



Dear Unitholder:

RE: 2010 INCOME TAX INFORMATION FOR UNITHOLDERS

Morguard Real Estate Investment Trust is pleased to report the successful completion of its operations for 2010. During the year, the Morguard REIT distributed \$0.90 per unit. The following chart summarizes the total per unit cash distributions in 2010 and indicates the percentage of distributions that should be allocated to investment income and capital gains.

ALLOCATION OF 2010 DISTRIBUTIONS								
Record Date	Distribution Date	Distribution Per Unit	Capital Gains				39.54% Return of Capital (D) T3 - Box 42	Total 100% Distribution Per Unit (A+B+C+D)
			60.46% Taxable Income (A) T3 - Box 26	0.00% Taxable Portion (B)	0.00% Non-Taxable Portion (C)	Total Capital Gains Distributed T3 - Box 21		
29-Jan	12-Feb	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
26-Feb	15-Mar	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
31-Mar	15-Apr	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
30-Apr	14-May	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
31-May	15-Jun	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
30-Jun	15-Jul	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
30-Jul	13-Aug	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
31-Aug	15-Sep	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
30-Sep	15-Oct	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
29-Oct	15-Nov	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
30-Nov	15-Dec	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
15-Dec	31-Dec	\$ 0.075	\$ 0.04534	\$ -	\$ -	\$ -	\$ 0.02966	\$ 0.075
Total		\$ 0.90	\$ 0.54408	\$ -	\$ -	\$ -	\$ 0.35592	\$ 0.90

Note re. Return of Capital & Adjusted Cost Base

The 2010 return of capital amount paid to a unitholder will not reduce the adjusted cost base of the unitholder's units to the extent the taxable capital gains paid to the unitholder in 2007 and/or 2008 by Morguard REIT exceed the aggregate of (i) the non-taxable portion of capital gains paid to the unitholder in those years by Morguard REIT and (ii) the 2009 return of capital amount paid to the unitholder by Morguard REIT.

The REIT has retained the following amounts on account of the non-taxable portion of capital gains on a per unit basis.

2007	\$0.12648
2008	\$0.36493
Total	\$0.49141
Less: Distribution of non-taxable capital gains in 2009	\$0.24432
Less: Distribution of non-taxable capital gains in 2010	\$0.24709
Remaining portion of undistributed capital gains	\$0.00000

For units held continuously by the same unitholder since January 1, 2007 (or before), the amount reported in Box 42 should be treated as follows for Canadian tax purposes.

Distribution of prior years non-taxable capital gains - does not reduce ACB	\$0.24709
2010 Return of Capital - reduces ACB	\$0.10883
Return of Capital per Box 42	\$0.35592

Yours truly,

MORGUARD REAL ESTATE INVESTMENT TRUST

T. J. Walker,
Vice President & Chief Financial Officer