



MORGUARD CORPORATION

MANAGEMENT INFORMATION CIRCULAR

March 14, 2023

VOTING INFORMATION

SOLICITATION OF PROXIES

This Management Information Circular ("Circular") is forwarded to holders of common shares ("Common Shares") of Morguard Corporation (hereinafter called "Morguard" or the "Corporation") in connection with the solicitation of proxies by the management of the Corporation from the holders of Common Shares ("Shareholders") for use at the annual and special meeting ("Meeting") of Shareholders to be held on Wednesday, May 3, 2023 at the hour of 10:30 a.m. (EST), at Rattlesnake Point Golf Club, 5407 Regional Road 25, Milton, Ontario, L9T 2X5, for the purposes set forth in the Notice of Meeting which accompanies this Circular, and at any adjournment thereof. The solicitation of proxies by this Circular is being made by or on behalf of management of the Corporation and the total cost of solicitation will be borne by the Corporation.

The information contained in this Circular is given as at March 14, 2023, unless otherwise indicated.

Copies of Morguard's Management's Discussion and Analysis and Audited Consolidated Financial Statements for the year ended December 31, 2022 and current Annual Information Form are available on the internet site of SEDAR (the System for Electronic Document Analysis and Retrieval, as established by the Canadian Securities Administrators) at www.sedar.com and on the Corporation's website at www.morguard.com. In the alternative, copies will be provided upon request to the Corporation (55 City Centre Drive, Suite 1000, Mississauga, ON L5B 1M3, Attention: Secretary).

APPOINTMENT OF PROXIES

The persons named in the accompanying form of proxy are representatives of management ("**Management Nominees**"). **Each Shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a Shareholder of the Corporation, to represent the Shareholder at the meeting or any adjournment thereof.** This right may be exercised by inserting the name of such person in the blank space provided in the form of proxy.

To be valid, proxies must be executed legibly by a registered Shareholder and deposited with Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, not later than 5:00 p.m. (local time) on May 1, 2023, or, if the Meeting is adjourned, no later than 5:00 p.m. (local time) on the second last business day before the date of the adjourned meeting.

VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXY

The Management Nominees designated in the enclosed form of proxy may vote the Common Shares in respect of which they are appointed by proxy "for" or "withhold" in respect to the appointment of the auditors, and "for" or "against" with respect to the election of the directors of the Corporation and the adoption of the Corporation's new stock option plan, in accordance with the direction of the Shareholder as indicated on the proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of instructions with respect to a particular resolution, the Common Shares will be voted in favour of the resolution as indicated under the appropriate heading in this Circular.**

The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the notice of meeting and other matters which may properly come before the Meeting. Management is not aware of such amendments, variations or other matters to come before the Meeting.

ATTENDANCE AND VOTING

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend, speak at and vote on all matters that may properly come before the Meeting. Each Common Share entitles the holder to one vote for each Common Share held.

Non-Registered Holders

In many cases, Common Shares beneficially owned by a Shareholder (a “**Non-Registered Holder**”) are registered either:

- a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers, or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, the Corporation has distributed copies of the notice of meeting, Circular, the form of proxy and the Corporation’s audited consolidated financial statements for the year ended December 31, 2022 and management’s discussion and analysis (“**MD&A**”) (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward Meeting Materials to Non-Registered Holders who have not waived the right to receive them. Typically, Intermediaries will use a service company to forward Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders of Common Shares who have not waived the right to receive Meeting Materials will either:

- a) be given a proxy which has already been signed by the Intermediary (often by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare Trust Company of Canada, as described above; or
- b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder of Common Shares in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone and internet).

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder of Common Shares who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding

instructions on the form. ***In either case, Non-Registered Holders of Common Shares should carefully follow the instructions of their Intermediaries and their service companies.***

REVOCATION OF PROXIES

A registered Shareholder who has given a proxy may revoke the proxy by an instrument in writing, including another proxy bearing a later date, duly executed by the Shareholder or by his or her attorney authorized in writing, deposited with the Corporation as provided above. A Shareholder may also revoke a proxy in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form, or a waiver of the right to receive Meeting Materials and to vote, given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of voting instructions for or waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of March 14, 2023, 11,022,021 Common Shares are outstanding, each carrying the right of one vote per Common Share, and may be voted at the Meeting. All shareholders of record at the close of business on March 17, 2023, the record date established for the Meeting, will be entitled to vote at the Meeting, or any adjournment thereof, either in person or by proxy.

To the knowledge of the directors and officers of the Corporation, no person beneficially owns, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all issued Common Shares, other than Paros Enterprises Limited (“**Paros**”) and S.N.A. Management Limited (“**SNA**”) being corporations controlled by Mr. K. Rai Sahi, a director, Chairman and Chief Executive Officer of the Corporation, which beneficially owns or exercises control or direction over 6,691,000 Common Shares carrying approximately 60.7% of the votes attached to the outstanding Common Shares.

BUSINESS OF THE MEETING

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2022 are mailed to Shareholders who requested to receive them with this Circular and are available at www.morguard.com and www.sedar.com.

ELECTION OF DIRECTORS

Directors are to be elected annually by resolution of a majority of votes cast at a meeting of Shareholders. The number of directors to be elected at the Meeting is seven (7). Of the nominees, all are currently directors of the Corporation and have been directors since the dates indicated in the following charts.

The election of directors at the Meeting will be governed by the new majority voting requirements under the *Canada Business Corporations Act* (the “**CBCA**”), which took effect in August 2022. These requirements are such that in an uncontested election of directors, a nominee must receive 50% or more of the total votes cast “for” or “against” such nominee by Shareholders in favour of their election in order to be elected as a director. If a nominee does not receive a majority of votes cast by Shareholders in favour of their election, they will not be elected and the board of directors (the “**Board**” or the “**Board of Directors**”) position will remain open, except that an incumbent director will be permitted to remain in office until the earlier of (a) the 90th day after the day of the election or (b) the day on which their successor is appointed or elected.

The persons named in the enclosed form of proxy intend to vote for the election of the proposed nominees whose names are set out below, unless the Shareholder who has given such proxy has directed that the Common Shares represented thereby be withheld from voting in the election of directors. Management does not contemplate that any of the proposed nominees will be unable to serve as director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected at the Meeting will hold office until the next annual meeting or until his or her successor is duly elected or appointed in accordance with the Corporation's by-laws, as amended from time to time (the "By-laws").

APPOINTMENT OF AUDITORS

The Management Nominees intend to vote in favour of reappointing Ernst & Young LLP as auditor of the Corporation to hold office until the next annual meeting of Shareholders or until their successors are appointed, and authorizing the Board of Directors to fix the remuneration to be paid to the auditor.

Ernst & Young LLP is the principal external auditor of the Corporation and has served in that capacity since 1996. From time to time, Ernst & Young LLP also provides consulting and non-audit services to the Corporation and its subsidiaries. It is the policy of the Audit Committee to pre-approve audit and audit-related services as well as non-audit services and to consider whether the provision of services other than audit services is compatible with maintaining the auditor's independence.

The following table sets forth the fees billed by Ernst & Young LLP to the Corporation for the fiscal years ended December 31, 2022 and 2021:

Service Performed	2022	2021
Audit fees ⁽¹⁾	\$1,184,150	\$1,150,500
Audit-related fees ⁽²⁾	51,700	82,000
Tax & Other ⁽³⁾	-	-
Total fees	\$1,235,850	\$1,232,500

Notes:

- (1) Audit fees mean billings for professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's consolidated financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements. Fees are captured as they relate to the most recent auditor's opinion (not the Corporation's fiscal year).
- (2) Audit-related fees mean billing for assurance and related services that are reasonably related to performance of the audit or review of the Corporation's financial statements, but not reported as audit fees. More specifically, these services would include, among others, employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, non-attest internal control reviews, attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards. Fees are typically captured on an annual basis coinciding with the Corporation's fiscal year.
- (3) Tax fees mean billings for professional services for tax compliance, tax advice and tax planning. Other service fees mean fees not meeting the other fee classifications. Fees are typically captured on an annual basis coinciding with the Corporation's fiscal year.

ADOPTION OF STOCK OPTION PLAN

At the Meeting, Shareholders will be asked to approve the adoption of the Corporation's new stock option plan (the "Plan"), and pass the ordinary resolution set forth below (the "Stock Option Plan Resolution").

Stock options align the interests of our officers, consultants and employees with the interests of Shareholders by awarding pay-for-performance that reflects the long-term interests of Shareholders, supports the achievement of our performance objectives, and encourages an appropriate level of compensation risk, while also cultivating longer term retention. On January 11, 2023, the Board, on the recommendation of the Compensation Committee, adopted the Plan, the full text of which is attached to this Circular as Schedule B.

Summary of the Plan

Upon approval and adoption of the Plan by Shareholders, each option (an “**Option**”) will represent the right to receive Common Shares in accordance with the terms of the Plan. The following discussion is qualified in its entirety by the text of the Plan and each option agreement evidencing the applicable Options.

Under the terms of the Plan, the Board, or if authorized by the Board, our Compensation Committee, may grant Options to eligible participants, as applicable. Participation in the Plan is voluntary and, if an eligible participant agrees to participate, the grant of Options will be evidenced by an option agreement with each such participant. The interest of any participant in any Option is not assignable or transferable, whether voluntarily, involuntarily, by operation of law or otherwise, other than by will or the laws of descent and distribution.

In order to preclude a dilution or enlargement of the benefits under the Plan, appropriate adjustments, if any, will be made by the Board in the Common Shares issuable in connection with a reclassification, reorganization or other change of our Common Shares, share split or consolidation, distribution, merger or amalgamation.

The maximum number of Common Shares reserved for issuance collectively under our Plan, and any other share-based compensation arrangement will be 1,000,000 Common Shares, or such other number as may be approved by the TSX and the Shareholders from time to time.

The maximum number of Common Shares that may be: (i) issued to insiders of the Corporation within any one-year period; or (ii) issuable to insiders of the Corporation at any time, in each case, under the Plan alone, or when combined with all of the Corporation’s other share-based compensation arrangements, as applicable, cannot exceed 10% of the aggregate number of Common Shares issued and outstanding from time to time, determined on a non-diluted basis (though such amount is itself limited further by the aforementioned aggregate maximum of Common Shares reserved for issuance), which, as at the date of the Circular, is 1,102,202 Common Shares. The Plan does not include a maximum that may be issued to an eligible participant (other than the aforementioned aggregate maximum of 1,000,000 Common Shares reserved for issuance). No financial assistance is provided by the Corporation to eligible participants in connection with the Plan.

The terms and conditions of grants of Options, including the quantity, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to these Options, will be set out in the participant’s option agreement. Subject to the applicable participant’s option agreement, the following table describes the impact of certain events upon the rights of holders of Options issued under the Plan, including termination for cause, resignation, retirement, termination other than for cause and death or disability.

Event	Plan Provisions
Termination for cause Resignation, retirement and termination other than for cause	Immediate forfeiture of all vested and unvested Options. Expiry of all Options on the earlier of (i) 90 days after the termination date and (ii) the expiry date of the applicable Option to the extent such Option was vested and exercisable on the termination date; all remaining unexercised unvested Options shall terminate.
Death or disability	Forfeiture of all Options on the earlier of (i) 12 months after the last date of employment prior to death or disability or (ii) the expiry date of the applicable Option, to the extent such Option was vested and exercisable on the last day of employment prior to death or disability; all remaining unexercised unvested Options shall terminate.

The applicable participant’s option agreement is expected to provide that Options shall be exercisable during a period established by the Board which shall commence on the date of the grant and shall terminate

no later than ten (10) years after the date of the granting of the Options or such shorter period as the Board may determine. The exercise price of Options will be determined by the Board when such Options are granted, but will not be less than the closing price of the Common Shares on the day prior to the grant of such Options.

The exercise period for an Option shall automatically be extended if the date on which it is scheduled to terminate falls during a black-out period. In such cases, the extended exercise period shall terminate ten (10) business days after the last day of the black-out period. In order to facilitate the payment of the exercise price of the Options, the Plan has a cashless exercise feature pursuant to which participants may elect to undertake either a broker assisted “cashless exercise” or a “net exercise” subject to the procedures set out in the participant’s grant agreement, including the consent of the Board, where required. The “cashless exercise” procedure may include the sale of such number of Common Shares as is necessary to raise an amount equal to the aggregate exercise price for all Options being exercised by that participant and any applicable tax withholdings. The participant may authorize the broker to sell Common Shares on the open market by means of a short sale and forward the proceeds of such short sale to the Corporation to satisfy the exercise price and any applicable tax withholdings. The “net exercise” procedure may include the participant surrendering Options and electing to receive that number of Common Shares calculated using the following formula below, subject to the payment of any applicable withholding taxes:

$$X = (Y * (A-B)) / A$$

Where:

X = the number of Common Shares to be issued to the participant upon exercising such Options; provided that if the foregoing calculation results in a negative number, then no Common Shares shall be issued;

Y = the number of Common Shares underlying the Options to be surrendered;

A = the market value of the Common Shares as at the date of the surrender; and

B = the exercise price of such Options.

In the event of a change of control of the Corporation, unvested Options then outstanding will be replaced with Options of the surviving corporation or potential successor on the same terms and conditions as the original Options, subject to customary adjustments. Failing this, the vesting of all then outstanding Options will be accelerated in full. Notwithstanding the foregoing, the Board will have the discretion to, among other things, modify the terms of the Plan and/or applicable Options in the event of a potential change of control, including in order to accelerate the vesting of outstanding Options and to permit the conditional exercise of Options, in the event of a take-over bid or other transaction leading to a change of control of the Corporation, subject to customary provisions should such potential change of control not be completed within the applicable specified time.

The Board may, in its sole discretion, suspend or terminate the Plan at any time, or from time to time, amend, revise or discontinue the terms and conditions of the Plan or of any securities granted under the Plan and any option agreement relating thereto, subject to any required regulatory and exchange approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Option previously granted except as permitted by the terms of the Plan or as required by applicable laws.

The Board may amend the Plan or any securities granted under the Plan at any time without the consent of a participant provided that such amendment shall: (i) not adversely alter or impair any Option previously granted except as permitted by the terms of the Plan or with consent of the participant; (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSX, or any other stock exchange upon which the Corporation has applied to list its Common Shares (an “**Other Exchange**”); and (iii) be subject to shareholder approval, where required by law, the requirements

of the TSX, any Other Exchange or the Plan, provided however that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:

- any amendment to the vesting provisions of Options;
- any amendment regarding the effect of termination of a participant's employment or engagement;
- any amendment which accelerates the date on which any Option may be exercised under the Plan;
- any amendment necessary to comply with applicable law or the requirements of the TSX, any Other Exchange or any other regulatory body;
- any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan;
- any amendment regarding the administration of the Plan; and
- any other amendment that does not require the approval of Shareholders pursuant to the amendment provisions of the Plan,

provided that the alteration, amendment or variance does not:

- increase the maximum number of Common Shares issuable under the Plan, other than an adjustment pursuant to a change in capitalization;
- reduce the exercise price of Options (except in the case of customary adjustments pursuant to the terms of the Plan);
- extend the expiration date of an Option benefitting an insider of the Corporation, except in the case of an extension due to a black-out period;
- remove or exceed the insider participation limits; or
- amend the amendment provisions of the Plan.

The Management Nominees intend to vote in favour of the Stock Option Plan Resolution providing for the approval of the Plan

The text of the Stock Option Plan Resolution to be considered, and, if deemed advisable, approved by Shareholders, is set out below:

"BE IT RESOLVED THAT:

- (i) the adoption of the stock option plan (the "**Stock Option Plan**") as described in the Circular dated March 14, 2023, is hereby approved, ratified and confirmed;
- (ii) all unallocated options under the Stock Option Plan, be and are hereby authorized and approved; and
- (iii) any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized and empowered, acting for, in the name of and on behalf of the Corporation, to execute or to cause to be executed, under seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, and to do or to cause to be done all such other acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to fulfill the intent of the foregoing resolution."

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

The articles of the Corporation provide that the Corporation shall have a minimum of six (6) directors and a maximum of twenty-one (21) directors. The Board currently consists of nine (9) directors elected annually. The Board of Directors has resolved to fix the Board size at seven (7) directors and proposes to nominate seven (7) persons for election as directors at the Meeting. In accordance with the provisions of the articles of the Corporation, the directors may, between annual meetings of shareholders, appoint one or more directors, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

The Corporation entered into an agreement (the "**Paros Agreement**") dated July 20, 1990 with Paros Enterprises Limited, pursuant to which Paros purchased 2,824,486 Common Shares. The Paros Agreement provides that for so long as Paros beneficially owns or exercises control over not fewer than 2,687,575 Common Shares, Paros has the right to nominate for election or appointment to the Board such number of nominees (the "**Paros Nominees**") as will result in the Paros Nominees comprising that percentage of the directors of the Corporation that is equal to the percentage of the issued Common Shares held by Paros. As at the date of the Circular, Paros beneficially owns or exercises control over 6,691,000 Common Shares and is therefore entitled to nominate four (4) of the seven (7) directors. Paros has elected not to exercise this right at the Meeting.

The following sets out information with respect to the proposed nominees for election as directors. The term of office for each director is from the date of the Meeting at which he/she is elected until the close of the next annual meeting of Shareholders or until his/her successor is duly elected.

In the table following, Shares and SARs are based on Common Shares of the Corporation. SARs are stock appreciation rights and are fully described on page 18 and are included below at a fully vested value. MRC E Debentures are the 4.715% series E unsecured senior debentures due on January 25, 2024. MRC F Debentures are the 4.204% series F unsecured senior debentures due on November 27, 2024. MRC G Debentures are the 4.402% series G unsecured senior debentures due on September 28, 2023. MRG Units are the trust units of Morguard North American Residential Real Estate Investment Trust. MRG A Debentures are the 4.50% unsecured convertible subordinated debentures due March 31, 2023 and MRG B Debentures are the 6.0% unsecured convertible subordinated debentures due March 31, 2028 issued by Morguard North American Residential Real Estate Investment Trust. MRT Units are trust units of Morguard Real Estate Investment Trust and MRT Debentures are the 5.25% unsecured convertible subordinated debentures due December 31, 2026 issued by Morguard Real Estate Investment Trust.

Morguard and its affiliates beneficially own approximately 63.28% of the outstanding MRT Units, 44.7% of the outstanding MRG Units, 37.7% of the outstanding MRT Debentures, 5.85% of the MRG A Debentures and 12.50% of the MRG B Debentures. The total value of securities held is as at March 14, 2023.

<p>William J. Braithwaite <i>Toronto, Ontario, Canada</i></p> <p>Director since May 6, 2020</p> <p>Independent</p>	<p>Mr. Braithwaite is retired Partner of Stikeman Elliott LLP, where he served as Chair of the firm from 2012 to 2018. Mr. Braithwaite has practiced for over 40 years primarily in mergers and acquisitions and corporate governance. He has taught courses in securities law and has authored numerous articles on mergers and acquisitions, corporate governance and corporate and securities law. Mr. Braithwaite is also Chair of the Board of Directors of Computershare Trust Company of Canada and Governance Committee of Canada Company, Many Ways to Serve (military charity).</p>								
		<p>Public company directorships in the past five years:</p>							
		<p>abrdn Asia-Pacific Income Fund VCC, Chair (2018 – present) IBI Group Inc., Director (2022 – present)</p>							
		Securities held							
Board/ Committee membership	Overall attendance		Shares	SARs	MRG Units	MRT Units	MRC/ MRT/MRG Debentures	Total value of securities held	
Board C&G	7 of 7 6 of 6	100% 100%	3,000	nil	28,000	1,500	200 MRG A	\$852,845	

<p>Chris J. Cahill <i>McLean, Virginia, U.S.A.</i></p> <p>Director since May 13, 2015</p> <p>Independent</p>	<p>Mr. Cahill retired in April 2021 as a Deputy Chief Executive Officer responsible for Hotel Operations for AccorHotels. He joined AccorHotels' Executive Committee in July 2016 as Chief Executive Officer, Luxury Brands. Mr. Cahill has almost 40 years' experience in the hotel industry, serving in senior management roles in several international hotel companies, recently as Executive Vice President of Global Operations of Las Vegas Sands Corp. and President and Chief Operating Officer of Fairmont Raffles Hotels International. Mr. Cahill has previously served as a trustee of Legacy Hotels Real Estate Investment Trust and a board member of the Canadian Tourism Commission, a public private partnership. Mr. Cahill has a Bachelor of Social Sciences degree and a Bachelor of Education from the University of Ottawa and an M.B.A. from the University of Toronto.</p>								
		<p>Public company directorships in the past five years:</p>							
		<p>Temple Hotels Inc. (2015 – 2020)</p>							
		Securities held							
Board/ Committee membership	Overall attendance		Shares	SARs	MRG Units	MRT Units	MRC/ MRT/MRG Debentures	Total value of securities held	
Board C&G	7 of 7 6 of 6	100% 100%	3,150	20,000	nil	nil	nil	\$339,885	

Bruce K. Robertson <i>Toronto, Ontario, Canada</i> Director since May 18, 2010 Lead Director Independent		Mr. Robertson has served as Vice President, Investments of The Woodbridge Company Limited since September 2013. Mr. Robertson previously served as a principal of Grandview Capital, a Canadian merchant bank and prior thereto, as Senior Managing Partner of Brookfield Asset Management Inc., a specialty asset management company listed on the New York Stock Exchange and the TSX. Mr. Robertson received his Bachelor of Commerce (Honours) degree from Queens's University in 1988.						
		Public company directorships in the past five years: Morguard North American Residential Real Estate Investment Trust (2012 – present) Acadian Timber Corp. (2018 - present)						
		Securities held						
Board/ Committee membership	Overall attendance	Shares	SARs	MRG Units	MRT Units	MRC/ MRT/MRG Debentures	Total value of securities held	
Board Audit Investment	7 of 7 4 of 4 -	100% 100% -	29,030	20,000	487,452	28,046	nil \$12,651,752	

Angela Sahi <i>Mississauga, Ontario, Canada</i> Director since May 10, 2017 Non-independent		Ms. Sahi is Executive Vice President, Residential, Office and Industrial at Morguard. Ms. Sahi holds a variety of roles and responsibilities at Morguard, including board member of Morguard Corporation. Ms. Sahi has oversight of the management and operation of Morguard's Canadian multi-suite residential portfolio as well as the office and industrial portfolios. She also manages the research, valuations and marketing groups. Prior to working with Morguard, Ms. Sahi's experience includes consulting with both Ernst & Young LLP's Real Estate Advisory Group and Business Risk Services Group in New York City. She also worked in Ernst & Young LLP's Audit and Tax groups in Toronto. Ms. Sahi has a Bachelor of Arts (Honors) and Gold Medal from the University of Western Ontario. She also completed a post-graduate degree in accounting from Wilfrid Laurier University and holds a Certified Public Accountant designation.						
		Public company directorships in the past five years: TWC Enterprises Limited (2018 – present)						
		Securities held						
Board/ Committee membership	Overall attendance	Shares	SARs	MRG Units	MRT Units	MRC/ MRT/MRG Debentures	Total value of securities held	
Board	7 of 7	100%	nil	20,000	10,000	nil	nil \$179,000	

K. Rai Sahi <i>Mississauga, Ontario, Canada</i> Director since August 31, 1990 Chairman <i>Non-independent due to ownership/control of 60.7% of the outstanding shares of the Corporation⁽¹⁾ and member of management.</i>		Mr. Sahi is Chairman and Chief Executive Officer of Morguard Corporation. Mr. Sahi, FCA, FCGA, has many years' experience in public and private corporations including extensive experience dealing with financial reporting, standards, and policy. Public company directorships in the past five years: TWC Enterprises Limited (1997 - present) Morguard Real Estate Investment Trust (1998 - present) Morguard North American Residential Real Estate Investment Trust (2012 – present) Temple Hotels Inc. (2015 – 2020)						
		Securities held						
Board/ Committee membership	Overall attendance		Shares	SARs	MRG Units	MRT Units	MRC/ MRT/MRG Debentures	Total value of securities held
Board Investment	7 of 7 -	100% -	6,691,000	nil	931,077	2,196,427	MRC E \$20,079,000 MRC F \$7,244,000 MRG B \$2,000,000	\$778,917,147

Leonard Peter Sharpe <i>Toronto, Ontario, Canada</i> Director since November 2, 2010 Independent		Mr. Sharpe is a senior executive with 25+ years of experience in the real estate industry in both a domestic and global commercial environment. Mr. Sharpe previously served as President and Chief Executive Officer of The Cadillac Fairview Corporation Limited for over 10 years. Mr. Sharpe also serves as a director of The Sunnybrook Foundation, board member of International Council of Shopping Centres, Multiplan (Rio de Janeiro, Brazil), Postmedia Network Canada Corp. and First Industrial Real Estate Trust. Mr. Sharpe has served on the boards of directors of both private and publicly-listed companies.						
		Public company directorships in the past five years:						
		Postmedia Network Canada Corp. (2011 – present) Allied Properties Real Estate Investment Trust (2012 – present)						
		Securities held						
Board/ Committee membership	Overall attendance		Shares	SARs	MRG Units	MRT Units	MRC/ MRT/MRG Debentures	Total value of securities held
Board Audit HR, Comp Investment	7 of 7 4 of 4 5 of 5 -	100% 100% 100% -	3,000	20,000	nil	nil	nil	\$968,800

Stephen R. Taylor ⁽²⁾ <i>Oakville, Ontario, Canada</i> Director since August 5, 2020 Independent		Mr. Taylor has over 45 years experience in the Canadian real estate industry. He retired as the Vice President, Real Estate for the Healthcare of Ontario Pension Plan (HOOPP) at year end 2019, where he oversaw the Plan's Canadian and International real estate investment programs, including holdings of nearly \$15 billion in office, industrial, retail and multi-residential properties located in Canada, Europe and the United States. He is a graduate of the University of Toronto and holds a Master's Degree in Management Studies from Oxford University. Stephen is active in the real estate community – he is the Past Chair of the Board of Directors of REALPAC (the Real Property Association of Canada), and has served as a Board member for NAREIM (the National Association of Real Estate Investment Managers) and AFIRE (the Association of Foreign Investors in Real Estate).							
		Public company directorships in the past five years: None							
		Securities held							
Board/ Committee membership		Overall attendance		Shares	SARs	MRG Units	MRT Units	MRC/ MRT/MRG Debentures	Total value of securities held
Board HR, Comp C&G		7 of 7 5 of 5 4 of 4	100% 100% 100%	22,930	nil	4,500	29,631	nil	\$2,712,038

Notes:

- (1) Beneficially owned by Mr. Sahi through Paros. See the description of the Paros Agreement on page 8.
 (2) Mr. Taylor was appointed to the C&G committee on May 4, 2022. His attendance reflects the number of meetings held after his appointment.

STATEMENT OF EXECUTIVE COMPENSATION

Executive compensation is the responsibility of the Board of Directors, supported by the Human Resources, Compensation and Pension Committee (“**Compensation Committee**”). The Corporation’s primary business strategy is to acquire a diversified portfolio of commercial and multi-suite residential real estate assets both for its own account and for its institutional clients and to generate stable and increasing cash flow and asset value by improving the performance of its real estate investment portfolio.

The Compensation Committee considered the inflationary and pandemic-related impacts of the current economic environment and financial performance of the Corporation in 2022, and believe that the executive compensation decisions reached are appropriate. The Chief Executive Officer, Chief Financial Officer and the other qualifying most highly compensated executive officers (as defined in the regulation under the Securities Act (Ontario)) of the Corporation (the “**Named Executive Officers**” or “**NEOs**”) did not have personal quantitative or qualitative goals set for 2022.

As a policy, salaries and incentives are reviewed from time to time. For 2022, Named Executive Officers, received a base salary increase ranging from 3% to 27%, averaging 8.8%. Short term incentive targets remained at their 2021 levels of up to 150 percent of base for the Chief Executive Officer and up to 60 percent of base salary for the Chief Financial Officer and other NEOs with actual bonus awards being, generally, approximately 90 percent of target.

During the most recently completed financial year, the NEOs and directors were not permitted to purchase financial instruments designed to hedge or offset a decrease in market value of the Common Shares, or securities convertible into Common Shares, granted as compensation or held, directly or indirectly, by the particular NEO or director.

The Corporation does not have any specific plan to alter its executive compensation strategy at this time.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation Philosophy

Morguard's executive compensation program is intended to attract, motivate and retain highly qualified and motivated executives and the key talent necessary for the Corporation to be successful in the highly competitive environment in which it operates. This compensation is designed to reward the achievement of performance goals and align the interests of executives with the interests of the Corporation's Shareholders and support the attraction and retention of qualified and experienced executives.

Incentive compensation plans are designed to reward executives based on performance. A portion of compensation in the form of long-term incentives ensures that executives are making prudent decisions to generate sustainable growth in shareholder value. Additionally, long-term incentives are used selectively and, to date, have only been paid on an intermittent basis. Short-term incentives are similarly based, linking individual performance with operating group and overall Morguard performance, with a portion of executive pay at risk when measured against financial results and operational objectives.

Compensation is competitively positioned to align with each executive's role and responsibilities and the relevant markets in which we compete for talent. For the majority of executives, compensation is benchmarked using independently prepared compensation surveys and publicly disclosed information for executives with similar responsibilities, primarily in the real estate industry. To further encourage retention, grants of long-term incentives are forfeited should an executive leave the Corporation prior to vesting. Neither the Chief Executive Officer, Chief Financial Officer nor the other Named Executive Officers are entitled by any contract or arrangement to termination or change of control benefits, except as discussed below under the Stock Appreciation Rights Plan.

The major components of the executive compensation program are:

Compensation element	Payment method	Program Objectives
Annual Base salary	Cash	<ul style="list-style-type: none"> Reward skills, capabilities, knowledge and experience, reflecting the level of responsibility, as well as the contribution expected from each executive
Annual variable short-term incentive	Cash	<ul style="list-style-type: none"> Reward results during the current fiscal year based on contribution to a particular operating segment and the Corporation's overall performance
Long-term incentive		
	Stock Appreciation Rights	<ul style="list-style-type: none"> Align with long-term performance of the Corporation and added incentive for enhancing shareholder value. Provide compensation opportunities to attract, retain and motivate executives
	Stock Options	<ul style="list-style-type: none"> Align with long-term performance of the Corporation and added incentive for enhancing shareholder value. Provide compensation opportunities to attract, retain and motivate executives
Other elements of compensation		
Pension and benefits		<ul style="list-style-type: none"> Provide pension and benefits that are comparable to peer companies
Perquisites		<ul style="list-style-type: none"> Part of overall competitive executive compensation package.
Share loan		<ul style="list-style-type: none"> Encourage share ownership Align interests of executive and shareholders

COMPETITIVE BENCHMARKS

Annually, Morguard reviews compensation relative to peer group companies in the real estate industry using independent surveys in which it participates and, where available, publicly disclosed information. Within the companies, Morguard reviews compensation levels of comparable positions, and assesses relative performance and company size. Actual total compensation may be above or below the median based on individual, operating segment and overall Corporation performance. The peer group consisted of:

ACM Adisors LTD.	Crombie REIT	Killam Apartment REIT
Adgar Canada Inc.	Crown Realty Partners	LaSalle Investments Management
Corporation (AIMCo)	CT REIT	Manulife
Artis Real Estate Investment Trust (REIT)	Cushman & Wakefield	Minto Group, The
Aspen Properties	Dorsay Development Corporation	Nicola Wealth
Avison Young	EPIC Investment Services	Northview Fund
BentallGreenOak	Equitable Bank	NorthWest Healthcare Properties REIT
Bosa Properties	Fengate Asset Management	ONE Properties
Brookfield Properties (Canada) Inc.	Fiera Real Estate Investments Limited	Oxford Properties
BTB Real Estate Investment Trust	First Capital REIT	Pantattoni Development Company
Cadillac Fairview Corporation Limited, The	First National Financial	QuadReal Property Group
Canada Post Pension Plan	Granite REIT	Realstar Management Partnership
CanFirst Capital Management	GWL Realty Advisors	RioCan REIT
CBRE Group Inc.	Hazelview Investments Inc.	SmartCentres REIT/Penguin Investments Inc.
Centurion Asset Management	Healthcare of Ontario Pension Plan	Starlight Investments
Choice Properties REIT	Hines Interests Limited Partnership	Strathallen Capital Corporation
CMLS Financial	Homestead Land Holdings Limited	TAS
Colliers International Inc.	Hopewell Development LP	TD Assets Managements
Cominar	Ivanhoe Cambridge Inc.	United Property Resource Corporation
Crestpoint Real Estate Investments Ltd	Jones Lang LaSalle	

The Corporation participated in the following Third Party Surveys in 2022 in addition to purchasing Realpac survey results:

Conference Board of Trade
LifeWorks

The services of an independent compensation consultant were not used in 2022.

COMPENSATION PROCESS

Annually the Compensation Committee reviews and recommends to the independent directors the approval of compensation for the Chief Executive Officer.. The Chief Executive Officer reviews and approves the compensation of other NEOs and senior executives.

Risk Management

Effective risk management is achieved through the active engagement of the directors and executive officers in the identification of risks faced by the Corporation, and the implementation of appropriate strategies to prevent and mitigate them. In respect of executive compensation, the Compensation Committee strives to ensure that the program's overall design and constituent elements incorporate prudent risk management principles, compensation-related risk is considered as part of the decision-making process, and the program is subject to periodic review in relation to emerging risk management principles.

The Compensation Committee seeks to ensure the compensation program incorporates measures that discourage undue risk taking by executive officers that could have a material adverse impact on the Corporation. These measures include the use of long-term incentives vesting over time and short-term incentive awards that are subject to “caps” (maximum amounts of compensation) that can be received in the event performance targets are exceeded. This minimizes any incentive to enter into transactions with excessive risk for the purpose of attempting to generate substantial short term gains.

Compensation risk is also mitigated through compensation governance measures which include prohibitions on hedging of equity awards and securities for the Corporation’s executive officers and safeguards in respect of insider trading. Additionally, the structure of the compensation program does not differ significantly among the Corporation’s executive officers.

Morguard has an integrated approach to talent management and succession planning. The Corporation places focus on identification, assessment and development of executives and high-potential talent to build leadership capability and strengthen overall succession, ensuring there are future leaders to drive both short and long-term performance. While the Corporation has not adopted a target regarding the representation of women in executive officer positions, the Corporation believes that diversity is embedded in our talent management practices and is focused on the development and advancement of women and visible minorities and other aspects of diversity. In terms of gender diversity, currently 25 percent of executive officers at the Corporation, including its major subsidiaries, are women (6 of 24).

Our philosophy of development and promotion from within strengthens our values and culture, aids in retention of talent and provides more options for succession. We complement this practice with selective external hiring to benefit from diverse experiences and fresh perspectives. Morguard does not believe that quotas, strict rules or targets necessarily result in the identification or selection of the best candidates for executive officers. However, the Corporation is mindful of the benefit of diversity in the workplace; accordingly, both the level of female representation and diversity are considered as essential considerations in the selection process for new executive officers, in addition to the expertise and experience required. Annually, the Board reviews and discusses Chief Executive Officer and group executive succession.

Base Salary

Base salary of executive officers is designed to be competitive and is determined by their relative worth and value to the organization. Jobs are evaluated using compensable job factors found in the Hay Method of job evaluation as well as against Morguard’s peer group. These factors serve as the criteria for assessing and comparing job values internally, and for external competitiveness through market pricing of selected key or benchmark jobs within a geographic area. Base salary is reviewed annually as base salary adjustments are not automatic.

Short-Term Incentives

Short-term incentive cash compensation is incremental compensation paid by the Corporation and its subsidiaries and is based on achieving corporate and individual annual performance objectives set at the beginning of each fiscal year. An award under the short-term incentive plan is determined as a percentage of base salary by reference to individual performance and contribution as well as corporate performance, such as return on net assets, with the benchmark being set by the Chief Executive Officer in consultation with the Compensation Committee. For each of the Chief Financial Officer, Executive Vice Presidents and Senior Vice Presidents the short-term component is capped at 60 percent of base salary. Vice Presidents are in the 40 to 50 percent range. Assistant Vice Presidents are capped at 40%. Average bonus levels for 2022 (excluding the Chief Executive Officer) were 46% (2021 – 34%).

In setting these performance goals, consideration is given to corporate and financial objectives – including past corporate and operating group performance and budget targets for the current fiscal year and revenue growth and cost containment.

An award may be adjusted to reflect the effect of extraordinary, unusual or non-recurring items or to reflect an adjustment related to the degree of difficulty of activities undertaken by an individual.

Long-Term Incentives

Stock Appreciation Rights

The Compensation Committee, in its discretion, may from time to time grant stock appreciation rights (“SARs”) under the Corporation’s stock appreciation rights plan (the “Stock Appreciation Rights Plan”) to directors, officers and employees of, or consultants to, the Corporation and its Affiliates.

Details relating to Morguard’s Stock Appreciation Rights Plan are contained in the section below entitled “Incentive Plan Awards”.

Under the Stock Appreciation Rights Plan, 1,000,000 SARs were reserved for issuance. As of March 14, 2023 a total of 270,000 SARs are outstanding.

Compensation of the Chief Executive Officer (“CEO”)

Summary and Philosophy

A critical function of the Compensation Committee is to monitor and assess the CEO’s performance and recommend his compensation to the Board for approval. The CEO’s compensation is based on the same underlying philosophy upon which other executive compensation is based and is directly related to the overall current performance of the Corporation and its potential for future growth. In determining recommendations for the CEO’s total compensation, the Compensation Committee considers the absolute and relative performance of Morguard, the CEO’s individual performance against objectives set at the beginning of the fiscal year and comparison with similar roles within the Corporation’s peer group.

The CEO participates in the same compensation programs as other executives of the Corporation detailed on the preceding pages of this Circular.

The Compensation Committee reviews the CEO’s total compensation on an annual basis, after analyzing market data on CEO remuneration for companies in the peer group. The CEO’s base salary is reviewed and determined as for other executives.

The CEO’s compensation for short-term awards is comprised of two parts and determined by:

- (1) a bonus of up to 100 percent of base salary based on (i) actual versus budgeted performance on four factors: normalized funds from operations (“NFFO”) of Morguard; FFO of Morguard Real Estate Investment Trust (“Morguard REIT”); FFO of Morguard North American Residential REIT (“Morguard Residential REIT”) and business unit income of Morguard Investments Limited and (ii) actual share performance of the Corporation versus the prior year. The maximum points allocated to each factor is 20, which means, for example, if actual FFO of the Corporation was 80 percent of budgeted FFO, then the CEO would get 16 points for that factor; and
- (2) a supplementary bonus, not to exceed 50 percent of base salary, based on the CEO’s performance in regard to mergers, acquisitions, dispositions, financings, strategic objectives, human resources and other major activities undertaken by the operating subsidiaries.

2022 Compensation

The Compensation Committee considered the Corporation’s absolute and relative performance, the achievement of strategic objectives and the competitive salary levels of CEOs in the peer group. In determining the funding of Mr. Sahi’s incentive awards, the Compensation Committee considers the Corporation’s performance against financial performance targets set at the beginning of the fiscal year. The Compensation Committee also considered qualitative factors such as Mr. Sahi’s leadership qualities, ability to build long-term value for shareholders and his role in advancing the Corporation’s ESG program. In 2022, Morguard was recognized by the Thomson Reuters Awards program as Canada’s Safest Employer achieving a ninth consecutive Award and issued its annual Corporate Sustainability report. These factors, among others, all contributed to the determination of the CEO’s supplementary bonus.

Based on financial performance and on Mr. Sahi’s substantial contribution as CEO of Morguard, his role in guiding Morguard, enhancing Morguard’s profile and growing the business interests across Canada and

the United States and his vision in building a strong capital base ensuring short term stability and long-term growth, the Board awarded the short-term incentive of \$1,650,000.

The Compensation Committee did not award any long-term incentive to the CEO in 2022.

SUMMARY OF COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table sets forth all compensation paid to the Named Executive Officers.

Name and Principal Position		Annual Compensation		Long Term Compensation			Pension Value ⁽²⁾ (\$)	All Other Compensation ⁽¹⁾ (\$)	Total Compensation (\$)
		Salary (\$)	Bonus (\$)	SARS Granted (#)	SARS Granted (\$)	LTIP pay-out (\$)			
K. Rai Sahi Chairman and Chief Executive Officer, Morguard Corporation	2022	1,225,000	1,650,000	nil	nil	nil	73,736	112,346	3,061,082
	2021	1,187,917	1,200,000	nil	nil	nil	73,736	108,660	2,570,313
	2020	1,187,917	1,200,000	nil	nil	nil	73,736	107,656	2,569,309
Paul Miatello Chief Financial Officer and Senior Vice President, Morguard Corporation	2022	360,500	198,235	nil	nil	nil	18,025	5,920	582,680
	2021	350,000	140,000	nil	nil	nil	17,500	4,950	512,450
	2020	350,000	140,000	nil	nil	nil	17,500	5,280	512,780
Angela Sahi Executive Vice President, Residential , Office & Industrial, Morguard Corporation	2022	350,000	191,707	nil	nil	nil	17,500	1,160	560,376
	2021	275,000	110,000	nil	nil	nil	13,750	nil	398,750
	2020	275,000	110,000	nil	nil	nil	13,750	nil	398,750
John Talano⁽³⁾ Senior Vice President, Morguard Management Company	2022	454,545	245,245	nil	nil	nil	12,314	15,584	727,688
	2021	349,079	178,473	nil	nil	nil	18,227	15,385	569,029
	2020	356,945	123,741	nil	nil	nil	18,928	16,000	515,614
David Wyatt Senior Vice President Retail Leasing and Operations, MIL	2022	332,100	179,334	nil	nil	nil	16,605	12,901	540,940
	2021	307,500	123,000	nil	nil	nil	15,375	11,998	457,873
	2020	307,500	123,000	nil	nil	nil	15,375	11,931	457,806

Notes:

- (1) Perquisites for each of the NEOs in the periods covered did not exceed the lesser of \$50,000 and 10% of total salary and bonus for the respective year. Included in other annual compensation is imputed, where applicable, interest benefit from loans provided to officers of the Corporation identified in the Section entitled "Indebtedness of Directors, Executive Officers and Senior Officers.
- (2) Included amounts from column (e) of the defined benefit plan table and column (c) of the defined contribution plan table from Pension Plan Benefits section below. For Mr. Sahi, Pension includes pension benefits received.
- (3) All compensation for Mr. Talano is converted from United States dollars to Canadian dollars using the average exchange rate for the year ended December 31, 2022 of US\$0.77. Actual amounts paid in 2022 are Salary US\$350,000, Bonus US\$189,000, Pension US\$9,482, and All other compensation US\$12,000, for Total Compensation US\$560,482.

INCENTIVE PLAN AWARDS

Outstanding Option Based Awards

The following table sets forth all option-based awards outstanding for each Named Executive Officer as of December 31, 2022.

Name	Number of securities underlying unexercised options SARs #	SARs exercise price \$	SARs expiry	Value of unexercised options/SARs \$
K. Rai Sahi	-	-	-	-
Paul Miatello	15,000	30.74	n/a	1,225,800
	10,000	43.39	n/a	690,700
	10,000	179.95	n/a	nil
Angela Sahi	10,000	163.59	n/a	nil
	20,000	163.59	n/a	nil
	10,000	179.95	n/a	nil
John Talano	5,000	163.59	n/a	nil
	10,000	179.95	n/a	nil
David Wyatt	5,000	163.59	n/a	nil

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows the value of option-based awards that vested during the fiscal year ended December 31, 2022, as well as the non-equity incentive plan compensation earned during the year for each Named Executive Officer.

Name	Option based awards (SARs) – value vested during the year (\$)	Non-Equity incentive plan compensation – value earned during the year (\$)
K. Rai Sahi	nil	1,650,000
Paul Miatello	nil	198,235
Angela Sahi	nil	191,707
John Talano	nil	US189,000
David Wyatt	nil	179,334

NARRATIVE DISCUSSION

Stock Appreciation Rights

The Board approved the Stock Appreciation Rights Plan on March 20, 2008. At this time, the Compensation Committee does not intend to grant SARs on an annual basis.

A stock appreciation right grants a participant the right to receive, from the Corporation, a cash payment per right in an amount equal to the excess, if any, of: (i) the fair market value as of the date redeemed of the Common Shares less (ii) the fair market value of the Common Shares underlying the rights on the date of the grant and any amount required to be withheld by applicable law. Fair market value is defined as the closing price of the Common Shares on the TSX for the trading day immediately preceding the applicable date.

The Compensation Committee may determine when any SAR will become vested however, in the absence of any other determination, vesting occurs: (i) as to one-tenth, on the first anniversary of the date of grant; and (ii) as to an additional one-tenth, on each of the second through tenth anniversaries of the date of grant.

Unvested SARs will be immediately terminated and be null and void if the participant's employment with the Corporation is terminated for cause and the rights will be cancelled by the Corporation. If the holder of SARs is terminated without cause vested SARs will be paid in accordance with the Stock Appreciation Rights Plan and unvested SARs will vest as determined by the Compensation Committee. If the holder of

SARs voluntarily resigns, all unvested SARs will cease vesting and expire and terminate on the date of termination, while vested rights will be reduced by 50% and be paid according to the Stock Appreciation Rights Plan. If the holder's employment is terminated for any other reason (including death or disability) the holder's SARs that have not become vested as of the date of termination will accelerate and immediately vest on such date and the Corporation shall make payment according to the Stock Appreciation Rights Plan.

The Compensation Committee shall have the authority to amend, suspend or terminate the Stock Appreciation Rights Plan or any SAR granted thereunder without obtaining Shareholder approval in order to: (i) amend any terms relating to the granting or exercise of SARs, including the terms relating to the eligibility for and limitations or condition on participation in the Stock Appreciation Rights Plan, the amount and payment of the exercise price (other than a reduction thereof) or the vesting, exercise, expiry (subject to certain exceptions) of the SARs; (ii) make changes that are necessary or desirable to comply with applicable laws, rules or regulations of any applicable governmental entity or stock exchange having jurisdiction; correct or rectify any ambiguity, defective provision, error or omission in the Stock Appreciation Rights Plan or in any SAR or make amendments of a "housekeeping" nature; (iii) amend any terms relating to the administration of the Stock Appreciation Rights Plan; and (iv) make any other amendment that does not require shareholder approval by virtue of the Stock Appreciation Rights Plan, applicable laws or applicable requirements of any stock exchange or governmental entity, provided such amendment, suspension or termination does not adversely alter or impair any previously granted SAR without such holder's consent, and is made in compliance with applicable laws, rules, regulations, by-laws and policies of, and receipt of any required approvals from, any applicable governmental entity or stock exchange having jurisdiction.

In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to Shareholders, or any other change in the capital of the Corporation affecting Common Shares, the Compensation Committee will make such proportionate adjustments, if any, as the Compensation Committee in its discretion may deem appropriate to reflect such change (for the purpose of preserving the value of the SARs), with respect to previously granted SARs.

In the event of a merger, amalgamation, or other transaction pursuant to which the Common Shares are converted into other property, whether in the form of securities of another corporation, cash or otherwise, (each a "Substitution Event"), then any surviving or acquiring corporation shall assume any SAR outstanding under the Stock Appreciation Rights Plan or shall substitute similar SARs (including an award to acquire the same consideration paid to the securityholders in the transaction effecting the Substitution Event) for those SARs outstanding under the Stock Appreciation Rights Plan. In the event any surviving corporation or acquiring corporation refuses to assume such SARs or to substitute similar stock options for those SARs outstanding under the Stock Appreciation Rights Plan, then with respect to such SARs, the vesting of such SARs (and, if applicable, the time during which such SARs may be exercised) shall be accelerated in full, and the SARs shall terminate if not exercised (if applicable) at or prior to such event.

Notwithstanding any other provision of the Stock Appreciation Rights Plan, in the event of a potential Substitution Event, the Board shall have the power to make such changes to the terms of the SARs, as it considers fair and appropriate in the circumstances, including but not limited to: (i) accelerating the date on which SAR, become exercisable; (ii) otherwise modifying the terms of the SAR, to assist such holders in participating in any arrangement leading to a Substitution Event; and thereafter; (iii) terminating, conditionally or otherwise, the SAR, not exercised following successful completion of the Substitution Event. If the Substitution Event is not completed within the time specified (as the same may be extended), the accelerated SARs which vested will be reinstated as unvested SARs and if such SARs were exercised the amount paid by the Corporation on exercise of the SARs will be reimbursed by the previous holder of the SARs, and the original terms applicable to such SARs will be reinstated.

Should there be a change of control of the Corporation (excluding increased ownership by Paros, K. Rai Sahi or related parties) vesting of all outstanding SARs will accelerate in full. If the change of control or potential change of control is not completed within the time specified therein (as the same may be

extended), the accelerated SARs which vested will be reinstated as unvested SARs and if any such SARs were exercised, the previous holder of such SARs shall reimburse any amount paid by the Corporation on such exercise.

PENSION PLAN BENEFITS

Defined Benefit Pension Plan

There are no NEOs accruing benefits under the Morguard Corporation Employees' Retirement Plan ("MC Plan") Defined Benefit Provision. Mr. Sahi is receiving benefits under the MC Plan.

The Defined Benefit Provision of the MC Plan provides defined retirement benefits for covered salaried employees and is registered under the Income Tax Act (Canada) (the "Tax Act") and the Pension Benefit Act (Ontario). Participants in the MC Plan vest immediately. The Retirement Plan provides for normal retirement benefits beginning at age 65 with reduced benefits payable for any participant who elects early retirement. The normal annual retirement benefits are equal to 1.8 percent of the participant's average of the best 3 of the last 7 years earnings multiplied by the participant's years of credited service, less the participant's Canada Pension Plan benefits multiplied by a ratio (not exceeding 1) of the participant's years of credited service to 35 years, and not exceeding the maximum amount permitted to be paid under the Tax Act. The 2022 maximum annual benefit payable to a participant under the MC Plan is \$3,420.00 for each year of credited service (not exceeding 35 years in respect of service prior to January 1, 1992).

Defined Contribution Pension Plan

There are no NEOs accruing benefits under the Morguard Investments Limited Employees' Retirement Plan. Effective January 1, 2008, a Defined Contribution Provision was added to the "MC Plan".

The Defined Contribution Provision provides a retirement benefit of an annual pension in the form of payment elected by the Member, in the amount which can be purchased from an Insurer by the Corporation on the Member's behalf with the Account Balance, at the election of the member, at the time of his/her retirement. The normal retirement age is 65.

The Corporation shall contribute to the Company Contributions Account of each NEO an amount equal to 5% of each NEO's Defined Contribution Earnings, up to the DC maximum contribution limit for the year. The 2022 contribution limit for a registered DC plan was \$30,780.

Defined Contribution Members are not required to contribute.

A Defined Contribution Member may elect to contribute a percentage of his Defined Contribution Earnings to his Voluntary Contributions Account.

A member who retires may elect to receive his Member Voluntary Contributions Account Balance as a cash lump sum payment less any applicable withholding tax.

The aggregate of company contributions and members voluntary contributions are subject to limits prescribed in the Tax Act.

At December 31, 2022 the NEOs that participated in the Defined Contribution Provision of the MC Plan had the following accumulated benefits:

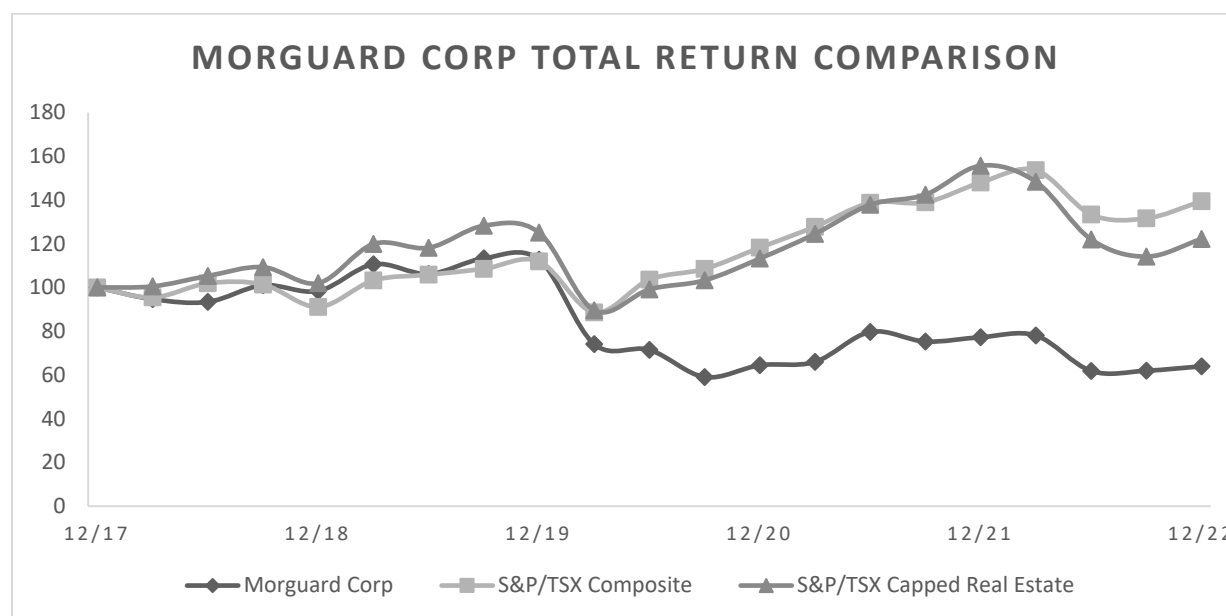
Name (a)	Accumulated value at start of year (\$) (b)	Compensatory change (\$) (c)	Non-compensatory change (\$) (d)	Accumulated value at year end (\$) (e)
Paul Miatello	261,984	18,025	(26,433)	253,576
Angela Sahi	62,391	17,500	(6,783)	73,108
David Wyatt	174,317	16,605	(10,433)	180,490

401K

Certain US employees are permitted to invest up to 5 percent of earnings in a structured registered retirement account (401K) which contributions are matched by Morguard. Morguard is not liable for guaranteeing a specific amount of income when an employee retires and does not receive reports on return on investment related to the 401K. For the year ending December 31, 2022, the Corporation had contributed the amount of US\$9,482, matching Mr. Talano's personal contributions.

SHARE PERFORMANCE GRAPH

The following graph shows a comparison over the five-year period ending December 31, 2022 of the value of \$100 originally invested in Common Shares with the cumulative return of the S&P/TSX Composite and the TSX Capped Real Estate Index, in each case assuming reinvestment of dividends.



	12/17	12/18	12/19	12/20	12/21	12/22
Morguard Corporation	100.00	98.41	112.72	64.44	77.23	63.98
S&P/TSX Composite	100.00	91.12	111.97	118.25	147.99	139.48
S&P/TSX Capped Real Estate (Industry Group)	100.00	102.03	125.16	113.26	155.74	122.22

DIRECTOR COMPENSATION

The Compensation Committee reviews director compensation annually and makes recommendations on remuneration to the Board. In reviewing directors' compensation, the Committee considers the responsibilities and time commitment of the directors and benchmarks compensation at comparable Canadian corporations in the real estate industry.

Directors who are also employees of the Corporation receive no remuneration as directors. During the year ended December 31, 2022, eligible members of the Board received compensation in accordance with the following remuneration schedule, which has been in effect since April 1, 2018.

Annual retainers and meeting fees	Amount (\$)
Board retainer	30,000
Additional retainers:	
Vice Chair/Lead Director	8,000
Chair of the Audit Committee	8,000
Chairs of other Board committees	4,000
Meeting fees	
Each Board/committee meeting attended	1,500
Each Board/committee phone meeting or meeting less than 15 minutes in duration attended	500

The directors are additionally entitled to be reimbursed for their reasonable out-of-pocket expenses incurred in connection with the Corporation.

Share Ownership Guideline

With a view to aligning director compensation with shareholder interests, directors are encouraged to hold a minimum of 3,000 Common Shares and to reach this level within five years of initial appointment.

Stock Plans

The directors and officers of the Corporation are entitled to participate in the Corporation's Stock Appreciation Rights Plan. A description of both plans can be found on page 18.

The granting of SARs under the Stock Appreciation Rights Plan was initiated in 2008 and no Stock Appreciation Rights have been granted since 2018.

The Corporation paid \$351,814 (\$384,950 in 2021) in Canadian dollars in respect of directors' fees during the fiscal year ended December 31, 2022.

The following table shows the amounts earned by individual non-management* directors, during 2022.

Directors	Board retainer (\$)	Committee Chair retainer (\$)	Board attendance fees (\$)	Committee attendance fees (\$)	SARs (#)	SARs (\$)	LTIP Payout (\$)	All other compensation (\$)	Total (\$)
William J. Braithwaite	30,000	4,000	9,500	7,000	nil	nil	-	nil	50,500
Chris J. Cahill	30,000	n/a	9,500	7,000	nil	nil	-	nil	46,500
Graeme M. Eadie	30,000	n/a	9,500	13,500	nil	nil	-	nil	53,000
W. Scott ⁽¹⁾ MacDonald	22,500	n/a	5,000	nil	nil	nil	2,137,200	135,963	2,300,663
Michael S. Robb ⁽²⁾⁽³⁾	15,000	n/a	4,500	6,000	nil	nil	-	nil	25,500
Bruce K. Robertson ⁽⁴⁾	30,000	16,000	9,500	6,000	nil	nil	-	41,000	102,500
Leonard Peter Sharpe	30,000	4,000	9,500	13,500	nil	nil	-	nil	57,000
Stephen R. Taylor ⁽⁵⁾	30,000	n/a	9,500	11,500	nil	nil	-	12,891	63,891

Notes:

* All Management directors are disclosed as NEOs.

- (1) Amounts under "All other compensation" reflect that Mr. MacDonald employment with MIL until his retirement effective March 31, 2022 and was compensated under a pension plan from the Corporation.
- (2) Mr. Robb retired from Morguard Corporation effective May 4, 2022.
- (3) Amount paid to Mr. Robb are in \$US.
- (4) Amounts under "All other compensation" reflect that Mr. Robertson was compensated for services as a trustee of a subsidiary of the Corporation.
- (5) Amounts under "All other compensation" reflect that Mr. Taylor was compensated under a pension plan from the Corporation.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation maintains directors and officers liability insurance for the benefit of its directors and officers against liabilities incurred by them in such capacities, excluding liabilities brought about or contributed to by fraud or dishonesty of the insured or based upon or attributable to any property or advantage gained by the insured and to which the insured was not legally entitled.

The policy covers claims made against the insured (subject to the policy terms and conditions) during the policy period with a total aggregate limit of \$30 million during the policy year and a limit of \$30 million in respect of each loss/claim. The premium payable by the Corporation for this coverage during the fiscal year ended December 31, 2022 was \$164,239 (compared to \$177,144 for 2021).

OUTSTANDING OPTION BASED AWARDS FOR DIRECTORS

The following table sets forth all option-based awards (SARs) outstanding for each director as of December 31, 2022.

Name	Number of securities underlying unexercised SARs	SAR exercise price (\$)	SAR expiration date	Value of unexercised in-the money SARs (\$)
William J. Braithwaite	-	-	-	-
Chris J. Cahill	10,000	153.82	n/a	nil
	5,000	179.95		nil
Graeme M. Eadie	5,000	163.59	n/a	nil
	20,000	163.59		nil
Bruce K. Robertson	10,000	43.39	n/a	690,700
	5,000	179.95		nil
	5,000	163.59		nil
W. Scott MacDonald	-	-	n/a	-
Leonard Peter Sharpe	10,000	43.39	n/a	690,700
	5,000	179.95		nil
	5,000	163.59		nil
Stephen R. Taylor	-	-	-	-

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR FOR DIRECTORS

The following table shows the value of option-based awards that vested during the fiscal year ended December 31, 2022, as well as the non-equity incentive plan compensation earned during the year for each Director.

Name	Option based awards (SARs) – value vested during the year (\$)	Non-Equity incentive plan compensation – value earned during the year (\$)
William J. Braithwaite	nil	nil
Chris J. Cahill	nil	nil
Graeme M. Eadie	nil	nil
W. Scott MacDonald	nil	nil
Bruce K. Robertson	nil	nil
Leonard Peter Sharpe	nil	nil
Michael Robb	nil	nil
Stephen R. Taylor	nil	nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Plan Category	Number of securities to be issued upon the exercise of outstanding options, warrants and rights (a) (#)	Weighted-average exercise price of outstanding options, warrants and rights (b) (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)). I (#)
Equity compensation plans approved by securityholders	nil	n/a	n/a

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

The aggregate maximum amount of indebtedness outstanding as at March 14, 2023 of all current and former officers, directors and employees of the Corporation and its subsidiaries in connection with the purchase of common shares of the Corporation or any of its subsidiaries was \$1,460,077 (\$5,862,113 as at December 31, 2022). No amounts were forgiven during the year ending December 31, 2022 (2021 – nil).

The Corporation's employee stock loan plan entitles an employee to borrow up to a maximum of \$3.00 from the Corporation for each \$1.00 funded to purchase public equity or debt issued by the Corporation or its related public entities (specifically, Morguard REIT, Morguard North American Residential REIT). The loan is secured against the purchased equity or debt, which is held by the Corporation, and is evidenced by a five-year promissory note bearing interest per annum at prime rate, as posted from time to time by the Royal Bank of Canada. The Corporation does not offer other programs.

The following table sets out certain particulars with respect to such indebtedness for purchases of Morguard Corporation common shares (TSX: MRC), Morguard North American Residential REIT (TSX: MRG.UN), Morguard Real Estate Investment Trust units (TSX: MRT.UN) and Morguard Real Estate Investment Trust (MRT.DB. A) debentures.

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TABLE OF INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS UNDER THE SECURITIES PURCHASE PROGRAM

Name & Principal Position	Involvement of Issuer or Subsidiary ⁽¹⁾	Largest Amount Outstanding as at December 31, 2022(\$)	Amount Outstanding as at March 14, 2023 (\$)	Financially Assisted Securities Purchased During Fiscal 2022 (#)	Security for Indebtedness Number of Common Shares Pledged ⁽²⁾
K. Rai Sahi ⁽³⁾ Chairman and Chief Executive Officer	Loan from Corporation	4,280,468	nil	nil	nil
Paul Miatello Chief Financial Officer and Senior Vice President	Loan from Corporation	725,110	726,561	nil	10,314 MRC 2,500 MRT.UN 23,000 MRG.UN 5,000 MRT.DB.A
Beverley G. Flynn Senior Vice President, General Counsel & Secretary	Loan from Corporation	507,052	508,066	nil	4,000 MRC 7,800 MRT.UN 30,000 MRG.UN 2,000 MRT.DB.A
Pamela McLean Senior Vice President, Finance & CFO, Services (MIL)	Loan from Corporation	124,329	nil	nil	nil
Andrew Tamlin Chief Financial Officer (MRT)	Loan from Corporation	225,154	225,450	nil	3,000 MRT.DB.A

Notes:

- (1) Employee loans were provided under the Morguard Corporation Employee Stock Loan Plan (the "Employee Stock Loan Plan"). The Employee Stock Loan Plan is available to selected employees of the Corporation provided, among other things, he or she has the funds available to fund at least \$1.00 for every \$3.00 of employee loan.
- (2) Security for indebtedness is as at March 14, 2023.
- (3) Mr. Sahi is nominated as a director of the Corporation.

OTHER INDEBTEDNESS OF DIRECTORS AND OFFICERS (HOME RELOCATION LOANS)

Name & Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During Fiscal 2022 (\$)	Amount Outstanding as at December 31, 2022(\$)	Security for Indebtedness
John Talano Senior Vice President, Morguard Management Company Inc.	Loan from Subsidiary of Corporation	1,000,000	1,000,000	Mortgage Interest rate 1% 5 year I/O period Maturity Nov 10, 2047

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, the Corporation is not aware of any material interest of any current or proposed director or officer of the Corporation in any transaction since January 1, 2022 or in any proposed transaction that has materially affected or will materially affect the Corporation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The directors believe that sound corporate governance practices are essential to the well being of the Corporation and its Shareholders and the Board and committees of the Corporation review and refine these practices regularly in light of Canadian regulatory initiatives.

Morguard is subject to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) and National Instrument 52-110 *Audit Committees* as adopted in each of the provinces and territories of Canada requiring issuers to disclose corporate governance practices and providing guidance on such practices. Effective January 1, 2020, amendments to the *Canada Business Corporations Act* (“**CBCA**”) came into effect requiring CBCA-incorporated issuers to include prescribed diversity disclosure in their annual proxy circulars.

Morguard has adopted Codes of Conduct and Conflict of Interest Guidelines that govern the behaviour of its directors, officers and employees. The standards are available on the Corporation’s website at www.morguard.com and at www.sedar.com. The Corporate Governance and Compensation Committee is responsible for monitoring compliance with the standards and annually requires the guidelines be reviewed and signed by all directors, officers and employees.

The corporate governance practices adopted by the Corporation are set out below.

Board of Directors and Executive Officers

The primary responsibility of the Board is to foster the long-term success of the Corporation consistent with the Board’s duty to act in the best interest of the Corporation. The Board facilitates its exercising of independent supervision of the Corporation’s management through frequent meetings, both with and without members of the Corporation’s management (including members of management that are also directors) being in attendance. In fulfilling its mandate, the Board, among other things, has the following duties and objectives:

- assessing the effectiveness of the Board, Committees and directors;
- planning for succession for the Corporation including appointing and monitoring of senior management;
- developing and maintaining written position descriptions for the Chief Executive Officer, the Lead Director and Committees of the Board;
- adopting a strategic planning process for the Corporation;
- providing oversight to the integrity of the Corporation’s internal control and management information systems;
- adopting of a communications policy for the Corporation;
- reviewing management authority and establishing limits based on the size and nature of proposed transactions; and
- identifying the principal risks of the Corporation’s business and ensuring the implementation of appropriate systems to manage these risks.

The Board has adopted the formal mandate set out in Schedule “A” to this Information Circular.

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The following table sets out the Corporation's Board and Committee meetings held in 2022. The following is a record of directors' attendance at these meetings:

	Board	Audit	Corporate Governance & Nominating	Human Resources, Compensation & Pension	Investment
Meetings held in 2022	7	4	6	5	0
William J. Braithwaite	7	-	6	-	-
Chris J. Cahill	7	-	6	-	-
Graeme M. Eadie	7	4	-	5	-
W. Scott MacDonald ⁽¹⁾	4				
Michael S. Robb ⁽²⁾	3	2	2	-	-
Bruce K. Robertson	7	4	-	-	-
Angela Sahi	7	-	-	-	-
K. Rai Sahi	7	-	-	-	-
Leonard Peter Sharpe	7	4	-	5	-
Stephen R. Taylor ⁽³⁾	7	-	4	5	-

(1) Mr. MacDonald was elected as a director on May 4, 2022.

(2) Mr. Robb retired effective May 4, 2022.

(3) Mr. Taylor was appointed to the C&G committee on May 4, 2022.

New directors are provided with an orientation and education program that includes information regarding the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management of the Corporation and other directors. In addition to having extensive discussions with the Chairman of the Board and the Lead Director, new directors receive a Director's Handbook including governance policies and mandates, historical public information and minutes of prior meetings of the Board and applicable committees. The orientation is further tailored to that director's individual needs, experience as a director of a public company and other areas of interest. Morguard encourages its directors to take advantage of continuing education opportunities, provides information and updates to directors on relevant topics, has management and, where advantageous, outside experts give presentations and will, upon request, reimburse directors for continuing education programs attended.

The Board consists of six (6) independent directors, being a majority of the Board, Messrs. Braithwaite, Cahill, Eadie (retiring), Robertson, Sharpe, and Taylor. Mr. Sahi is not independent as a result of his substantial ownership position in the Corporation as well as his management role. Ms. Sahi is not independent due to her management role at Morguard. Mr. MacDonald (retiring) is not independent as he was Executive Vice President, Retail of a Morguard subsidiary until his retirement on March 31, 2022.

Please see the table under Part Two – Nominees for Election to the Board, for each director who is presently a director of another reporting issuer.

The independent directors meet quarterly and otherwise as they deem necessary. Mr. Robertson chairs all such meetings as Lead Director. The Lead Director works with senior management, manages the Board, and ensures effective relations with shareholders, other stakeholders and the public and ensures that the management of these relationships is effective, efficient and furthers the best interests of the Corporation. The Lead Director must provide strong leadership and ensure the mechanisms for effective governance are in place. The Lead Director may be contacted: c/o Senior Vice President and General Counsel, Morguard Corporation, Suite 1000, 55 City Centre Drive, Mississauga, Ontario L5B 1M3 or at Legal@morguard.com.

It is the responsibility of the CEO to report to the Board and maintain open communication with Board members. In fulfilling his mandate, the CEO has responsibilities including implementing Board initiatives, developing a strategic plan for the Corporation and providing leadership in the operational running of the business.

The following are the number and proportion, expressed as a percentage, of members of the Corporation's Board of Directors and as executive officers, including all of the Corporation's major subsidiaries (as that term is defined in National Instrument 55-104 *Insider Reporting Requirements and Reports Exemptions* and the *Canada Business Corporations Regulations, 2001*), who have self-identified as being a woman, visible minority, person with a disability or an aboriginal person (collectively, "**Designated Groups**").

	Women		Members of visible minorities		Persons with disabilities		Aboriginal peoples	
	Number	%	Number	%	Number	%	Number	%
Board of Directors	1	11.0	2	22.0	0	0	0	0
Senior management	6	25.0	5	21.0	0	0	0	0

The number and proportion of directors and members of senior management who have self-identified as being a member of a Designated Group have been furnished by the respective directors and members of senior management on a voluntary basis and such responses have not been independently verified by Morguard.

In assessing candidates and selecting nominees for the Board, the Corporate Governance and Nominating Committee looks to fill areas of required expertise and experience based on the skills matrix it maintains. In addition, diversity, including representation by Designated Groups, is an important factor considered by the Board and the Corporate Governance and Nominating Committee. The Board has adopted a written policy relating to the identification and nomination of women directors, however targets have not been set. At this time, the Board does not believe that quotas, strict rules or targets necessarily result in the identification or selection of the best candidates for directors or executive officers. However, the Board views the level of representation of Designated Group representation and diversity, including diversity in age, geography, background and ethnicity as essential considerations, in addition to required expertise and experience, in evaluating potential candidates for nomination to the Board or appointment to an executive officer position.

Morguard has not adopted term limits for directors. At this time, Morguard believes that term limits have the potential to cause the loss of key Board contributors with a proven track record who possess valuable institutional memory. Instead, the Corporation believes that less rigid mechanisms of Board renewal are more suitable. Annually, the Corporate Governance and Nominating Committee undertakes an evaluation of Board performance, including performance of individual directors, in order to ensure that each director continues to be effective and have the necessary skills and experience required by the Corporation for an appropriate composition of the Board. Additionally, Shareholders have the ability to evaluate and vote on all director nominees annually at the Meeting.

All governance policies are reviewed and assessed by the Board of Directors on an annual basis.

See "Corporate Governance and Nominating Committee" below for further discussion of the process for identifying and nominating new directors.

Committees

Morguard has four committees: Audit; Investment; Human Resources, Compensation and Pension; and Corporate Governance and Nominating. The directors may create additional committees as they determine necessary or desirable for the purposes of properly governing the affairs of the Corporation. The committee chairs do not have written position descriptions; however, the Board instructs each committee chair of their responsibilities in ensuring the committee mandate is implemented and responsible items are completed and reported back to the Board regularly.

Committee members are appointed immediately following the annual meeting of shareholders. Set out below is a description of the committees of the Board, their mandates and their activities.

Audit Committee

The Audit Committee assists the Board in fulfilling its financial oversight responsibilities. The Audit Committee reviews the financial statements, the adequacy and effectiveness of the system of internal controls, the financial reporting process and management of financial risks, the nature and scope of the audit process as proposed by the auditor and the Corporation's disclosure controls and procedures. The roles and responsibilities of the Audit Committee are specifically defined so as to provide appropriate guidance to committee members as to their duties. The Committee provides and facilitates communication between the Corporation's internal and external auditors and the Board to discuss and review specific issues as appropriate. The committee is also responsible for the insurance, enterprise risk management and environmental management programs of the Corporation.

For further information relating to the Audit Committee, please refer to the Corporation's Annual Information Form dated February 23, 2023 which has been filed with securities regulators at www.sedar.com and at www.morguard.com.

The Audit Committee met four times during the year ended December 31, 2022. The members of the Audit Committee are Messrs. Bruce K. Robertson (Chair), L. Peter Sharpe and Graeme M. Eadie (retiring).

Investment Committee

It is the duty of the Investment Committee to review, and as applicable, authorize and approve all acquisitions, dispositions, investments and borrowings of the Corporation (the "Proposals") in excess of \$10 million and make recommendations in connection therewith to the Board where such Proposals exceed 10 percent of the book equity of the Corporation.

The members of the Investment Committee are Messrs. K. Rai Sahi (Chair), Bruce K. Robertson and L. Peter Sharpe. The Committee did not meet during the year ended December 31, 2022. All matters within the mandate of the Investment Committee were fulfilled by the Board.

Human Resources, Compensation and Pension Committee

The purpose of the Compensation Committee is to assist the directors in fulfilling their obligations relating to human resources, compensation and pension matters and to establish a plan of continuity and development of senior management. The Compensation Committee reviews its mandate annually and is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2022.

The duties and responsibilities of the committee include: recommending and then implementing a performance evaluation process for the Chief Executive Officer; reviewing and recommending the compensation philosophy, guidelines and plans for the Corporation's employees and executives; annually reviewing the directors' compensation program and indemnification and insurance programs; in consultation with the Chief Executive Officer, reviewing the appointment and approve the compensation, including stock and option plans, incentives and bonuses and benefit plans for the executive officers having regard to the Corporation's business objectives and the risks to which it is exposed and reviewing with the Chief Executive Officer existing management resources and plans, and major changes in the organizational structure of management as proposed by the Chief Executive Officer; and reviewing the investment objectives and policies of the pension and benefit plans.

The Board routinely conducts both formal and informal assessments of its committees, individual directors and the Board as a whole. Overall performance is measured by issues such as revenue, profitability, staff turnover, costs, administrative efficiency and other applicable initiatives being undertaken in the year, which should provide future Shareholder benefit. To the extent applicable, the Board seeks to ensure that base salaries are competitive relative to the industry and that bonuses, if any, reflect individual performance in the context of the overall performance of the Corporation. Participation in the Stock Appreciation Rights Plan, as applicable, reflects the level of responsibility and level of contribution of participants within the Corporation. At this time, the Compensation Committee has not retained a compensation consultant. The Compensation Committee receives updates from legal counsel on recent developments in corporate governance and disclosure.

Additionally, the Compensation Committee is responsible for monitoring conflicts of interest, reviewing and approving the Corporation's Code of Conduct and obtaining assurances that the Corporation has processes in place to ensure adherence to the Code of Conduct.

The Compensation Committee met five times during the year ended December 31, 2022. The members of the committee are Messrs. L. Peter Sharpe (Chair), Graeme M. Eadie (retiring) and Stephen R. Taylor. All members are independent directors.

Each of the Compensation Committee members has direct experience relevant to their responsibilities in overseeing the executive compensation program. With collective professional experience in areas including accounting, business, human resources, compensation, finance, strategy and risk management, the Compensation Committee members have the requisite knowledge and expertise to make informed decisions on compensation matters. More specifically, Mr. Eadie retired in April 2018 as a Senior Managing Director of the Canada Pension Plan Investment Board (CPPIB) where he was responsible for the Real Assets department, which encompassed Real Estate (both equity and debt investments), Infrastructure, and Agricultural investments. Mr. Eadie has extensive experience in management, compensation and pension, and strategy. Mr. Sharpe is a corporate director and served as a senior executive with 25+ years of experience in the real estate industry in both a domestic and global commercial environment. Mr. Sharpe has gained experience in compensation, finance, strategy, risk management and human resources. Mr. Taylor has over 45 years' experience in the Canadian real estate industry including as the former Vice President, Real Estate for the Healthcare of Ontario Pension Plan (HOOPP), the Past Chair of the Board of Directors of REALPAC (the Real Property Association of Canada), and has served as a Board member for NAREIM (the National Association of Real Estate Investment Managers) and AFIRE (the Association of Foreign Investors in Real Estate). Mr. Taylor has extensive real estate business, human resources, strategy and risk management experience.

The Board is confident that the Compensation Committee members have the necessary experience and skills to conduct their duties effectively and in the best interests of shareholders. In addition to its regular meetings, the Committee meets in-camera, without management present.

Corporate Governance and Nominating Committee

The purpose of the Corporate Governance and Nominating Committee is to provide a focus on governance that will enhance the Corporation's performance.

The Committee has the responsibility to develop a long-term plan for Board composition and propose nominees that takes into consideration the current strengths, skills and experience on the Board, retirement dates, and the strategic direction of the Corporation; monitor and make recommendations regarding the orientation, education and ongoing development of directors; and review the Corporation's structures and procedures to ensure the directors function independently of management.

The Committee is also responsible for advising and assisting the Board in applying governance principles and practices; monitoring developments in corporate governance and adapting best practices to the needs and circumstances of the Corporation; and reviewing shareholder proposals and recommending to the Board responses to these proposals.

The process undertaken by the Board to identify potential candidates for nomination as directors will include assessing the skill sets required by the Board in general to enable it to function effectively and properly, evaluating the skills possessed by the then current directors and identifying gaps in the skills represented on the Board, seeking while recognizing the Board's commitment to diversity, individuals who possess the skills required by the Board (either through referrals by colleagues or, if necessary, by using professional search firms). Potential candidates who are interested in joining the Board are interviewed by the Committee to determine whether the candidate would be a positive addition to the Board. Input from Paros is also sought by the Committee. Upon determining the acceptability of a candidate, the Committee recommends she or he for nomination to the Board.

The Committee met six times during the year ended December 31, 2022. The members of the Corporate Governance and Nominating Committee are Messrs. William J. Braithwaite (Chair), Chris J. Cahill and Stephen R. Taylor.

ADDITIONAL INFORMATION

Copies of the Corporation's latest annual information form (together with the documents incorporated therein by reference), the audited consolidated financial statements for the year ended December 31, 2022, together with a report of the auditors thereon, management's discussion and analysis of the Corporation's financial condition and results of operations for the year ended December 31, 2022, and this Circular are available on SEDAR at www.sedar.com as well as on the Corporation's website at www.morguard.com and otherwise are available upon request from the Corporation.

OTHER BUSINESS

The Corporation knows of no other business to come before the meeting other than the matters referred to in the accompanying Notice of Meeting.

DIRECTORS' APPROVAL

The Board has approved the contents and the sending of this Management Information Circular.

DATED this 14th day of March, 2023.

(Signed) "Beverley G. Flynn"

Beverley G. Flynn
Secretary

SCHEDULE A

MORGUARD CORPORATION TERMS OF REFERENCE FOR THE BOARD

I. INTRODUCTION

- A. The primary responsibility of the board of directors (the “**Board**”) of Morguard Corporation (the “**Corporation**”) is to foster the long-term success of the Corporation consistent with the Board’s duty to act in the best interests of the Corporation.
- B. The Board is statutorily responsible for managing or supervising the management of the business and affairs of the Corporation.
- C. These terms of reference are prepared to assist the Board and management of the Corporation in clarifying responsibilities and ensuring effective communication between the Board and management of the Corporation.

II. COMPOSITION AND BOARD ORGANIZATION

Nominees for directors are initially considered and recommended to the Board by the Corporate Governance and Nominating Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation. Directors may be appointed by the Board as permitted under the Canada Business Corporations Act (the “**CBCA**”) or the Corporation’s Articles.

III. INDEPENDENCE

- A. A majority of directors comprising the Board will be independent directors within the meaning of Multilateral Instrument 52-110 (as the same may be amended or replaced from time to time). Specifically, a director will be considered independent if he or she is free from any relationship that, in the view of the Board, could reasonably interfere with the exercise of his or her independent judgment as a member of the Board.
- B. The Board will allow time at each Board meeting for all of the independent directors to meet.

IV. DUTIES AND RESPONSIBILITIES

A. **Managing the Affairs of the Board**

The legal obligations of the Board are described in detail in Section X. Subject to these legal obligations and to the Articles and By- Laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:

- (i) planning its composition and size;
- (ii) selecting its Chair and Lead Director;
- (iii) nominating qualified candidates for election to the Board;
- (iv) appointing committees and their members;
- (v) determining director compensation; and
- (vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

B. **Management and Human Resources**

The Board has the responsibility for:

- (i) the appointment and succession of the CEO, monitoring and evaluating CEO performance, approving CEO compensation, providing advice and counsel to the CEO in the execution of the CEO’s duties and responsibilities, and to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation;
- (ii) approving term of reference for the CEO;
- (iii) reviewing CEO performance at least annually, against agreed upon written objectives;
- (iv) approving decisions relating to senior management of the Corporation, including the:
 - (A) appointment and discharge of officers;
 - (B) compensation and benefits for executive officers;
 - (C) acceptance of outside directorships on public

- companies by executive officers (other than not-for-profit organizations); and
- (D) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- (v) ensuring succession planning programs are in place, including programs to train and develop management of the Corporation;
- (vi) approving certain matters relating to all employees of the Corporation, including:
 - (A) the annual salary policy program for employees;
 - (B) new benefit programs or material changes to existing programs;
 - (C) material benefits granted to retiring employees outside of benefits received under approved pension and other benefit programs; and
- (vii) undertake a Board self-assessment annually.

C. Strategy and Plans

The Board has the responsibility to:

- (i) participate with management of the Corporation, in the development of, and ultimately approve, the Corporation's strategic plan;
- (ii) approve the annual business plans that enable the Corporation to realize its objectives;
- (iii) approve annual capital and operating budgets which support the Corporation's ability to meet its strategic objectives;
- (iv) approve political donations policies and budgets;
- (v) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Corporation;
- (vi) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- (vii) approve material divestitures and acquisitions;
- (viii) approve major leases and capital expenditures; and
- (ix) monitor the Corporation's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

D. Financial and Corporate Issues

The Board has the responsibility to:

- (i) take reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems;
- (ii) monitor operational and financial results;
- (iii) approve annual financial statements, review quarterly financial results and approve release thereof by management of the Corporation;
- (iv) approve the management proxy circular and, to the extent applicable, the annual information form and documents incorporated by reference therein;
- (v) declare dividends;
- (vi) approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, the issue and distribution of prospectuses, offering or information memorandums and other similar disclosure documents and issue of indentures;
- (vii) recommend appointment of external auditors of the Corporation and approve auditors' remuneration;

- (viii) approve banking resolutions and significant changes in banking relationships;
- (ix) approve appointments, or material changes in relationships with corporate trustees;
- (x) review coverage, deductibles and key issues regarding corporate insurance policies, including key person insurance and directors' and officers' liability and reimbursement insurance;
- (xi) approve contracts, leases and other arrangements or commitments that may have a material impact on the Corporation; and
- (xii) approve the commencement or settlement of litigation that may have a material impact on the Corporation.

E. Business and Risk Management

The Board has the responsibility to:

- (i) ensure management identifies the principal risks, including ESG, Cyber and other emerging risks, of the Corporation's business and implements appropriate systems to manage these risks;
- (ii) review operating and financial performance of the Corporation relative to its budgets or objectives;
- (iii) receive, at least annually, reports from management of the Corporation on matters relating to, among others, ethical conduct, employee health and safety, human rights, environment, governance and related party transactions; and
- (iv) assess and monitor management control systems, including:
 - (A) assessing information provided by management of the Corporation and others (e.g. internal and external auditors) about the effectiveness of management control systems; and
 - (B) understanding the principal risks of the Corporation and review whether the Corporation achieves a proper balance between risk and returns, and that management of the Corporation ensures that systems are in place to address the risks identified.

F. Policies and Procedures

The Board has the responsibility to:

- (i) approve and monitor compliance with all significant policies and procedures by which the Corporation is operated (including, for example, the Corporation's written Code of Business Conduct applicable to officers and employees and the Code of Conduct and Conflicts of Interest Guidelines for directors);
- (ii) direct management to ensure the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
- (iii) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

G. Compliance Reporting and Corporate Communications

The Board has the responsibility to:

- (i) ensure the Corporation has in place effective communication processes with shareholders and other stakeholders of the Corporation and financial, regulatory and other recipients;
- (ii) approve interaction with shareholders of the Corporation on all item requiring shareholder response or approval;
- (iii) ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and continuous basis;

- (iv) ensure the financial results are reported fairly and in accordance with applicable generally accepted accounting principles;
- (v) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- (vi) report annually to shareholders of the Corporation on the Board's stewardship for the preceding year (e.g. the Annual Report).

V. ATTENDANCE

Directors will strive for attendance at all Board and Board committee meetings.

VI. ORIENTATION

New directors will be provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings and discussion with senior management of the Corporation and other directors. The details of the orientation of each new director will be tailored to that director's individual needs and areas of interest.

VII. CONTINUING EDUCATION

The Board will endeavour to provide continuing education opportunities for all directors to educate and keep them informed of changes within the Corporation and to aid in the maintenance and enhancement of their skills and abilities as directors.

VIII. REGULAR BOARD ASSESSMENTS

Regular assessments will be made regarding the performance of the Board as a whole, all Board committees, and the performance and skills of individual directors. The Board shall also create measures to receive feedback from security holders.

IX. BOARD COMMITTEES

Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time by the Board.

A. Independence From Management

Board committees meet without management at each regularly scheduled meeting.

B. Committees

The Board committees consist of the Audit Committee, the Corporate Governance and Nominating Committee and the Human Resources, Compensation and Pension Committee which each have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations, and manner of reporting to the Board.

C. Member Independence

All members of the Audit Committee, the Corporate Governance and Nominating Committee and the Human Resources, Compensation and Pension Committee will be independent within the meaning of Multilateral Instrument 52-110.

D. Advisors

The Board and all Board committees will have the authority to engage independent advisors, at the Corporation's expense, to assist them in carrying out their responsibilities. Individual Directors may engage independent advisors at the Corporation's expense in appropriate circumstances and with the approval of the Corporate Governance and Nominating Committee.

X. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

A. The Board is responsible for:

- (i) directing management of the Corporation to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
- (ii) approving changes in the Articles and By-Laws of the Corporation, matters requiring shareholder approval, and notices and agendas for shareholder meetings; and
- (iii) approving the Corporation's legal structure, name, logo and related intellectual property, mission statement and vision statement.

- B. The CBCA identifies the following as legal requirements for the Board:
- (i) to manage or supervise the management of the business and affairs of the Corporation (CBCA S. 102(1)), including the relationships among the Corporation, its affiliates, their shareholders, directors and officers;
 - (ii) in respect of each director, to act honestly and in good faith with a view to the best interests of the Corporation (CBCA S.122(1)(a)) recognizing that the Board may, in determining what is the best interests of the Corporation, consider the interests of the Corporation's various stakeholders and the environment (CBCA S.122(1.1));
 - (iii) in respect of each director, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (CBCA S. 122(l) (b));
 - (iv) to act in accordance with its obligations contained in the CBCA, the Securities Act (Ontario) and similar securities legislation in each applicable province and territory of Canada, other relevant legislation, regulations, rules and policies and the Corporation's Articles and By-laws;
 - (v) in particular, it should be noted that the following matters must be considered by the Board as a whole (CBCA S. 115(3)):
 - (A) submit to the shareholders any question or matter requiring the approval of the shareholders;
 - (B) fill a vacancy among the directors or in the office of auditor or the appointment of additional directors;
 - (C) issue securities or shares of a series except in the manner and on the terms authorized by the directors;
 - (D) declare dividends;
 - (E) purchase, redeem or otherwise acquire shares issued by the Corporation;
 - (F) the payment of a commission to any person in consideration of that person purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
 - (G) approve a management information circular;
 - (H) approve a take-over bid circular, issuer bid circular or directors' circular;
 - (I) approve any financial statements of the Corporation; or
 - (J) adopt, amend or repeal the By-laws of the Corporation.

XI. DISCLOSURE

A. Access to Disclosures

Documents and information referred to in this Policy as being publicly disclosed may be accessed through the Corporation's website.

SCHEDULE B



**MORGUARD CORPORATION
STOCK OPTION PLAN**

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MORGUARD CORPORATION

STOCK OPTION PLAN

Morguard Corporation hereby establishes a Stock Option Plan for certain qualified directors, officers, employees and Consultants (as defined herein), providing ongoing services to the Company and/or its Subsidiaries (as defined herein) that can have a significant impact on the Company's long-term results.

ARTICLE 1—DEFINITIONS

Section 1.1 Definitions.

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

Article 1 "**Act**" means the *Canada Business Corporations Act* and the regulations thereto;

Article 2 "**Active Employment**" means, in the case where the Participant is an officer or employee, the period during which the Participant performs work for the Company or an Affiliate. For certainty, "Active Employment" in the case of an employee (including an employee who is an officer) shall be deemed to include, as applicable, (i) any period of vacation, disability, or other leave permitted by legislation; and (ii) any period constituting the minimum notice of termination period that is required to be provided to the Participant pursuant to applicable employment standards legislation (if any). For certainty, "Active Employment" shall be deemed to exclude any other period that follows or ought to have followed, as applicable, the later of (i) the end of the minimum notice of termination period that is required to be provided to the Participant pursuant to applicable employment standards legislation (if any), or (ii) the Participant's last day of performing work for the Company or an Affiliate (including any period of vacation, disability, or other leave permitted by legislation) whether that period arises from a contractual or common law right;

Article 3 "**Active Engagement**" means the period during which a Participant who is not an employee or officer of the Company or an Affiliate (including, for certainty, a Consultant) performs services to the Company or an Affiliate. For certainty, "Active Engagement" shall exclude any period that follows, or ought to have followed, a Participant's last day of performing services to the Company or an Affiliate, including at common law;

Article 4 "**Affiliates**" has the meaning given to this term in the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time;

Article 5 "**Associate**", where used to indicate a relationship with a Participant, means (i) any partner of that Participant and (ii) the spouse of that Participant and that Participant's children, as well as that Participant's relatives and that Participant's spouse's relatives, if they share that Participant's residence;

Article 6 "**Black-Out Period**" means the period of time required by applicable law when, pursuant to any policies or determinations of the Company, securities of the Company may not be traded by Insiders or other specified persons, as applicable;

Article 7 "**Board**" means the board of directors of the Company as constituted from time to time;

Article 8 "**Broker**" has the meaning ascribed thereto in Section 3.7(1) hereof;

Article 9 "**Business Day**" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Toronto, Ontario for the transaction of banking business;

Article 10 "**Cause**" (i) has the meaning attributed to such term in a Participant's Employment Agreement (or, in the case of a Participant that is not an employee, another written agreement) with the Company or an Affiliate in which "Cause" is defined, or (ii) in all other circumstances, means any wilful misconduct, disobedience or wilful neglect of duty by the Participant that is not trivial and has not been condoned by the Company or an Affiliate, and such of event or events which would permit the Company to terminate the Participant's engagement or employment without notice, payment in lieu of notice, and severance pay under the applicable employment standards legislation;

Article 11 "**Change of Control**" means unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (a) (i) the direct or indirect sale, transfer, lease or other disposition in one or a series of related transactions of all or substantially all of the assets of the Company, taken as a whole, other than any such sale, transfer, lease or disposition to any of the Company's Subsidiaries; or (ii) the consummation of any transaction including, without limitations, any merger, amalgamation, arrangement, consolidation or issue of voting securities, the result of which is that any person or group of persons acting jointly or in concert for purposes of such transaction, other than a Permitted Holder (or a group of persons including the Permitted Holder acting jointly or in concert), becomes the beneficial owner, directly or indirectly, of more than 50% of the voting rights attached to all voting securities of the Company, or securities convertible or exchangeable into or carrying the right to acquire voting securities of the Company, or any such consolidated, amalgamated, merged or other continuing entity measured by voting power rather than number of securities;
- 1.1 the passing of a resolution by the Board or shareholders of the Company to substantially liquidate the assets of the Company or wind up the Company's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Company in circumstances where the business of the Company is continued and the shareholdings remain substantially the same following the re-arrangement);
 - 1.2 individuals who, on the Effective Date, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of the Plan, be considered as a member of the Incumbent Board; or
 - 1.3 any other matter determined by the Board to be a Change of Control.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time and the Treasury Regulations promulgated thereunder;

Article 12 "**Code of Conduct**" means, as applicable, the Company's written Code of Business Conduct applicable to officers and employees, the Code of Conduct and Conflicts of Interest Guidelines applicable to directors and any other code of ethics adopted by the Company, as modified from time to time;

Article 13 "**Company**" means Morguard Corporation, a corporation existing under the *Canada Business Corporations Act*;

Article 14“**Compensation Committee**” means the Human Resources, Compensation and Pension Committee or an equivalent committee of the Board.

Article 15“**Consultant**” means a Person (including an individual whose services are contracted for through another Person) with whom the Company or a Subsidiary has a written contract for services for an initial, renewable or extended period of twelve months or more;

Article 16“**Disability**” has the meaning attributed thereto in the Participant’s Employment Agreement with the Company or an Affiliate and, if there is no such defined term or no Employment Agreement, means the Participant's inability to substantially fulfil their duties on behalf of the Company as a result of illness or injury for a continuous period of nine (9) months or more or for an aggregate period of twelve (12) months or more during any consecutive twenty-four (24) month period, despite the provision of reasonable accommodations to the point of undue hardship by the Company or an Affiliate, as applicable;

Article 17“**Eligible Participants**” has the meaning ascribed thereto in Section 2.3(1) hereof;

Article 18“**Employment Agreement**” means, with respect to any Participant, any written employment agreement between the Company or a Subsidiary and such Participant;

Article 19“**Exercise Notice**” means a notice in writing signed by a Participant and stating the Participant’s intention to exercise certain Options;

Article 20“**Exercise Price**” has the meaning ascribed thereto in Section 3.2 hereof;

Article 21“**Expiry Date**” has the meaning ascribed thereto in Section 3.4 hereof;

Article 22“**Insider**” means a “reporting insider” of the Company as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and the TSX Company Manual in respect of the rules governing security-based compensation arrangements, each as amended from time to time;

Article 23“**Market Value**” means at any date when the market value of Shares of the Company is to be determined, the closing price of the Shares on the trading day prior to such date on the TSX or any other stock exchange on which the Shares are listed, or if the Shares of the Company are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith based on the reasonable application of a reasonable valuation method not inconsistent with Section 409A of the Code or Canadian tax law, as applicable;

Article 24“**Non-Employee Directors**” means members of the Board who, at the time of execution of an Option Agreement, if applicable, and at all times thereafter while they continue to serve as a member of the Board, are not officers or employees of the Company or a Subsidiary;

Article 25“**Option**” means an option granted by the Company to a Participant entitling such Participant to acquire one Share from treasury at the Exercise Price, but subject to the provisions hereof;

Article 26“**Option Agreement**” means a written notice from the Company to a Participant evidencing the grant of Options and the terms and conditions thereof, substantially in the form set out in Schedule “A”, or such other form as the Board may approve from time to time;

“**Option Agreement**” means, individually or collectively, an Option Agreement and/or the Employment Agreement, as the context requires;

Article 27“**Participants**” means Eligible Participants that are granted Options under the Plan;

Article 28“**Performance Criteria**” means criteria established by the Board which, without limitation, may include criteria based on the Participant’s personal performance, the financial performance of the Company and/or of its Subsidiaries and/or achievement of corporate goals and strategic initiatives, and that may be used to determine the vesting of the Options, when applicable;

Article 29“**Permitted Holder**” means

- (a) K. Rai Sahi and his descendants. For the purpose of this definition, any children adopted by any of the descendants of K. Rai Sahi shall be considered descendants of K. Rai Sahi;
- (b) any company controlled directly or indirectly by one or more of the individuals described in subparagraph (a) above;
- (c) any trust for *bona fide* estate planning purposes primarily for the benefit of one or more of the individuals described in subparagraph (a) above;
- (d) any partnership among two or more of the individuals and companies described in subparagraphs (a) and (b) above; and
- (e) any spouse of any individual described in subparagraph (a) above;

Article 30“**Person**” means, without limitation, an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate and a trustee executor, administrator, or other legal representative, and pronouns which refer to a Person shall have a similarly extended meaning;

Article 31“**Plan**” means this Stock Option Plan, as amended and restated from time to time;

Article 32“**Regulatory Authorities**” means the TSX and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company;

Article 33“**Share Compensation Arrangement**” means a stock option, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more Eligible Participants of the Company or a Subsidiary. For greater certainty, a “Share Compensation Arrangement” does not include any security-based compensation arrangement used as an inducement to person(s) or company(ies) not previously employed by and not previously an Insider of the Company;

Article 34“**Shares**” means the common shares in the capital of the Company;

Article 35“**Subsidiary**” means a corporation which is a subsidiary of the Company as defined under the Act;

Article 36“**Surrender**” has the meaning ascribed thereto in Section 3.7(3);

Article 37“**Surrender Notice**” has the meaning ascribed thereto in Section 3.7(3);

Article 38“**Tax Act**” means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time;

Article 39“**Termination Date**” means (i) with respect to a Participant who is an employee or officer of the Company or a Subsidiary, the last day of the Participant's Active Employment, (ii) with respect to a Participant who is a Consultant, the last day of the Participant's Active Engagement, and (iii) with respect to a Participant who is a Non-Employee Director, the date such Person ceases to be a director of the Company or Subsidiary, effective on the last day of the Participant's actual and active Board membership, in each case whether such day is selected by agreement with the Participant, unilaterally by the Company and whether with or without advance notice to the Participant, provided that if a Non-Executive Director becomes an employee of the Company or any of its Subsidiaries, such Participant's Termination Date will be the last day of the Participant's Active Employment, and “**Terminate**” and “**Terminated**” have corresponding meanings.

Article 40“**Trading Day**” means any day on which the TSX is opened for trading;

Article 41“**transfer**” includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, lien, charge, pledge, encumbrance, grant of security interest or any arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing and “**transferred**”, “**transferring**” and similar variations have corresponding meanings.

Article 42“**TSX**” means the Toronto Stock Exchange; and

“**U.S. Participant**” means any Participant who is a United States citizen or United States resident alien as defined for purposes of Section 7701(b)(1)(A) of the Code or for whom a grant of Options is otherwise subject to taxation under the Code.

ARTICLE 2—PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS

Section 2.1 Purpose of the Plan.

The purpose of the Plan is to advance the interests of the Company by: (i) providing Eligible Participants with additional incentives; (ii) encouraging share ownership by such Eligible Participants; (iii) increasing the proprietary interest of Eligible Participants in the success of the Company; (iv) promoting growth and profitability of the Company; (v) encouraging Eligible Participants to take into account long-term corporate performance; (vi) rewarding Eligible Participants for sustained contributions to the Company and/or significant performance achievements of the Company; and (vii) enhancing the Company's ability to attract, retain and motivate Eligible Participants.

Section 2.2 Implementation and Administration of the Plan.

- (1) The Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by the Compensation Committee. If the Compensation Committee is appointed for this purpose, all references to the term “Board” will be deemed to be references to the Compensation Committee, except as may otherwise be determined by the Board.
- (2) Subject to the terms and conditions set forth in the Plan, the Board shall have the sole and absolute discretion to: (i) designate Participants; (ii) determine the type, size, and terms, and conditions of Options to be granted; (iii) determine the method by which a grant of Options may be exercised, canceled, forfeited, or suspended; (iv) interpret and administer, reconcile any inconsistency in, correct any defect in, and supply any omission in the Plan and any Options granted under, the Plan; (v) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Board shall deem appropriate for the proper administration of the Plan; (vi) accelerate the vesting, delivery, or exercisability of, or payment for or lapse of restrictions on, or waive any condition in respect of, Options; and (vii) make any other determination and take any other action that the Board

deems necessary or desirable for the administration of the Plan or to comply with any applicable law.

- (3) No member of the Board will be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan, any Option Agreement or other document or any Options granted pursuant to the Plan.
- (4) The day-to-day administration of the Plan may be delegated to such officers and employees of the Company as the Board determines.
- (5) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions regarding the Plan or any Options or any documents evidencing any Options granted pursuant to the Plan shall be within the sole discretion of the Board, may be made at any time, and shall be final, conclusive, and binding upon all persons or entities, including, without limitation, the Company, any Subsidiary, any Participant, any holder or beneficiary of any Options, and any shareholder of the Company.

Section 2.3 Eligible Participants.

- (1) The Persons who shall be eligible to receive Options shall be the directors, officers, employees or Consultants of or to the Company or a Subsidiary, providing ongoing services to the Company and/or its Subsidiaries (collectively, “**Eligible Participants**”).
- (2) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant’s relationship, employment, engagement or appointment with the Company or a Subsidiary.
- (3) Notwithstanding any express or implied term of the Plan to the contrary, the granting of Options pursuant to the Plan shall in no way be construed as a guarantee of employment, engagement or appointment by the Company or a Subsidiary.

Section 2.4 Shares Subject to the Plan.

- (1) Subject to adjustment pursuant to provisions of Article 5 hereof, the total number of Shares reserved and available for grant and issuance pursuant to Options under the Plan, and pursuant to awards or grants under any other Share Compensation Arrangement of the Company, shall not exceed 1,000,000 Shares, or such other number as may be approved by the TSX and the shareholders of the Company from time to time.
- (2) All Shares issued from treasury pursuant to the exercise or the vesting of the Options granted under the Plan shall, when the applicable Exercise Price, if any, is received by the Company in connection therewith, be so issued as fully paid and non-assessable Shares.

Section 2.5 Participation Limits.

Subject to adjustment pursuant to provisions of Article 5 hereof, the aggregate number of Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed ten percent (10%) of the total issued and outstanding Shares from time to time determined on a non-diluted basis. Any Options granted pursuant to the Plan to a Participant prior to the Participant becoming an Insider, shall be excluded for the purposes of the limits set out in this Section 2.5.

ARTICLE 3—OPTIONS

Section 3.1 Nature of Options.

Each Option is an option granted by the Company to a Participant entitling such Participant to acquire one Share from treasury at the Exercise Price, subject to the provisions hereof.

Section 3.2 Option Grants.

- (1) The Board shall, from time to time, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) determine the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the “**Exercise Price**”), (iv) determine the relevant vesting provisions (including Performance Criteria, if applicable) and (v) determine the Expiry Date, the whole subject to the terms and conditions prescribed in the Plan, in any Option Agreement and any applicable rules of the TSX and any other stock exchange on which the Shares are listed or posted for trading.
- (2) All Options granted herein shall vest in accordance with the terms of the resolutions of the Board approving such Options and the terms of the Option Agreement entered into in respect of such Options.

Section 3.3 Exercise Price.

The Exercise Price for Shares that are the subject of any Option shall be fixed by the Board when such Option is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

Section 3.4 Expiry Date; Blackout Period.

Subject to Section 5.2, each Option must be exercised no later than ten (10) years after the date the Option is granted or such shorter period as set out in the Participant’s Option Agreement, at which time such Option will expire (the “**Expiry Date**”). Notwithstanding any other provision of the Plan, each Option that would expire during or within ten (10) Business Days immediately following a Black-Out Period shall instead have an Expiry Date that is ten (10) Business Days immediately following the expiration of the Black-Out Period. Where an Option will expire on a date that falls immediately after a Black-Out Period, and for greater certainty, not later than ten (10) Business Days after the Black-Out Period, then the Expiry Date for such Option will be automatically extended by such number of days equal to ten (10) Business Days less the number of Business Days after the Black-Out Period that the Option expires.

Section 3.5 Option Agreement.

Each Option must be confirmed by an executed Option Agreement. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any Regulatory Authority.

Section 3.6 Exercise of Options.

- (1) Subject to the provisions of the Plan, a Participant shall be entitled to exercise an Option granted to such Participant, subject to vesting limitations which may be imposed by the Board at the time such Option is granted and set out in the Option Agreement.
- (2) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board may determine in its sole discretion.

- (3) No fractional Shares will be issued upon the exercise of Options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of an Option, or from an adjustment pursuant to Section 5.1, such Participant will only have the right to acquire the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

Section 3.7 Method of Exercise and Payment of Purchase Price.

- (1) Subject to the provisions of the Plan and the alternative exercise procedures set out herein, an Option granted under the Plan may be exercisable (from time to time as provided in Section 3.6 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering an exercise notice substantially in the form appended to the Option Agreement (an “**Exercise Notice**”) to the Company in the form and manner determined by the Board from time to time, together with a bank draft, certified cheque, wire transfer or other form of payment acceptable to the Company in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Options and any applicable tax withholdings.
- (2) Pursuant to the Exercise Notice, and subject to the approval of the Board, a Participant may choose to undertake a “cashless exercise” with the assistance of a broker (the “**Broker**”) in order to facilitate the exercise of such Participant’s Options. The “cashless exercise” procedure may include a sale of such number of Shares as is necessary to raise an amount equal to the aggregate Exercise Price for all Options being exercised by that Participant under an Exercise Notice and any applicable tax withholdings. Pursuant to the Exercise Notice, the Participant may authorize the Broker to sell Shares on the open market by means of a short sale and forward the proceeds of such short sale to the Company to satisfy the Exercise Price and any applicable tax withholdings, promptly following which the Company shall issue the Shares underlying the number of Options as provided for in the Exercise Notice. The mechanics of a “cashless exercise” are further specified in Section 6.4(2).
- (3) In addition, in lieu of exercising any vested Option in the manner described in this Section 3.7(1) or Section 3.7(2), and pursuant to the terms of this Section 3.7(3) but subject to Section 3.6(3), a Participant may, by surrendering an Option (“**Surrender**”) with a properly endorsed notice of Surrender to the Corporate Secretary of the Company, substantially in the form appended to the Option Agreement (a “**Surrender Notice**”), elect to receive that number of Shares calculated using the following formula, subject to acceptance of such Surrender Notice by the Board and provided that arrangements satisfactory to the Company have been made to pay any applicable withholding taxes:

$$X = (Y * (A-B)) / A$$

Where:

X = the number of Shares to be issued to the Participant upon exercising such Options; provided that if the foregoing calculation results in a negative number, then no Shares shall be issued;

Y = the number of Shares underlying the Options to be Surrendered;

A = the Market Value of the Shares as at the date of the Surrender; and

B = the Exercise Price of such Options.

- (4) No share certificates shall be issued and no person shall be registered in the share register of the Company as the holder of Shares until actual receipt by the Company of an Exercise Notice and payment for the Shares to be purchased.
- (5) Upon the exercise of an Option pursuant to Section 3.7(1) or Section 3.7(3), the Company shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to deliver to the Participant (or as the Participant may otherwise direct) such number of Shares as the Participant shall have then paid for and as are specified in such Exercise Notice.

Section 3.8 Termination of Employment.

- (1) Subject to a written Employment Agreement of a Participant or Option Agreement and as otherwise determined by the Board, each Option shall be subject to the following conditions:
 - (a) **Termination for Cause.** If a Participant ceases to be an Eligible Participant as a result of such Participant's service, consulting relationship, or employment with the Company or an Affiliate having been terminated for Cause, all unexercised vested or unvested Options granted to such Participant shall terminate, expire and cease to be capable of exercise, effective on the Termination Date.
 - (b) **Resignation, Retirement and Termination other than for Cause.** In the case of a Participant ceasing to be an Eligible Participant due to such Participant's service, consulting relationship, or employment with the Company or an Affiliate having concluded due to the Participant's resignation, retirement, or termination other than for Cause, all Options shall expire on the earlier of: (i) ninety (90) days after the Termination Date; and (ii) the Expiry Date of such Option, to the extent such Option was vested and exercisable by the Participant on the Termination Date, and all remaining unexercised unvested Options granted to such Participant shall terminate and cease to be capable of exercise on the Termination Date.
 - (c) **Death or Disability.** In the case of a Participant ceasing to be an Eligible Participant due to death or Disability, all Options shall terminate, expire and cease to be capable of exercise on the earlier of: (i) twelve (12) months after the Termination Date, or (ii) the Expiry Date of such Option, to the extent such Option was vested and exercisable by the Participant on the Termination Date, and all remaining unexercised unvested Options granted to such Participant shall terminate on the Termination Date.
- (2) The Participant waives, and shall have no entitlement to, damages, payment in lieu or other compensation arising from or related to any forfeited Option that would have vested, accrued, or been exercised after the Termination Date.

ARTICLE 4—GENERAL CONDITIONS

Section 4.1 General Conditions applicable to Options.

- Each grant of Options, as applicable, shall be subject to the following conditions:
 - (1) **Employment** - The granting of Options to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ in any capacity. For greater certainty, the granting of Options to a Participant shall not impose any obligation on the Company to grant any Options or other awards in the future nor shall it entitle the Participant to receive future grants.

- (2) **No Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Options until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) or the entry of such person's name on the share register for the Shares. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued or entry of such person's name on the share register for the Shares.
- (3) **Conformity to Plan** – In the event that Options are granted or an Option Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Options on terms different from those set out in the Plan, the Options or the grant of such Options shall not be in any way void or invalidated, but the Options so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (4) **Non-Transferability** – Except as set forth herein, Options are not transferable. Options may be exercised only by:
- (a) the Participant to whom the Options were granted;
 - (b) with the Board's prior written approval and subject to such conditions as the Board may stipulate, such Participant's family or retirement savings trust or any registered retirement savings plans or registered retirement income funds of which the Participant is and remains the annuitant;
 - (c) upon the Participant's death, by the legal representative of the Participant's estate; or
 - (d) upon the Participant's incapacity, the legal representative having authority to deal with the property of the Participant;
- provided that any such legal representative shall first deliver evidence satisfactory to the Company of entitlement to exercise any Options. A person exercising Options may subscribe for Shares only in the person's own name or in the person's capacity as a legal representative.
- (5) **No Guarantee** – For greater certainty, the granting of Options to a Participant shall not impose any obligation on the Company to grant any Options in the future nor shall it entitle the Participant to receive future grants. No amount will be paid to or in respect of a Participant under the Plan or pursuant to any other arrangement, and no Options will be granted to such Participant to compensate for any downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon or in respect of the Participant for such purpose.
- (6) **Acceptance of Terms** – Participation in the Plan by any Participant shall be construed as acceptance of the terms and conditions of the Plan by the Participant and as to the Participant's agreement to be bound thereby.

Section 4.2 Unfunded Plan.

Unless otherwise determined by the Board, the Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Options under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

ARTICLE 5—ADJUSTMENTS AND AMENDMENTS

Section 5.1 Adjustment to Shares Subject to Outstanding Options.

- (1) In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Company's assets to shareholders, or any other change in the Shares, the Board will make such proportionate adjustments, if any, as the Board in its discretion, subject to regulatory approval, may deem appropriate to reflect such change (for the purpose of preserving the value of the Options), with respect to (i) the number or kind of Shares or other securities reserved for issuance pursuant to the Plan; and (ii) the number or kind of Shares or other securities subject to unexercised Options previously granted and the exercise price of those Options provided, however, that no substitution or adjustment will obligate the Company to issue or sell fractional Shares. The existence of any Options does not affect in any way the right or power of the Company or an Affiliate or any of their respective shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the capital structure or the business of, or any amalgamation, merger or consolidation involving, to create or issue any bonds, debentures, shares or other securities of, or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of or any sale or transfer of all or any part of the assets or the business of, or to effect any other corporate act or proceeding relating to, whether of a similar character or otherwise, the Company or such Affiliate, whether or not any such action would have an adverse effect on the Plan or any Options granted hereunder.

Section 5.2 Amendment or Discontinuance of the Plan.

- (1) The Board may, in its sole discretion, suspend or terminate the Plan at any time or from time to time and/or amend or revise the terms of the Plan or of any Options granted under the Plan and any agreement relating thereto, provided that such suspension, termination, amendment, or revision shall:
 - (a) not adversely alter or impair any Options previously granted except as permitted by the terms of the Plan or upon the consent of the applicable Participant(s); and
- 1.4 be in compliance with applicable law and with the prior approval, if required, of the shareholders of the Company and of the TSX or any other stock exchange upon which the Company has applied to list its Shares.
- (2) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Options or any rights awarded or granted under the Plan remain outstanding and, notwithstanding the termination of the Plan, the Board will have the ability to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.
- (3) Subject to Section 5.2(4), the Board may from time to time, in its discretion and without the approval of shareholders, make changes to the Plan or any Options that do not require the approval of shareholders under Section 5.2(1) which may include but are not limited to:
 - (a) a change to the vesting provisions of any Options granted under the Plan;
 - (b) a change to the provisions governing the effect of termination of a Participant's employment, contract or office;
 - (c) a change to accelerate the date on which any Options may be exercised under the Plan;

- (d) an amendment of the Plan or Option Agreement as necessary to comply with applicable law or the requirements of any exchange upon which the securities of the Company are then listed or any other Regulatory Authority, the Plan, the Participants or the shareholders of the Company;
 - (e) any amendment of a “housekeeping” nature, including without limitation those made to clarify the meaning of an existing provision of the Plan or any agreement, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan or any agreement, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan; or
 - (f) any amendment regarding the administration of the Plan.
- (4) Notwithstanding the foregoing or any other provision of the Plan, shareholder approval is required for the following amendments to the Plan:
- (a) any increase in the maximum number of Shares that may be issuable from treasury pursuant to awards granted under the Plan, other than an adjustment pursuant to Section 5.1;
 - (b) any reduction in the exercise price of an Option benefitting an Insider, except in the case of an adjustment pursuant to Section 5.1;
 - (c) any extension of the Expiration Date of an Option benefitting an Insider, except in case of an extension due to a Black-Out Period;
 - (d) any amendment to remove or to exceed the insider participation limit set out in Section 2.5; and
 - (e) any amendment to Section 5.2(3) or Section 5.2(4) of the Plan.

Section 5.3 Change of Control.

- (1) Despite any other provision of the Plan, but subject to Section 5.2(3), in the event of a Change of Control, all unvested Options that are then-outstanding will, as applicable, be substituted by or replaced with awards of the surviving corporation (or any Affiliate thereof) or the potential successor (or any Affiliate thereto) (the “**continuing entity**”) on the same terms and conditions as the original Options, subject to appropriate adjustments that do not diminish the value of the original Options.
- (2) If, upon a Change of Control, the continuing entity fails to comply with Section 5.3(1), the vesting of all then outstanding Options (and, if applicable, the time during which such Options may be exercised) will be accelerated in full.
- (3) No fractional Shares or other security will be issued upon the exercise of any Options and accordingly, if as a result of a Change of Control, a Participant would become entitled to a fractional Share or other security, such participant will have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (4) Despite anything else to the contrary in the Plan, in the event of a potential Change of Control, the Board will have the power, in its sole discretion, to modify the terms of the Plan and/or the Options to assist the Participants in tendering to a take-over bid or other transaction leading to a Change of Control. For greater certainty, in the event of a take-over bid or other transaction leading to a Change of Control, the Board has the power, in its sole discretion, to accelerate the vesting of

Options and to permit Participants to conditionally exercise their Options, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of the take-over bid (or the effectiveness of such other transaction leading to a Change of Control). If, however, the potential Change of Control referred to in this Section 5.3(4) is not completed within the time specified (as the same may be extended), then despite this Section 5.3(4) or the definition of "Change of Control", (i) any conditional exercise of vested Options will be deemed to be null, void and of no effect, and such conditionally exercised Options will for all purposes be deemed not to have been exercised, and (ii) Options which vested pursuant to this Section 5.3(4) will be returned by the Participant to the Company and reinstated as authorized but unissued Shares and the original terms applicable to such Options will be reinstated.

- (5) If the Board has, pursuant to the provisions of Section 5.3(4) permitted the conditional exercise of Options in connection with a potential Change of Control, then the Board will have the power, in its sole discretion, to terminate, immediately following actual completion of such Change of Control and on such terms as it sees fit, any Options not exercised (including all vested and unvested Options).

ARTICLE 6—MISCELLANEOUS

Section 6.1 Currency.

Unless otherwise specifically provided, all references to dollars in the Plan are references to Canadian dollars.

Section 6.2 Compliance and Option Grant Restrictions.

- (1) The Company's obligation to issue and deliver Shares under any grant of Options is subject to: (i) the completion of such registration or other qualification of such Shares or obtaining approval of such Regulatory Authority as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; (ii) the admission of such Shares to listing on any stock exchange on which such Shares may then be listed; and (iii) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction. The Company shall take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which such Shares are then listed.
- (2) The Participant agrees to fully cooperate with the Company in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance by the Company with such laws, rule and requirements, including all tax withholding and remittance obligations.
- (3) No Options will be granted where such grant is restricted pursuant to the terms of any trading policies or other restrictions imposed by the Company.
- (4) The Company is not obliged by any provision of the Plan or the grant of any Options under the Plan to issue or sell Shares if, in the opinion of the Board, such action would constitute a violation by the Company or a Participant of any laws, rules and regulations or any condition of such approvals.
- (5) If Shares cannot be issued to a Participant upon the exercise of Options due to legal or regulatory restrictions, the obligation of the Company to issue such Shares will terminate and, if applicable, any funds paid to the Company in connection with the exercise of any Options will be returned to the applicable Participant as soon as practicable.

- (6) At the time a Participant ceased to hold Options which are or may become exercisable, the Participant ceases to be a Participant.
- (7) Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant or any other Person, subject to any required regulatory, shareholder or other approval.

Section 6.3 Use of an Administrative Agent and Trustee.

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Options granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Options granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Company and the administrative agent will maintain records showing the number of Options granted to each Participant under the Plan.

Section 6.4 Tax Withholding.

- (1) Notwithstanding any other provision of the Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be conditional upon the satisfaction of all applicable source deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company pursuant to Section 6.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules. Notwithstanding any other provision of the Plan, the Company shall not be required to issue any Shares or make payments under this Plan until arrangements satisfactory to the Company have been made for payment of all applicable withholdings obligations.
- (2) The sale of Shares by the Company, or by a Broker, under Section 6.4(1) or under any other provision of the Plan will be made on the TSX. The Participant consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Shares on his behalf and acknowledges and agrees that (i) the number of Shares sold will be, at a minimum, sufficient to fund the withholding obligations net of all selling costs, which costs are the responsibility of the Participant and which the Participant hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Shares, the Company or the Broker will exercise its sole judgment as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; and (iii) neither the Company nor the Broker will be liable for any loss arising out of such sale of the Shares including any loss relating to the pricing, manner or timing of the sales or any delay in transferring any Shares to a Participant or otherwise.
- (3) The Participant further acknowledges that the sale price of the Shares will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale. The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the participant resulting from the grant or exercise of Options and/or transactions in the Shares. Neither the Company, nor any of its directors, officers, employees, shareholders or agents will be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares under the Plan, with respect to any fluctuations in the market price of Shares or in any other manner related to the Plan.

- (4) Notwithstanding the first paragraph of this Section 6.4, the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

Section 6.5 Reorganization of the Company.

The existence of any Options shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

Section 6.6 Governing Laws.

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 6.7 Successors and Assigns.

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the personal legal representatives of a Participant, or any receiver or trustee in bankruptcy or representative of the Company's or Participant's creditors.

Section 6.8 Severability.

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

Section 6.9 No liability.

No member of the Board or of the Compensation Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Options granted hereunder.

Section 6.10 Effective Date of the Plan.

The Plan was approved by the Board and shall take effect on ●.

**ADDENDUM FOR U.S. PARTICIPANTS
MORGUARD CORPORATION
STOCK OPTION PLAN**

The provisions of this Addendum apply to Options held by a U.S. Participant. All capitalized terms used in this Addendum but not defined in Section 1 below have the meanings attributed to them in the Plan. The Section references set forth below match the Section references in the Plan. This Addendum shall have no other effect on any other terms and provisions of the Plan except as set forth below.

1. Definitions

“**cause**” means gross misconduct, theft, fraud, breach of confidentiality or breach of the Company’s Code of Conduct and any reason determined by the Company to be cause for termination, provided however that the Participant has provided the Company (or applicable Subsidiary) with written notice of the acts or omissions constituting grounds for “cause” within 90 days of such act or omission and the Company (or applicable Subsidiary) shall have failed to rectify, as determined by the Board acting reasonably, any such acts or omissions within 30 days of the Company’s (or applicable Subsidiary’s) receipt of such notice.

“**Separation from Service**” means, with respect to a U.S. Participant, any event that may qualify as a separation from service under Treasury Regulation Section 1.409A-1(h). A U.S. Participant shall be deemed to have separated from service if he or she dies, retires, or otherwise has a termination of employment as defined under Treasury Regulation Section 1.409A-1(h).

“**Service Recipient**” means, with respect to a U.S. Participant holding a given award under the Plan, the Company or one of its Affiliates by which the original recipient of such award is, or following a Separation from Service was most recently, principally employed or to which such original recipient provides, or following a Separation from Service was most recently providing services, as applicable.

“**Specified Employee**” has the meaning set forth in Treasury Regulation Section 1.409A-1(i).

2. Section 3.4 is deleted in its entirety and replaced with the following:

“Subject to Section 5.2, each Option must be exercised no later than ten (10) years after the date the Option is granted or such shorter period as set out in the Participant’s Option Agreement, at which time such Option will expire (the “**Expiry Date**”). Notwithstanding any other provision of the Plan, each Option that would expire during or within ten (10) Business Days immediately following a Black-Out Period shall expire on the date that is ten (10) Business Days immediately following the expiration of the Black-Out Period.”

3. No Acceleration

With respect to any Options held by a U.S. Participant that is subject to Code Section 409A, the acceleration of the time or schedule of any payment except as provided under the Plan (including this addendum) is prohibited, except as provided in regulations and administrative guidance promulgated under Code Section 409A. Unless otherwise provided by the Board in an Option Agreement or otherwise, in the event that the timing of payments in respect of any Options (that would otherwise be considered “deferred compensation” subject to Code Section 409A) would be accelerated upon the occurrence of (i) a Change of Control, no such acceleration shall be permitted unless the event giving rise to the Change of Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Code Section 409A; or (ii) a “disability” or “incapacity”, no such acceleration shall be permitted unless the “disability” or “incapacity” also satisfies the definition of “Disability” pursuant to Code Section 409A.

SCHEDULE "A"
FORM OF OPTION AGREEMENT

MORGUARD CORPORATION
OPTION AGREEMENT

This Stock Option Agreement (the "**Option Agreement**") is granted by Morguard Corporation (the "**Company**"), in favour of the optionee named below (the "**Optionee**") pursuant to and on the terms and subject to the conditions of the Company's Stock Option Plan (the "**Plan**"). Capitalized terms used and not otherwise defined in this Option Agreement shall have the meanings set forth in the Plan.

The terms of the option (the "**Option**"), in addition to those terms set forth in the Plan, are as follows:

Optionee. The Optionee is ●.

Number of Shares. The Optionee may purchase up to ● Shares of the Company (the "**Option Shares**") pursuant to this Option, as and to the extent that the Option vests and becomes exercisable as set forth in section 6 of this Option Agreement.

Exercise Price. The exercise price is Cdn \$● per Option Share (the "**Exercise Price**").

Date Option Granted. The Option was granted on ●.

Expiry Date. The Option terminates on ●. (the "**Expiry Date**").

Vesting. The Option to purchase Option Shares shall vest and become exercisable as follows:

●

Exercise of Options. In order to exercise the Option, the Optionee shall notify the Company in the form annexed hereto as Appendix I, pay the Exercise Price to the Company as required by the Plan, whereupon the Optionee shall be entitled to receive a certificate representing the relevant number of fully paid and non-assessable Shares in the Company.

Transfer of Option. The Option is not transferable or assignable except in accordance with the Plan.

Optionee Representations. By accepting and executing this Stock Option Certificate, the Optionee represents, warrants and acknowledges:

their participation in the trade and acceptance of the Option is voluntary;

that they have not been induced to participate in the Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as applicable, with the Company or its Affiliates;

that they have received, or have had the opportunity to receive, independent legal advice in connection with the terms and conditions of this Stock Option Certificate and the Plan (including the consequences of the cessation of the Optionee's Active Employment or Active Engagement, as the case may be, upon the Options);

that the Option does not form an integral part of the Optionee's compensation from employment, if applicable;

(i) the Optionee has received a copy of the Plan; (ii) the terms and conditions of the Plan are fair and reasonable, and the Optionee will not make a claim to the contrary; and (iii) they have read and understood the Plan and the Option Agreement, and agree to the terms and conditions thereof.

Inconsistency. This Option Agreement is subject to the terms and conditions of the Plan and any Employment Agreement and, in the event of any inconsistency or contradiction between the terms of this Option Agreement and the Plan or any Employment Agreement, the terms of the Employment Agreement shall govern.

Severability. Wherever possible, each provision of this Option Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Option Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Option Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Entire Agreement. This Option Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

Successors and Assigns. This Option Agreement shall bind and enure to the benefit of the Optionee and the Company and their respective successors and permitted assigns.

Time of the Essence. Time shall be of the essence of this Agreement and of every part hereof.

Governing Law. This Option Agreement and the Option shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Counterparts. This Option Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereof have executed this Option Agreement as of the _____ day of _____, 20__.

MORGUARD CORPORATION

By: _____
Authorized Signing Officer

[Insert Participant's Name]

**APPENDIX I
MORGUARD CORPORATION**

ELECTION TO EXERCISE STOCK OPTIONS

TO: Morguard Corporation (the "Company")

The undersigned Optionee hereby elects to exercise Options granted by the Company to the undersigned pursuant to an Option Agreement dated _____, 20__ under the Company's Stock Option Plan (the "**Plan**"), for the number Shares set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Number of Shares to be Acquired: _____

Exercise Price (per Share): Cdn.\$ _____

Aggregate Purchase Price: Cdn.\$ _____

Amount enclosed that is payable on account of any source deductions relating to this Option exercise (contact the Company for details of such amount):

Cdn.\$ _____

Or check here if alternative arrangements have been made with the Company.

and hereby tenders a bank draft, certified cheque, wire transfer or other form of payment confirmed as acceptable by the Company for such aggregate purchase price, and, if applicable, all source seductions, and directs such Shares to be registered in the name of _____.

I hereby agree to file or cause the Company to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this ____ day of _____, _____.

Signature of Participant

Name of Participant (Please Print)

**APPENDIX II
MORGUARD CORPORATION**

SURRENDER NOTICE

TO: Morguard Corporation (the "Company")

The undersigned Optionee hereby elects to surrender _____ Options granted by the Company to the undersigned pursuant to an Option Agreement dated _____, 20__ under the Company's Stock Option Plan (the "**Plan**") in exchange for Shares as calculated in accordance with Section 3.7(3) of the Plan. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Amount enclosed that is payable on account of any source deductions relating to this surrender of Options (contact the Company for details of such amount):

Cdn.\$ _____

Or check here if alternative arrangements have been made with the Company

Please issue a certificate or certificates representing the Shares in the name of _____.

I hereby agree to file or cause the Company to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this ____ day of _____, _____.

Signature of Participant

Name of Participant (Please Print)