

A Message from the Chairman

Dear Unitholder,

Morguard North American Residential Real Estate Investment Trust (the “**Trust**”) is pleased to offer eligible holders (“**Holders**”) of units of the Trust (“**Units**”) an opportunity to increase their holdings in the Trust through the unitholder distribution reinvestment plan (the “**Plan**”).

Through the Plan, Holders can reinvest distributions paid on Units, less applicable withholding taxes, in additional Units without paying any administration fees or commissions.

The enclosed information outlines in detail the features and benefits of the Plan. If you are an eligible Holder we invite you to participate in the Plan, simply by notifying the bank or brokerage firm with whom you invest of your interest in the Plan. If you require further information regarding the Plan, please contact the Plan agent Computershare Trust Company of Canada (1-800- 332-0095 toll free).

On behalf of the trustees and officers of Morguard North American Residential Real Estate Investment Trust, we hope you will continue to share in the growth of the Trust.

K. (Rai) Sahi
President and Chief Executive Officer

PURPOSE

The unitholder distribution reinvestment plan (the “Plan”) provides eligible holders (“Holders”) of units (“Units”) of Morguard North American Residential Real Estate Investment Trust (the “Trust”) an opportunity to increase their holdings in the Trust. Through the Plan, Holders can reinvest distributions paid on Units, less applicable withholding taxes, in additional Units without paying any administration fees or commissions. The Plan enables the Trust to issue additional equity capital to existing Holders.

DEFINITIONS

“**Average Market Price**” means the weighted average closing price of the Units on the Toronto Stock Exchange for the five (5) trading days immediately preceding the applicable Distribution date.

“**Business Day**” means any day in which the Plan Agent’s offices are generally open for the transaction of commercial business other than a Saturday, Sunday or other day on which banks are required to be closed in Toronto, Ontario or a day on which the Toronto Stock Exchange does not publicly trade.

“**CDS**” means CDS Clearing and Depository Services Inc., which acts as a nominee for many Canadian investment dealers and brokerage firms, or its nominee, as applicable.

“**Distribution**” means the cash distribution declared payable by the Trust for any particular calendar month.

“**Nominee**” means a broker, investment dealer, financial institution or other nominee holder of Units.

“**Participants**” means Holders of at least one Unit who, on the applicable record date for a Distribution, are eligible to participate in the Plan and have elected to do so by having their Nominee enroll them in the Plan with the Plan Agent, through CDS, as more particularly described in the Plan.

“**Plan Agent**” means Computershare Trust Company of Canada, its successors or assigns or such other trust company as is appointed by the Trust from time to time to act as Plan agent under the Plan.

ADVANTAGES

An eligible Holder may, by enrolling in the Plan, direct that Distributions in respect of all or some of the Units held for the account of such Holder under the Plan, be applied to the purchase of additional Units and have the additional Units held for the account of such Holder under the Plan. In either case, the price of Units purchased with reinvested Distributions will be the Average Market Price.

Units issued pursuant to the Plan are purchased directly from the Trust by the Plan Agent on behalf of the Participants. The Plan Agent will credit the additional Units to CDS, on behalf of the Participant’s Nominee’s account.

Distributions in respect of Units that are held under the Plan for the account of a Participant will automatically be reinvested in additional Units in accordance with the Plan.

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Units under the Plan. Full investment of funds is possible because the Plan permits fractions of Units (to six decimal places) as well as whole Units to be credited to CDS, on behalf of Participants' Nominees' accounts.

ADMINISTRATION

Computershare Trust Company of Canada currently acts as Plan Agent under the Plan. If Computershare Trust Company of Canada ceases to act as Plan Agent for any reason, another trust company will be designated by the Trust to act as Plan Agent and Nominees will be promptly notified of the change.

The Plan Agent acts for and on behalf of the Participants. On each Distribution payment date, the Trust will pay to the Plan Agent all Distributions in respect of Units registered in the name of, or held under the Plan for the account of, Participants who have enrolled in the Plan. The Plan Agent will use such funds to purchase additional Units directly from the Trust. Additional Units purchased under the Plan will be registered in the name of the Plan Agent or its nominee, as agent for the Participants, and credited to CDS, on behalf of Participants' Nominees' accounts.

Any Distributions in respect of Units (including fractions of Units) that are enrolled in the Plan will be reinvested in new Units, and such additional Units will be credited to CDS, on behalf of the Participant's Nominee's account.

Under the Plan the Plan Agent will purchase, on each Distribution payment date, for each Participant's account, that number of Units (including fractions computed to six decimal places) equal to the amount invested under the Plan for such Participant's account divided by the Average Market Price. See "Price of New Units" below.

New Units purchased pursuant to the Plan will be credited to CDS, on behalf of the Participant's Nominee's account in accordance with the Plan.

All funds received by the Plan Agent under the Plan, including cash Distributions received from the Trust, will be applied to the purchase of new Units directly from the Trust. In no event will interest be paid to Participants on any funds held for investment under the Plan.

The Trust, in conjunction with the Plan Agent, may from time to time adopt rules and regulations to facilitate the administration of the Plan. The Trust also reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

PARTICIPATION

Except as noted below, all holders of at least one Unit are eligible for enrolment in the Plan at any time.

Beneficial Holders should contact their Nominee to provide instructions on how they would like to participate in the Plan. Not all Nominees will allow, nor are required to allow, participation in the Plan. Holders interested in participating in the Plan who hold their Units through a Nominee that does not allow participation are responsible for transferring their Units to a different Nominee in order to participate.

An eligible Holder becomes a Participant by having such Participant's Nominee provide notice of such participation to the Plan Agent (through CDS) on its behalf. By enrolling in the Plan, a Participant is deemed to have directed the Trust to forward to the Plan Agent all Distributions in respect of Units held on behalf of the Participant, and to have directed the Plan Agent to reinvest such Distributions in additional Units in accordance with the Plan.

Your Nominee must provide a notice to CDS in the prescribed form on your behalf no later than 5:00 p.m. (E.S.T.) on the Business Day immediately preceding a Distribution record date in order for the Distribution to which such record date relates to be reinvested under the Plan. If such notice is not received by CDS from a Participant's Nominee on or before such deadline, the Distribution to which such record date relates will not be reinvested under the Plan and a Participant's enrolment in the Plan will only be effective for purposes of subsequent Distributions. Beneficial Holders who wish to participate in the Plan will need their Nominee to elect to participate on their behalf every Distribution period. However unless otherwise instructed by you, your participation in the Plan will be continued by your Nominee every Distribution period.

A beneficial Holder may voluntarily terminate its participation in the Plan by contacting its Nominee and advising them to deliver to the Plan Agent (through CDS) on its behalf, a notice of termination. The time at which a termination of Plan participation becomes effective is described under "Termination of Participation" below. The effect of these provisions is that a Participant (through its Nominee) cannot terminate participation in the Plan after 5:00 p.m. (E.S.T.) on the third Business Day immediately preceding a Distribution record date to and including the Distribution payment date to which such record date relates.

The Trust reserves the right to determine, from time to time, a minimum number of Units that a Participant must hold in order to qualify for or continue enrollment in the Plan and reserves the right to refuse participation to, or cancel participation of, any person who, in the sole opinion of the Trust is either participating in the Plan primarily with a view to arbitrage trading or participating or attempting to participate in the Plan in more than one capacity or as more than one Participant.

The Trust may limit the number of Units issuable under the Plan, including, without limitation, Units issuable to beneficial Holders resident in any province of Canada, in connection with discretionary exemptive relief relating to the Plan granted by any securities regulatory authority.

NON-RESIDENTS OF CANADA

United States residents are not permitted to participate in the Plan. Residents of any other jurisdiction outside of Canada may participate in the Plan if permitted by the laws of the jurisdiction in which they reside. Distributions to be reinvested under the Plan on behalf of Holders who are not residents of Canada will be subject to applicable non-resident withholding tax.

The Trust, the Plan Agent and any Nominee reserve the right to deny participation in the Plan to, and to not accept an enrolment in the Plan from any person or agent of such person who appears to be, or who the Trust, the Plan Agent or such Nominee has reason to believe is, subject to the laws of any jurisdictions which do not permit participation in the Plan in the manner sought by or on behalf of such person.

PRICE OF NEW UNITS

On each Distribution payment date, the Trust will, on behalf of the Participants, pay to the Plan Agent all funds that are eligible for investment in new Units on such date. The subscription price of new Units purchased under the Plan will be the Average Market Price. The Trust will advise the Plan Agent of such Average Market Price on the Business Day immediately preceding the Distribution payment date.

COSTS

No commission, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Units under the Plan. All administrative costs of the Plan, including the fees and expenses of the Plan Agent, will be paid by the Trust.

ACCOUNTS AND REPORTS TO PARTICIPANTS

Statements and reports, if any, with respect to purchases of Units under the Plan will be provided to Participants that are beneficial Holders by their Nominee. These account statements and reports are a Participant's continuing record of purchases of Units made for such

Participant's account under the Plan and should be retained for income tax purposes. The Participant's Nominee will also send annually to each Participant certain tax forms for tax reporting purposes. The calculation and monitoring of each Participant's adjusted cost base in Units for income tax purposes will be the responsibility of each Participant, as certain averaging rules may apply and such calculations may depend on the cost of other Units held by the Participant.

CERTIFICATES FOR UNITS HELD UNDER THE PLAN

As CDS is the only registered holder of Units, certificates for Units purchased and held under the Plan will not be issued to Participants.

Participants should contact their Nominee with respect to the treatment of fractional Units that could notionally exist from the reinvestment of a Participant's Distribution, as some Nominees will facilitate the accumulation of fractional Units in a Participant's account while others may not.

TERMINATION OF PARTICIPATION

A Participant may voluntarily terminate participation in the Plan by contacting the Participant's Nominee and advising the Nominee to terminate such Participant's participation in the Plan, all in accordance with the deadlines established by the Nominee.

Participation in the Plan will be terminated automatically following receipt by the Nominee of a written notice of the death of a Participant.

No certificates will be issued to beneficial Holders on termination of participation in any circumstance unless and until such time as CDS ceases to hold Units exclusively in book- entry form.

If a termination notice, or notice of a Participant's death, is not received by the Nominee prior to 5:00 p.m. (E.S.T.) on the third Business Day immediately preceding a Distribution record date (or such other deadlines as the Nominee may set), then the Participant's account will not be closed, and participation in the Plan by such Participant will not be terminated, until after the Distribution payment date to which such record date relates.

RIGHTS OFFERING

In the event that the Trust makes available to its Holders rights to subscribe for additional Units or other securities, rights will be issued by the Trust in respect of whole Units held in a Participant's Nominee's account under the Plan on the record date for such rights issue. No rights will be issuable on a fraction of a Unit held in a Participant's account.

SUBDIVISIONS

If Units are distributed pursuant to a subdivision of Units, the additional Units received in respect of Units held under the Plan will be credited to the accounts of Participants' Nominees.

HOLDER VOTING

Whole Units of a Participant enrolled in the Plan on the record date for a vote of Holders will be voted in the same manner and in accordance with the same instructions of the Participant as any other Units. No voting rights will attach to any fraction of a Unit held in a Participant's account.

RESPONSIBILITIES OF THE TRUST AND THE PLAN AGENT

Neither the Trust nor the Plan Agent shall be liable to any Holder for any act or for any omission to act in connection with the operation of the Plan including, without limitation, any claims for liability:

- a) arising out of a Nominee's failure to terminate, a Participant's participation in the Plan upon such Participant's death; and
- b) with respect to the prices and times at which Units are purchased on behalf of a Participant.

Participants should recognize that neither the Trust nor the Plan Agent can assure a profit or protect them against

a loss on the Units purchased under the Plan.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the principal Canadian federal income tax considerations generally applicable to Participants in the Plan who, for purposes of the Income Tax Act (Canada) (the “Act”) are resident in Canada, deal at arm’s length with the Trust and hold their Units as capital property. This summary is based on the current provisions of the Act and the regulations thereunder in force as of the date hereof, all specific proposals to amend the Act and the regulations thereunder (the “Tax Proposals”) publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and on the Trust’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies and assessing practices of the Canada Revenue Agency, whether by legislative, governmental or judicial decision or action, and does not take into account any provincial, territorial or foreign tax legislation or considerations. This summary is of a general nature only and is not intended to be, nor should it be construed to be, advice to any particular Participant. Participants are urged to consult their own tax advisors with respect to the consequences under the Act of participating in the Plan having regard to their own particular circumstances.

COST AMOUNT

For the purposes of the Act, the cost of the Units acquired under the Plan should be the amount of the distribution and should be equal to the Average Market Price times the number of Units acquired.

For purposes of computing the adjusted cost base of the Units, the Participant will be required to average the cost of the newly acquired Units with the adjusted cost base of any other Units then owned by the Participant as capital property in accordance with the provisions of the Act in that regard.

DISPOSITION OF UNITS

A Participant who disposes of Units acquired under the Plan and held as capital property will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Units exceed (or are exceeded by) the aggregate of the adjusted cost base of the Units disposed of by the Participant and any reasonable costs of disposition.

Cash received in lieu of a fractional Unit upon termination of participation in the Plan will be considered proceeds of disposition for such fractional Unit. Accordingly, the Participant will be required to recognize any resulting capital gain or capital loss in respect of such fractional Units at the time such cash is received.

CAPITAL GAINS

In general, one-half of any capital gain (a “Taxable Capital Gain”) realized by a Participant in a particular taxation year is required to be included in computing income for that year and one-half of any capital loss (an “Allowable Capital Loss”) realized by a Participant in a particular taxation year must be deducted against Taxable Capital Gains realized in the taxation year, subject to and in accordance with the provisions and limitations of the Act. Allowable Capital Losses in excess of Taxable Capital Gains realized by a Participant in a particular taxation year can be carried back and applied against Taxable Capital Gains realized by the Participant in any of the Participant’s three taxation years or carried forward to any subsequent taxation year, subject to and in accordance with the provisions and limitations of the Act.

AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

The Trust reserves the right to amend, suspend or terminate the Plan at any time, but such action shall have no retroactive effect that would prejudice the interests of Participants. Amendments to the Plan will be subject to the prior approval of the Toronto Stock Exchange. The Trust will notify Holders of any amendment, suspension or termination of the Plan in accordance with the Plan and any applicable securities law requirements. If the Trust terminates the Plan, a Participant will receive, depending on the Nominee, adjustments or payments may be made for fractional Units held in a Participant's Nominee's account. If the Trust suspends the Plan, no investment will be made for the Plan Agent on the Distribution payment date immediately following the effective date of such suspension, and any Distributions paid after the effective date of such suspension that would, but for the suspension, be reinvested under the Plan, will be remitted to the Participants.

INTERPRETATION

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by the Trust.

NOTICES

All notices or other documents required to be given to Participants under the Plan shall be publicly announced by the Trust and the Trust will notify Participants in accordance with applicable securities law requirements.

PERSONAL LIABILITY

The obligations of the Trust hereunder are not personally binding upon any trustee of the Trust, any Holder or any annuitant under a plan of which a Holder acts as trustee or carrier, and resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing, but the property of the Trust only shall be bound by such obligations. Any obligation of the Trust set out herein shall to the extent necessary to give effect to such obligation be deemed to constitute, subject to the provisions of the previous sentence, an obligation of the trustees of the Trust in their capacity as trustees of the Trust.

NOTICES

Notices to the Plan Agent and/or the Trust shall be sent to:

Computershare Trust Company of Canada
100 University Avenue, 9th Floor North Tower
Toronto, Ontario M5J 2Y1
Attention: Dividend Reinvestment Department

Or by calling the National Customer Contact Centre at:
Telephone: (514) 982-7555
Toll-free: 1-800-564-6253 (in North America)
Or by visiting www.computershare.com/service

EFFECTIVE DATE OF THE PLAN

The effective date of the Plan is June 18, 2012