, a tennis court, a nine-hole mini putt course, a barbeque and picnic area, laundry facilities and provides 425 underground parking spaces and 65 surface parking spaces.

1547 Mississauga Valley Boulevard, Mississauga, Ontario ("The Forestwoods")

The Forestwoods is a high-rise residential apartment building situated near the intersection of Burnhamthorpe Road and Hurontario Street in Mississauga, Ontario. The Forestwoods is located in close proximity to public transportation, schools, Square One Shopping Centre, Pearson International Airport and is walking distance to local retail amenities. The 22-storey building has three elevators, is situated on approximately 6.8 acres of land and contains a total of 300 suites consisting of one, two and three-bedroom suites. The building includes hospitality suites, a shared outdoor pool, shared children's playground, laundry facilities and provides 450 underground parking spaces and 75 surface parking spaces. It was constructed in 1978 and is built of cast-in-place foundation with pre-cast concrete walls and floors.

1477 Mississauga Valley Boulevard, Mississauga, Ontario ("The Maplewoods")

The Maplewoods is a high-rise residential apartment building situated near the intersection of Burnhamthorpe Road and Hurontario Street in Mississauga, Ontario. The Maplewoods is in close proximity to public transportation, schools, Square One Shopping Centre, Pearson International Airport and is within walking distance to many local retail amenities. The 22-storey building has three elevators, is situated on approximately 6.8 acres of land and contains 300 suites consisting of one, two and three-bedroom suites. The building includes hospitality suites, a shared outdoor pool, fitness centre, party room, business centre with internet access, indoor bike room, shared children's playground, laundry facilities and provides 450 underground parking spaces and 82 surface parking spaces. It was constructed in 1979 and was built of cast-in-place foundation with pre-cast concrete walls and floors.

1423 Mississauga Valley Boulevard, Mississauga, Ontario ("The Valleywoods")

The Valleywoods is a high-rise residential apartment building situated near the intersection of Burnhamthorpe and Hurontario Street in Mississauga, Ontario. The Valleywoods is in close proximity to public transportation, schools, Square One Shopping Centre, Pearson International Airport and is within walking distance to many local retail amenities. The 16-storey building has three elevators, is situated on approximately 8.4 acres of land and contains a total of 373 suites consisting of one, two and three-bedroom suites. The building includes a hospitality suite, a shared outdoor pool, fitness centre, billiards room, party room, indoor bike room, saunas, children's playground, business centre with internet access, laundry facilities and provides 495 underground parking spaces and 69 surface parking spaces. It was constructed in 1979 and is built of cast-in-place foundation with pre-cast concrete walls and floors.

935 Dundas Street East, Mississauga, Ontario ("Tomken Place")

Tomken Place is a high-rise residential apartment building situated near the intersection of Tomken Road and Dundas Street in Mississauga, Ontario. Tomken Place is located in close proximity to public transportation, local retail establishments and Pearson International Airport. The 16-storey building has two elevators, is situated on approximately 2.5 acres of land and contains a total of 142 suites consisting of mainly two and three-bedroom suites with 1 one-bedroom suite. The building includes laundry facilities, fitness centre, party room, indoor bike room, children's playground, billiards room, saunas, a tennis court and provides 197 underground parking spaces and 34 surface parking spaces. It was constructed in 1979 of cast-in-place foundation with pre-cast concrete walls and floors.

Ottawa, Ontario

160 Chapel Street, Ottawa, Ontario ("160 Chapel")

160 Chapel is a 22-story, 370-suite residential apartment building originally built in 1971 consisting of reinforced concrete construction. There is an above ground parking lot and two levels of underground parking offering a total of 270 parking spaces. There are 4 commercial units. 160 Chapel is located in the Sandy Hill neighbourhood in Ottawa – located just 2 kilometres from the downtown core, at the corner of Chapel and Rideau Streets, 160 Chapel benefits from being in close proximity to the Rideau Centre, parliament Hill, the Byward market, and the University of Ottawa. The building includes 24-hour on-site security, fitness centre, indoor pool, guest suite and sauna.

Toronto, Ontario

55-71 John Perkins Bull Drive, Toronto, Ontario ("Downsview Park Townhomes")

Downsview Park Townhomes comprises 60 newly built two and three-bedroom rental townhomes, constructed in 2017, with open concept floor plans and modern finishes. Located on the edge of Downsview Park, these stylish townhomes are minutes away from York University and Yorkdale Shopping Centre; and are in close proximity to Highways 400 and 401 as well as public transportation.

35 Thorncliffe Park Drive, Toronto, Ontario ("Rideau Towers I")

Rideau Towers I, is in a collection of four high-rise residential apartment buildings situated near the intersection of Thorncliffe Park Drive and Overlea Boulevard, in Toronto, Ontario. The Rideau Towers are in close proximity to public transportation and local retail establishments. This 18-storey building, which is situated on approximately 3.5 acres of land and contains a total of 287 suites. Rideau Towers I comprise of one, two and three-bedroom suites with a weighted average size of 918 square feet. The building has laundry facilities and provides 176 underground parking spaces and 122 surface parking spaces. The building was constructed in the mid-1960's and was built of cast-in-place concrete slab floors with a brick exterior veneer.

43 Thorncliffe Park Drive, Toronto, Ontario ("Rideau Towers II")

Rideau Towers II is a collection of four high-rise residential apartment buildings situated near the intersection of Thorncliffe Park Drive and Overlea Boulevard, Toronto, Ontario. The Rideau Towers are in close proximity to public transportation and local retail establishments. This 20-storey building has four elevators, is situated on approximately 4.4 acres of land and contains a total of 380 suites. Rideau Towers II comprises one, two and three-bedroom suites with a weighted average size of 922 square feet. The building has laundry facilities, and provides 353 underground parking spaces and 114 surface parking spaces. It was constructed in the mid-1960's, is built of cast-in-place concrete slab floors with a brick exterior veneer construction.

47 Thorncliffe Park Drive, Toronto, Ontario ("Rideau Towers III")

Rideau Towers III is in a collection of four high-rise residential apartment buildings situated near the intersection of Thorncliffe Park Drive and Overlea Boulevard, in Toronto, Ontario. The Rideau Towers are in close proximity to public transportation and local retail establishments. This 25-storey building has five elevators, is situated on approximately 5.5 acres of land and contains a total of 474 suites. Rideau Towers III comprises one, two and three-bedroom suites with a weighted average size of 978 square feet. The building has laundry facilities, and provides 521 underground parking spaces and 64 surface parking spaces. It was constructed in the mid-1960's, is built of cast-in-place concrete slab floors with a brick exterior veneer construction.

49 Thorncliffe Park Drive, Toronto, Ontario ("Rideau Towers IV")

Rideau Towers IV is a collection of four high-rise residential apartment buildings situated near the intersection of Thorncliffe Park Drive and Overlea Boulevard, Toronto, Ontario. The Rideau Towers are in close proximity to public transportation and local retail establishments. This 20-storey building has four elevators, is situated on approximately 4.4 acres of land and contains a total of 400 suites. Rideau Towers IV comprises bachelor, one, two and three-bedroom suites with a weighted average size of 956 square feet.

The building has laundry facilities, and provides 444 underground parking spaces and 51 surface parking spaces. It was constructed in the mid-1960's, is built of cast-in-place concrete slab floors with a brick exterior veneer construction.

45 Generation Boulevard, Toronto, Ontario ("Rouge Valley Residence")

Rouge Valley Residence is a low-rise residential complex consisting of 33 buildings which is located just off Meadowvale Road and Highway 401 in Toronto, Ontario and comprises the municipal addresses of 41-53 and 95-115 Generation Boulevard. Rouge Valley Residence is in close proximity to public transportation, The University of Toronto (Scarborough Campus), the Toronto Zoo and the Rouge Valley Conservation Area. The three-storey townhouse style suites are situated on 14.8 landscaped acres of land. Rouge Valley Residence comprises 396 suites, consisting of one, two and three-bedroom suites. The buildings include laundry facilities, an outdoor swimming pool and provide 533 surface parking spaces. Constructed in 1978, the buildings are built of cast-in-place concrete foundation and conventional wood frame structure.

The following is a description of each of the U.S. Properties.

COLORADO

Aurora, Colorado

820 South Cimarron Way, Aurora, Colorado ("Retreat at City Center")

Retreat at City Center is a low-rise apartment complex comprising 12 buildings and 225 suites constructed in 2002. It is located approximately nine miles from downtown Denver. The one, two and three-bedroom suites are situated on 7.46 landscaped acres of land. The property includes a leasing centre, fitness centre, and swimming pool. The property has 406 parking spaces in an eight level parking garage, with 54 additional surface parking spaces situated on the property.

Fort Collins, Colorado

4408 John F. Kennedy Way, Fort Collins, Colorado ("Settlers' Creek")

Settlers' Creek is a low-rise apartment complex consisting of 9 buildings, 13 two-storey lofts, and 229 suites, it was constructed in 2009. It is located approximately 6.3 miles from downtown Fort Collins. The one, two and three-bedroom suites are situated on 13.61 landscaped acres of land. The property includes a leasing centre, fitness centre, swimming pool and tanning room, and provides 324 surface parking spaces and 87 garage spaces.

TEXAS

Garland, Texas

2701 Lookout Drive, Garland, Texas ("The Retreat at Spring Park")

The Retreat at Spring Park is a low-rise apartment complex comprising 188 suites in 13 buildings, it was constructed in 1996. It is located approximately six miles from Dallas/Fort Worth International Airport. The one and two-bedroom suites are situated on 12.23 acres of land. The property includes a leasing office, swimming pool, a fitness centre and barbeque picnic area. Each unit is provided with an attached single car garage, plus an additional 97 surface parking spaces are available.

Irving, Texas

6225 Love Drive, Irving, Texas ("Grand Venetian at Las Colinas")

Grand Venetian at Las Colinas is a low-rise apartment complex consisting of 25 buildings housing 514 suites, it was constructed in 1997. Grand Venetian is located within 20 minutes of downtown Dallas. The one, two and three-bedroom suites are situated on 24.42 acres of land. The property includes a leasing centre, spa room, fitness centre and business centre and provides 889 parking spaces.

8600 Valley Ranch Parkway, Irving, Texas (“Verandah at Valley Ranch”)

Verandah at Valley Ranch is a low-rise apartment complex comprising 319 suites in 15 buildings constructed in 1994. It is located approximately six miles from Dallas/Fort Worth International Airport. The one, two and three-bedroom suites are situated on 14.78 acres of land. The property includes a leasing office, two swimming pools, and a covered car wash, and provides 524 parking spaces.

LOUISIANA

New Orleans, Louisiana

2233 St. Charles Ave., New Orleans, Louisiana (“The Georgian Apartments”)

The Georgian Apartments is a mid-rise apartment complex comprising 135 suites, constructed in 1951. It is located within the Garden District in New Orleans. The bachelor, one and two-bedroom suites are situated on 1.12 landscaped acres of land. The property includes a swimming pool, hot tub, fitness centre and a gated entrance and provides 63 surface parking spaces.

1643 Josephine St., New Orleans, Louisiana (“1643 Josephine”)

1643 Josephine is a five-story apartment building located in the Lower Garden District adjacent to the Pontchartrain Hotel, just off the Saint Charles Avenue street car line. It is situated between the New Orleans CBD/Warehouse District and the Uptown University Area. Originally constructed in 1986, 1643 Josephine completed a major renovation and upgrade in 2020. It is comprised of 114 renovated suites, a ground floor garage with 73 parking spaces and a separate neighbouring ground lot with 21 additional parking spaces. Constructed upon a land parcel of 38,899SF, 1643 Josephine includes two courtyards, swimming pool, new club room, fitness center and pet run.

Slidell, Louisiana

100 Greenbrier Way, Slidell, Louisiana (“Greenbrier Estates”)

Greenbrier Estates is a low-rise apartment complex consisting of 18 buildings and 144 suites constructed in 2005. It is situated between New Orleans and the Mississippi coast. The one, two and three-bedroom suites are situated on 9.0 landscaped acres of land. The property includes a leasing centre, swimming pool, fitness centre, tennis court, car wash and picnic area and provides 360 surface parking spaces.

ILLINOIS

Chicago, Illinois

345 East Wacker Drive, Chicago, Illinois (“Coast at Lakeshore East”)

Built in 2013, Coast at Lakeshore East is a LEED® Silver Certified, 515-suite apartment building, with street retail space, located in a prime, core Chicago submarket near the Chicago River and Millennium Park. Coast at Lakeshore East offers studios to three-bedroom residences; and includes amenities such as heated outdoor lap pool, fitness centre, private meeting lounges, landscaped gardens and deck, catering kitchen and neighbourhood car sharing and electric car-charging stations.

108 North State Street, Chicago, Illinois (“The Marquee at Block 37”)

The Marquee at Block 37, was constructed in 2016, The Marquee at Block 37 is a 690-suite, 38-storey contemporary building, located in the centre of Chicago’s Loop. The property is part of a prominent, mixed-use strata title development known as Block 37 and is located at 108 North State Street – a prestigious downtown neighbourhood with immediate access to subways, restaurants, and high-end retail shops.

GEORGIA

Atlanta, Georgia

1470 Sheridan Road NE, Atlanta, Georgia (“Briarhill Apartments”)

Briarhill Apartments is a low-rise apartment complex consisting of 14 buildings and 292 suites constructed in 1988. It is located approximately 7.2 miles from downtown Atlanta. The one and two-bedroom suites are

situated on 9.81 landscaped acres of land. The property includes a leasing centre, exercise room, swimming pool and spa area, and provides 466 parking spaces.

4306 North Shallowford Road, Atlanta, Georgia (“The Savoy Luxury Apartments”)

The Savoy Luxury Apartments is a single four-storey apartment building comprising 232 suites constructed in 2007. It is located 16 miles from downtown Atlanta. The one, two, and three-bedroom apartment building is situated on 7.7 landscaped acres of land. The property includes a leasing centre, and an outdoor swimming pool. The property includes a five level garage with a total of 362 parking spaces.

Kennesaw, Georgia

2055 Barrett Lakes Boulevard NW, Kennesaw, Georgia (“Barrett Walk Luxury Apartment Homes”)

Barrett Walk Luxury Apartment Homes is a low-rise apartment complex comprising 11 buildings and 290 suites constructed in 2002. It is located 10 minutes from downtown Marietta. The one and two-bedroom suites are situated on 22.6 landscaped acres of land. The property includes a leasing centre, fitness centre, swimming pool and business centre, and provides 543 parking spaces.

FLORIDA

Bradenton, Florida

210 Third Street West, Bradenton, Florida (“210 Watermark”)

Completed in 2003, 210 Watermark, is a residential walk-up garden community comprising 216 suites in seven buildings situated on 10.07 acres of land. Approximately 289 surface parking spaces are provided, as well as 30 leasable detached private garages. It is located approximately 24 miles from Tampa International Airport.

Coconut Creek, Florida

5100 W. Sample Road, Coconut Creek, Florida (“Blue Isle Apartment Homes”)

Blue Isle Apartment Homes was completed in 1998, Blue Isle Apartment Homes is a two-storey residential walk-up garden community comprising 340 suites in 23 buildings situated on 18.4 acres of land. Blue Isle Apartment Homes is centrally located at 5100 W. Community amenities include fitness centre resort-style pool with sun deck, playground and upgraded suite finishes.

Cooper City, Florida

2940 Solano Avenue, Cooper City, Florida (“2940 Solano at Monterra”)

2940 Solano at Monterra comprises 252 suites in 11 three-storey walk-up garden style buildings. Construction was completed in 2014. The property has luxury suite finishes and community amenities including media centre, saltwater pool with sundeck and outdoor lounge with fireplace and kitchen. The property is located in southwest Cooper City, with easy access to multiple office markets, regional hospitals, retailers, restaurants and entertainment venues.

Pensacola, Florida

1600 Governors Drive, Pensacola, Florida (“Governors Gate I”)

Governors Gate I is a low-rise apartment complex consisting of 15 buildings and 240 suites constructed in 1998. It is located within 30 minutes of Pensacola Beach. The one, two and three-bedroom suites are situated on 23.8 landscaped acres of land. The property includes a leasing centre, swimming pool, fitness centre, tennis court, car wash and picnic area and provides 360 surface parking spaces.

1600 Governors Drive, Pensacola, Florida (“Governors Gate II”)

Governors Gate II is a low-rise apartment complex consisting of 12 buildings and 204 suites constructed in 2003. It is located within 30 minutes of Pensacola beach. The one, two and three-bedroom suites are situated on 21.52 landscaped acres of land. The property includes a leasing centre, swimming pool, fitness centre, tennis court, car wash and picnic area and provides 306 surface parking spaces.

3331 Summit Boulevard, Pensacola, Florida (“Jamestown Estates”)

Jamestown Estates is a low-rise apartment complex consisting of 177 suites constructed in 1972. It is located within 15 minutes of Pensacola beach. The one, two and three-bedroom suites are situated on 12 landscaped acres of land. The property includes a leasing centre, swimming pool, fitness centre, and tennis centre.

4301 Creighton Road, Pensacola, Florida (“Woodcliff Apartment Homes”)

Woodcliff Apartment Homes is a low-rise apartment complex consisting of 184 suites constructed in 1977. It is located within 15 minutes of Pensacola beach. The one and two-bedroom suites are situated on nine landscaped acres of land. The property includes a leasing centre, swimming pool, fitness centre, and tennis courts.

Riviera Beach, Florida

9000 Woodbine Trail, Palm Beach Gardens, Florida (“Woodbine Apartment Homes”)

Woodbine Apartment Homes is a three-storey residential walk-up garden community comprising 408 suites in 17 buildings situated on 19 acres of land that was completed in 2000. Woodbine Apartment Homes offers tropical living in a private community of one, two and three-bedroom apartments. Centrally located, it is minutes from miles of white sand beaches, colleges, dining, shopping, and the entertainment district in Downtown Gardens and Legacy Place. Community amenities include fitness centre, resort-style pool with sun deck, tennis court, barbeque and picnic areas and gazebos.

Tampa, Florida

11306 Mallory Square Drive, Tampa, Florida (“Mallory Square”)

Mallory Square a low-rise apartment complex consisting of 18 buildings and 383 suites constructed in 2005. It is located minutes away from downtown Tampa. The one, two and three-bedroom suites are situated on approximately 46 acres of land. The property includes a leasing centre, swimming pool, fitness centre, and tennis courts, and provides approximately 575 surface parking spaces.

West Palm Beach, Florida

3101 Village Boulevard, West Palm Beach, Florida (“Village Crossing Apartment Homes”)

Village Crossing Apartment Homes was completed in 1989, Village Crossing Apartments is a residential walk-up garden community comprising 189 suites in 8 buildings situated on 10.8 acres of land.

NORTH CAROLINA

Cary, North Carolina

200 Brisbane Woods Way, Cary, North Carolina (“The Lodge at Crossroads”)

The Lodge at Crossroads is a low-rise apartment complex consisting of 23 buildings and 432 suites constructed in 2001. It is located approximately 10.2 miles from the Raleigh/Durham International Airport and six miles from downtown Raleigh. The one, two, and three-bedroom suites are situated on 23 acres of land. The property includes a leasing centre, swimming pool, game room, fitness centre and business centre. A total of 771 surface parking spaces, 42 detached garages, and 96 attached garages.

Raleigh, North Carolina

3235 Trimblestone Lane, Raleigh, North Carolina (“Perry Point Ultimate Apartments”)

Perry Point Ultimate Apartments is a low-rise apartment complex comprising 16 buildings and 432 suites constructed in 2009. It is located within 20 minutes of downtown Raleigh. The one and two-bedroom suites are situated on approximately 23.39 acres of land. The property includes a leasing office, swimming pool, dog park, a playground and picnic area, and provides 696 parking spaces.

VIRGINIA

Falls Church, Virginia

450 North Washington Street, Falls Church, Virginia (“Northgate at Falls Church”)

Northgate at Falls Church comprises 104 suites, and 158 parking spaces, situated over ground level high street retail and office (primarily tenanted as a medical office centre). The property was built in 2014 and includes such amenities as private courtyard, clubroom and fitness centre. The property is built to a LEED® NC Gold standard. Northgate at Falls Church is subject to a long-term land lease, with a fixed annual payment and a fixed price purchase option available in September 2029.

MARYLAND

Rockville, Maryland

37 Maryland Avenue, Rockville, Maryland (“The Fenestra at Rockville Town Square”)

The Fenestra at Rockville Town Square was completed in 2008 and consists of 492 suites in four strata titled buildings with 861 total parking spaces owned by strata title. Situated over ground-level retail, the property is in close proximity to public transportation (metro) and Montgomery County’s government centre and many community amenities. Property amenities include pool, fitness centre, courtyard terrace and in-suite laundry.

APPENDIX B AUDIT COMMITTEE MANDATE

1. PURPOSE

The overall purpose of the Audit Committee (the “**Committee**”) of the REIT is to monitor the REIT’s system of internal financial controls, to evaluate and report on the integrity of the financial statements of the REIT, to enhance the independence of the REIT’s external auditors and to oversee the financial reporting process of the REIT.

2. COMPOSITION, PROCEDURES AND ORGANIZATION

- 2.1 The Committee shall consist of at least three members of the Board of the REIT (the “**Board**”), each of whom shall be, in the determination of the Board, “independent” as that term is defined by National Instrument 52-110, as amended from time to time, and the majority of whom shall be resident Canadians. Each member shall complete and return to the REIT annually a questionnaire regarding the member’s independence. The definition of “independent” is set out in Exhibit A hereto.
- 2.2 All members of the Committee shall be, in the determination of the Board, “financially literate” as that term is defined by National Instrument 52-110, and at least one member of the Committee must have, in the determination of the Board, “accounting or related financial expertise”. The definition of “financially literate” is set out in Exhibit A hereto.
- 2.3 The Board, at its organizational meeting held in conjunction with each annual meeting of unitholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. Any member of the Committee ceasing to be a trustee of the REIT shall cease to be a member of the Committee.
- 2.4 Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their number.
- 2.5 The Committee shall have access to such officers and employees of the REIT and to the REIT’s external auditors and its legal counsel, and to such information respecting the REIT as it considers to be necessary or advisable in order to perform its duties.
- 2.6 Notice of every meeting shall be given to the external auditors, who shall, at the expense of the REIT, be entitled to attend and to be heard thereat.
- 2.7 Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet on a regular basis, at such times and at such locations as the chair of the Committee shall determine;
 - (b) the external auditors or any member of the Committee may call a meeting of the Committee;
 - (c) any trustee of the REIT may request the chair of the Committee to call a meeting of the Committee and may attend such meeting to inform the Committee of a specific matter of concern to such trustee, and may participate in such meeting to the extent permitted by the chair of the Committee; and
 - (d) the external auditors and management employees shall, when required by the Committee, attend any meeting of the Committee.

- 2.8 The external auditors shall be entitled to communicate directly with the chair of the Committee and may meet separately with the Committee. The Committee, through its chair, may contact directly any employee in the REIT as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
- 2.9 Compensation to members of the Committee shall be limited to trustee's fees, either in the form of cash or equity, and members shall not accept consulting, advisory or other compensatory fees from the REIT (other than as members of the Board and Board committee members).
- 2.10 The Committee is authorized, at the REIT's expense, to retain independent counsel and other advisors as it determines necessary to carry out its duties and to set their compensation.

3. DUTIES

- 3.1 The overall duties of the Committee shall be to:
- (a) assist the Board in the discharge of its duties relating to the REIT's accounting policies and practices, reporting practices and internal controls;
 - (b) establish and maintain a direct line of communication with the REIT's external auditors and assess their performance;
 - (c) oversee the co-ordination of the activities of the external auditors;
 - (d) ensure that the management of the REIT has designed, implemented and is maintaining an effective system of internal controls;
 - (e) monitor the credibility and objectivity of the REIT's financial reports;
 - (f) report regularly to the Board on the fulfillment of the Committee's duties;
 - (g) assist the Board in the discharge of its duties relating to the REIT's compliance with legal and regulatory requirements; and
 - (h) assist the Board in the discharge of its duties relating to risk assessment and risk management.
- 3.2 The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT, including the resolution of disagreements between management and the external auditors regarding financial reporting, and in carrying out such oversight the Committee's duties shall include

- (a) recommending to the Board a firm of external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT;
 - (b) reviewing, where there is to be a change of external auditors, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 — *Continuous Disclosure Obligations* or any successor legislation (“NI 51-102”), and the planned steps for an orderly transition;
 - (c) reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102 or any successor legislation, on a routine basis, whether or not there is to be a change of external auditor;
 - (d) reviewing the engagement letters of the external auditors, both for auditing services and permitted non-audit services;
 - (e) reviewing the performance, including the fee, scope and timing of the audit and other related services and any non-audit services provided by the external auditors;
 - (f) reviewing and approving the nature of and fees for any non-audit services performed for the REIT by the external auditors and consider whether the nature and extent of such services could detract from the firm’s independence in carrying out the audit function.(g)Review with the External Auditor annually their written statement regarding relationships and services which may affect the External Auditor’s objectivity and independence;
 - (h) At least annually, receive a report by the External Auditor describing the firms’ internal quality control procedures and any material issues raised by the most recent internal quality control review of the local practice office or by any inquiry or investigation by governmental or professional authorities of the local practice office, within the preceding two years, and steps taken to address any such issues. The report shall also include any similar matters pertaining to offices other than the local practice office, to the extent the audit partner is aware of such matters;
 - (i) Ensure the regular rotation of the lead partner and the reviewing partner to the extent required by law, and regularly consider whether or not there should be a change of the REIT’s External Auditor;
 - (j) With management, evaluate the performance of the External Auditor annually; and
 - (k) Review and approve guidelines for the REIT’s hiring of employees, partners and former employees and partners of the External Auditor and its predecessor.
- 3.3 The duties of the Committee as they relate to audits and financial reporting shall be to:
- (a) review the audit plan with the external auditor and management;
 - (b) review with the external auditor and management any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, and key estimates and judgments of management that may in any such case be material to financial reporting;
 - (c) review the contents of the audit report;

- (d) question the external auditor and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (e) review the scope and quality of the audit work performed;
 - (f) review the adequacy of the REIT's financial and auditing personnel;
 - (g) review the co-operation received by the external auditor from the REIT's personnel during the audit, any problems encountered by the external auditors and any restrictions on the external auditor's work;
 - (h) review the internal resources used;
 - (i) review the evaluation of internal controls by the internal auditor (or persons performing the internal audit function) and the external auditors, together with management's response to the recommendations, including subsequent follow-up of any identified weaknesses;
 - (j) review the appointments of the chief financial officer, internal auditor (or persons performing the internal audit function) and any key financial executives involved in the financial reporting process;
 - (k) review and approve the REIT's annual audited financial statements and those of its subsidiaries in conjunction with the report of the external auditors thereon, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
 - l) review and approve the REIT's interim unaudited financial statements, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
 - (m) establish a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and employees' confidential anonymous submission of concerns regarding accounting and auditing matters; and
 - (n) review the terms of reference for an internal auditor or internal audit function.
- 3.4 The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:
- (a) review changes to accounting principles of the Canadian Institute of Chartered Accountants which would have a significant impact on the REIT's financial reporting as reported to the Committee by management and the external auditors;
 - (b) review the appropriateness of the accounting policies used in the preparation of the REIT's financial statements and consider recommendations for any material change to such policies;
 - (c) review the status of material contingent liabilities as reported to the Committee by management;
 - (d) review the status of income tax returns and potentially significant tax problems as reported to the Committee by management;

- (e) review any errors or omissions in the current or prior year's financial statements;
- (f) review and approve before their release all public disclosure documents containing audited or unaudited financial information, including all earnings, press releases, MD&A, prospectuses, annual reports to unitholders, annual information forms and management's discussion and analysis; and
- (g) oversee and review all financial information and earnings guidance provided to analysts and rating agencies.

3.5 The duties of the Committee as they relate to risk responsibilities shall be to:

- (a) Receive presentations, regular reports and other information to understand the top and emerging risks to which the REIT is exposed; and
- (b) Regularly review and evaluate the effectiveness of the REIT's process for assessing significant risks or exposures and the steps that management has taken to minimize such risks and obtain management's reasonable assurance that the REIT's risk management policies for significant risks are being adhered to.

3.6 The other duties of the Committee shall include:

- (a) reviewing any inquires, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
- (b) formulating clear hiring policies for employees or former employees of the REIT's external auditors;
- (c) reviewing annual operating and capital budgets;
- (d) reviewing the funding and administration of the REIT's compensation and pension plans;
- (e) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
- (f) inquiring of management and the external auditors as to any activities that may be or may appear to be illegal or unethical;
- (g) ensuring procedures are in place for the receipt, retention and treatment of complaints and employee concerns received regarding accounting or auditing matters and the confidential, anonymous submission by employees of the REIT of concerns regarding such; and
- (h) any other questions or matters referred to it by the Board.

EXHIBIT A
TO MANDATE OF AUDIT COMMITTEE FOR DEFINITIONS

Definitions.

“Financially Literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.

Meaning of **“Independence”**

1. A member of an audit committee is independent if the member has no direct or indirect material relationship with the REIT.
2. For the purposes of paragraph 1, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.
3. Despite paragraph 2, the following persons are considered to have a material relationship with the REIT:
 - (a) a person who is, or whose immediate family member is, or at any time during the prescribed period has been, an officer or employee of the REIT, its parent, or of any of its subsidiary entities or affiliated entities;
 - (b) a person who is, or has been an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the REIT, unless the prescribed period has elapsed since the person’s relationship with the internal or external auditor, or the auditing relationship, has ended;
 - (c) a person whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the REIT, unless the prescribed period has elapsed since the person’s relationship with the internal or external auditor, or the auditing relationship, has ended;
 - (d) a person who is, or has been, or whose immediate family member is or has been, employed as an executive officer of an entity if any of the REIT current executives serve on the entity’s compensation committee, unless the prescribed period has elapsed since the end of the service or employment;
 - (e) a person who accepts, or has accepted at any time during the prescribed period, directly or indirectly, any consulting, advisory or other compensatory fee from the REIT or any subsidiary entity of the REIT, other than as remuneration for acting in his or her capacity as a member of the Committee, the Board, or any other Board committee; and
 - (f) a person who is an affiliated entity of the REIT or any of its subsidiary entities.
4. For the purposes of paragraph 3, the prescribed period is the three year period ending immediately prior to the determination required by paragraph 3.
5. For the purposes of paragraphs 3(b) and 3(c), a partner does not include a limited partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation

(including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way or continued service.

6. For the purpose of paragraph 3(e), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
7. For the purposes of paragraph 3(e), the indirect acceptance by a person of any consulting, advisory or other compensatory fee includes acceptance of a fee by:
 - (a) an immediate family member, or
 - (b) a partner, member or executive officer of, or a person who occupies a similar position with, an entity that provides accounting, consulting, legal, investment banking or financial advisory services to the REIT or any subsidiary entity of the REIT, other than limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the REIT.

APPENDIX C
SELECTED FINANCIAL INFORMATION

As at December 31

(In thousands of dollars, except as noted otherwise)

	2021	2020
Operational Information		
Number of properties	43	43
Total suites	13,275	13,275
Occupancy percentage - Canada	93.6%	94.9%
Occupancy percentage - U.S.	96.3%	92.2%
AMR - Canada (in actual dollars)	\$1,535	\$1,500
AMR - U.S. (in actual U.S. dollars)	US\$1,525	US\$1,428
Summary of Financial Information		
Gross book value ⁽¹⁾	\$3,473,287	\$3,084,358
Indebtedness ⁽¹⁾	\$1,395,438	\$1,320,708
Indebtedness to gross book value ratio ⁽¹⁾	40.2%	42.8%
Weighted average mortgage interest rate	3.31%	3.45%
Weighted average term to maturity on mortgages payable (years)	5.0	4.8
Exchange rates - United States dollar to Canadian dollar	\$1.27	\$1.27
Exchange rates - Canadian dollar to United States dollar	\$0.79	\$0.79

(1) Represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS.

For the years ended December 31

(In thousands of dollars, except per Unit amounts)

	2021	2020
Summary of Financial Information		
Interest coverage ratio ⁽¹⁾	2.33	2.32
Indebtedness coverage ratio ⁽¹⁾	1.52	1.58
Revenue from real estate properties	\$245,566	\$248,683
NOI	\$129,495	\$135,533
Proportionate NOI ⁽¹⁾	\$130,584	\$137,965
Same Property Proportionate NOI ⁽¹⁾	\$130,220	\$138,083
NOI margin - IFRS	52.7%	54.5%
NOI margin - Proportionate ⁽¹⁾	52.3%	54.3%
Net income	\$244,974	\$166,805
FFO - basic ⁽¹⁾	\$64,770	\$68,945
FFO - diluted ⁽¹⁾	\$68,618	\$72,793
FFO per Unit - basic ⁽¹⁾	\$1.15	\$1.23
FFO per Unit - diluted ⁽¹⁾	\$1.13	\$1.20
Distributions per Unit	\$0.6996	\$0.6996
FFO payout ratio ⁽¹⁾	60.8%	57.0%
Weighted average number of Units outstanding (in thousands):		
Basic ⁽²⁾	56,265	56,222
Diluted ^{(2) (3)}	60,498	60,455
Average exchange rates - United States dollar to Canadian dollar	\$1.25	\$1.34
Average exchange rates - Canadian dollar to United States dollar	\$0.80	\$0.75

(1) Represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS.

(2) For purposes of calculating FFO per Unit, Class B LP Units are included as Units outstanding on both a basic and diluted basis.

(3) Includes the dilutive impact of the convertible debentures.

Certain measures in the above table are not defined by IFRS. See the REIT's audited comparative financial statements for the year ended December 31, 2021, and related Management's Discussion and Analysis for additional information pertaining to non-GAAP measures.