MORGUARD REAL ESTATE INVESTMENT TRUST

ENDURING

2016 ANNUAL REPORT

Morguard

ON OUR COVER
CITADEL WEST, CALGARY, AB
BOMA GOLD

OUR BUSINESS STRATEGY:

ENDURING

When investing in real estate, persistence pays. For us, that means actively pursuing ways to increase the integrity of our cash flow.

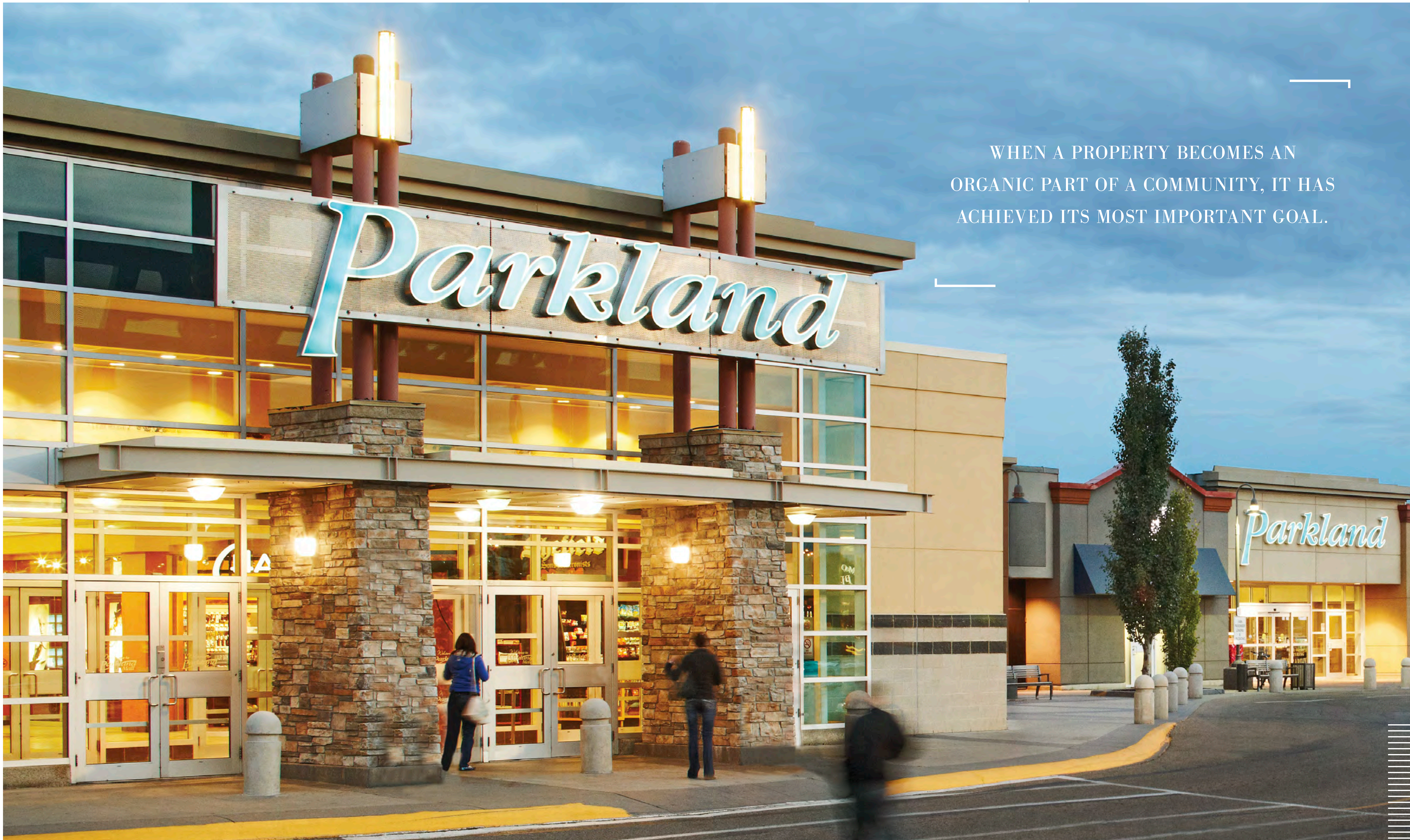
This involves a three-pronged approach, the first of which is to accumulate a diversified portfolio that spreads our risk across asset types and regions. We then manage the portfolio to identify opportunities to reinvest, revitalizing, redeveloping and marketing our properties to maintain relevance in an ever-competitive marketplace. Equally important, we make a concerted, ongoing effort to strengthen and maintain our relationships with our valued tenants, enabling us to maintain a steady income stream through long-term leases with varied expiration dates.

Diversify. Invest. Strengthen. These are the guiding principles of our business strategy that enable us to be enduring year after year.

MORGUARD REAL ESTATE INVESTMENT TRUST

77 BLOOR STREET WEST
TORONTO, ON
LEED GOLD, BOMA SILVER

THE MOST SUCCESSFUL PROPERTIES NOT ONLY SERVE BUT HELP SUSTAIN THOSE WHO USE THEM EVERY DAY.



WHEN A PROPERTY BECOMES AN ORGANIC PART OF A COMMUNITY, IT HAS ACHIEVED ITS MOST IMPORTANT GOAL.

PRAIRIE MALL
GRANDE PRAIRIE, AB

A GREAT SHOPPING EXPERIENCE STARTS WITH A GREAT LOCATION.

ST. LAURENT
OTTAWA, ON
BOMA SILVER

CAMBRIDGE CENTRE
CAMBRIDGE, ON
BOMA GOLD

PENN WEST PLAZA
CALGARY, AB

A SENSE OF PLACE HAPPENS WHEN FORM AND FUNCTION WORK IN HARMONY CONSISTENTLY OVER TIME.

STANDARD LIFE
OTTAWA, ON
BOMA SILVER

FELLOW UNITHOLDERS

One of the strengths of the Trust is its many high-quality properties. These properties have provided you, our unitholders, with stable cash distributions year after year. Since inception, the Trust has never reduced its monthly cash distribution.

Even with challenges in enclosed retail caused by the exit of Target Canada and in the Alberta office sector caused by a downturn in the oil and gas industry, the Trust once again demonstrated how commercial real estate, when properly managed, can provide a steady income stream.

To endure, the Trust diversifies its real estate investments by asset type and location. This helps to insulate the Trust from a downturn in any one area, allowing for a consistent distribution to our unitholders. But diversification of our assets alone is not enough. We must constantly review our portfolio for opportunities. As a result, in 2016 we began a number of retail projects that have attracted new tenants to our centres. These tenants will enhance and diversify our tenant roster. We believe the steps we've taken will increase rental income and mitigate our exposure to any one tenant, thereby enhancing the integrity of the portfolio's cash flow.

Our cash flow relies on the income generated by our tenants. We value our relationship with our tenants and work with them to provide an environment that helps them be successful. As a result, we have upgraded lobbies, worked with cities to improve transportation access and partnered with our tenants on space and sustainability objectives. In the commercial office sector, our ability to strengthen these already close relationships has resulted in the execution of a number of long-term leases that, over time, stabilize our revenue stream.

Enduring is a fitting way to describe our investment and management approach. We have always believed in taking the long view: managing our portfolio, our leverage and our relationships to deliver predictable and stable distributions.

Sincerely,

K. RAI SAHI
President and
Chief Executive Officer

2016

HIGHLIGHTS

DIVERSIFY

OUR PORTFOLIO HAS DELIVERED CONSISTENT RETURNS

The Trust has accumulated a portfolio of real estate assets that are diversified by asset type and location. The portfolio includes retail, office and industrial assets located in six Canadian provinces – British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec. This diversification gives us the opportunity to generate consistent revenue, even in challenging economies.

Our retail portfolio comprises two major types of properties: enclosed full-scale regional shopping centres and community shopping centres. The regional centres are dominant in their respective markets, and the community centres are anchored by food retailers, discount department stores and banks. Investing in these two broad categories of retail assets enables the Trust to spread its tenant base, reducing its exposure to a single category of retailer.

The office portfolio is balanced between single-tenant and multi-tenant properties. The single-tenant properties are under long-term leases to major corporate and government tenants that work to secure the Trust's cash flow. The multi-tenant properties have well-distributed lease expiries that enable the Trust to benefit from increased rental rates on lease renewal.

Other assets in the portfolio include interests in four industrial properties located in Ontario and Quebec.

For the year ended December 31, 2016, the Trust's retail portfolio accounted for 51% of the Trust's net operating income ("NOI") from income producing properties, while the office portfolio accounted for 47%. The Trust's industrial portfolio accounted for 2% of the Trust's NOI from income producing properties.

INVEST

GETTING THE MOST FROM OUR ASSETS

Real estate offers the potential to increase cash flow through active management. To optimize investment performance, it's essential to adapt to marketplace changes, whether they're from economic cycles, demographics or consumer behaviour.

As a result, managing the Trust's properties involves much more than ongoing maintenance. From time to time, decisions must be made to redevelop, reposition, acquire or divest properties so that the overall portfolio can achieve the best financial results.

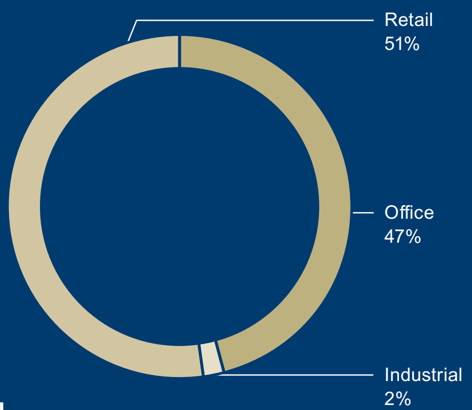
PORTFOLIO COMPOSITION BY LOCATION

At the Trust's ownership share

Location	Retail		Office		Industrial		Total	
	Number of Properties	GLA (000s)	Number of Properties	GLA (000s)	Number of Properties	GLA (000s)	Number of Properties	GLA (000s)
British Columbia	2	533	3	600	—	—	5	1,133
Alberta	5	816	10	1,323	—	—	15	2,139
Saskatchewan	1	502	—	—	—	—	1	502
Manitoba	3	658	—	—	—	—	3	658
Ontario	9	2,212	8	980	4	291	21	3,483
Quebec	—	—	1	450	1	243	2	693
	20	4,721	22	3,353	5	534	47	8,608
IPP held for development	1	67	1	43	—	—	2	110
Income producing properties	**21**	**4,788**	**23**	**3,396**	**5**	**534**	**49**	**8,718**

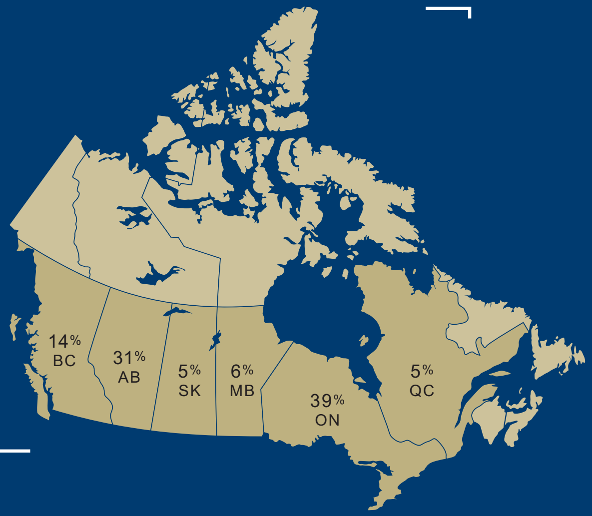
NET OPERATING INCOME BY ASSET CLASS

Year ended December 31, 2016



NET OPERATING INCOME BY PROVINCE

Year ended December 31, 2016



Recognizing changing demand and market conditions, in 2016, the Trust embarked on a number of programs to remerchandise and intensify over 600,000 square feet of retail space.

The remerchandising program is focused on reutilizing the space vacated by Target Canada and will enhance the tenant mix at individual properties, increase net operating income and attract new traffic from primary and secondary markets. The intensification program is focused on utilizing large areas of existing parking lots for stand-alone retailers, adding additional leasable area to the properties, thereby generating new sources of revenue.

The cost of remerchandising the Target area has been offset by the settlement proceeds received from Target Canada in July 2016 of $11.4 million. To date, our program will replace 115% of the original revenue stream with the commitments on 66% of the recycled vacated space.

Completed redevelopments in the office portfolio have begun enhancing NOI by securing higher-performing tenants, leveraging the introduction of public transportation and increasing the sustainability of the buildings.

The revitalization of 77 Bloor Street West, a Class A office building located in one of the most desirable locations in Toronto, included a complete makeover of the lobby, a retrofit that earned a LEED Gold designation, and additional leasable space, increasing its value by more than $50 million.

LEASING STRENGTH

Status of 700,000 SF of space vacated by Target Canada

Space	Status
337,000 SF	Re-leased to big box retailers, such as Canadian Tire and Walmart
138,500 SF	Formally committed to new tenants
129,000 SF	Leases actively being negotiated
112,000 SF	Leasing team actively seeking new tenants

SOUTHDALE CENTRE
WINNIPEG, MB

AVERAGE OCCUPANCY LEVELS[1]

	2016	2015	2014	2013	2012
Retail	**96%**	97%	96%	98%	97%
Office	**97%**	97%	96%	95%	95%
Industrial	**98%**	97%	97%	87%	95%
Total	**96%**	**97%**	**96%**	**96%**	**96%**

1. Excludes properties held for sale and area under development.

NATIONAL BANK BUILDING
CALGARY, AB

WOODBRIDGE SQUARE
VAUGHAN, ON

During 2016, the Trust completed work at the 42,000-square-foot landmark National Bank Building in downtown Calgary to provide space to the National Bank of Canada. This triple-A tenant is now in occupancy.

As part of the ongoing management of the portfolio, the Trust will dispose of assets and then redeploy the proceeds in projects that improve the portfolio's performance.

In the second quarter of 2016, the Trust disposed of a non-strategic asset, Centre de la Cité in Pointe-Claire, Quebec, a 127,500-square-foot Class A suburban office complex, for $22.4 million (net of closing costs).

MANAGE

CREATING DEEPER RELATIONSHIPS

While the Trust continued to deliver a consistent flow of cash distributions in 2016, overall profitability was affected by a number of development and remerchandising projects. These projects were undertaken with the goal of enhancing the portfolio and increasing returns in future.

Total NOI for 2016, including NOI from equity-accounted investments was $164.7 million, a decrease of $5.6 million from 2015.

The Trust's same-asset NOI for the year ended December 31, 2016, was $161.5 million, compared with $162.7 million in 2015.

The decrease in the same-asset NOI occurred primarily in the Trust's retail portfolio, where same-asset NOI declined by $2.0 million from 2015. This decrease reflects economic weakness in the Alberta market, as well as an overall softening of fashion-focused centres.

Same-asset NOI excludes 496,000 square feet (2015 – 412,000 square feet) of space currently under development that will be reintroduced into the portfolio over the next two years.

In our office portfolio, same-asset NOI increased $0.8 million from 2015 with the completion of new leasing opportunities.

Management's goal is to ensure that adequate funds are available for reinvestment in the Trust's properties, while also providing a reliable level of cash distributions. The Trust considers funds from operations ("FFO"), as well as adjusted funds from operations ("AFFO"), to be important measures of its financial performance and uses them to determine the level of monthly cash distributions.

Fully diluted FFO was enhanced in 2016 due to lower interest expense and the inflow of $11.4 million from the settlement with Target Canada.

Fully diluted AFFO was $0.03 per unit less in 2016 than in 2015 due to reduced NOI. The settlement from Target Canada was excluded from the fully diluted AFFO calculation because these funds were immediately reinvested in the retail remerchandising program.

At December 31, 2016, the Trust's payout ratio – that is, the ratio of cash distributions to basic AFFO – was 76.2%, compared with a payout ratio of 75.0% at December 31, 2015.

One method for enhancing returns for unitholders over time is the use of a normal course issuer bid ("NCIB"). Under the Trust's NCIB that expired January 27, 2017, a total of 371,769 Units were purchased for cancellation during a 12-month period at an average cost per unit of $15.68.

Management participates in the NCIB because it believes the Trust's units and debentures, at times, trade in a price range that does not adequately reflect their value in relation to the Trust's business and its future prospects. Management therefore believes that its outstanding units and debentures may represent attractive investments for the Trust itself. Furthermore, the purchases may benefit everyone who continues to hold units by increasing their equity interest in Morguard.

CAPITAL

WELL MANAGED FOR FINANCIAL SUCCESS

By taking advantage of the historically low rates of interest in 2016, The Trust was able to further strengthen its capital structure.

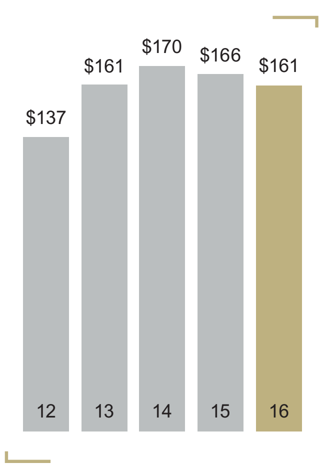
A major initiative in this program was a public offering of 4.50% convertible unsecured subordinated debentures (the "4.50% Debentures"). In December, the Trust completed its offering of $175 million aggregate principal amount of these debentures, which are due December 31, 2021. The debentures are convertible, at the holder's option, into units of the Trust at $20.40 per unit. As part of the transaction, Morguard Corporation purchased $50 million aggregate principal amount of the debentures.

With the proceeds, the Trust redeemed all ($150 million) of its 4.85% convertible unsecured subordinated debentures (the "4.85% Debentures") on January 9, 2017. The remainder of the proceeds were used to pay down operating lines and fund ongoing capital projects.

At December 31, 2016, after the exclusion of the 4.85% Debentures, the Trust's debt consisted of $1.1 billion of fixed-rate mortgages with a weighted average interest rate of 4.1% and weighted average term to maturity of 4.7 years and $175.0 million of the 4.50% Debentures. The Trust had a debt to total assets ratio of 44.8% at the year end.

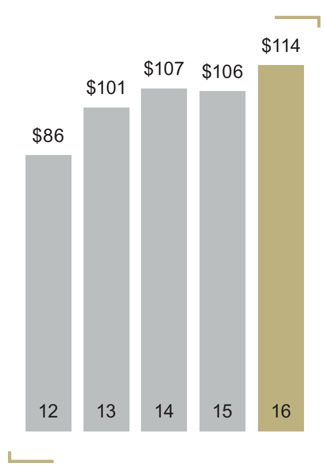
NET OPERATING INCOME

In millions of dollars



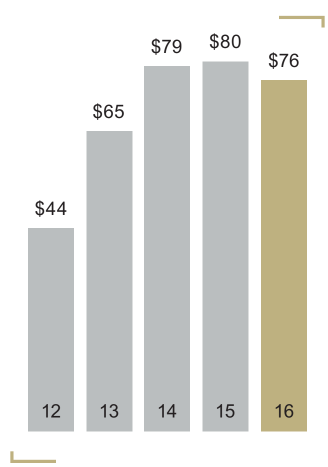
FUNDS FROM OPERATIONS

In millions of dollars



ADJUSTED FUNDS FROM OPERATIONS[1]

In millions of dollars



1. Commencing in 2014, the Trust uses normalized productive capacity maintenance expenditures to calculate adjusted funds from operations.

SUMMARY OF SELECTED ANNUAL INFORMATION

In thousands of Canadian dollars, except per unit amounts

	2016	2015	2014	2013	2012
Revenue from real estate properties	**$280,726**	$290,982	$298,461	$279,651	$244,876
Net operating income	**160,500**	165,930	169,739	161,336	136,964
Income before fair value (losses)/gains, (loss)/gain on sale of real estate properties and net (loss)/income from equity-accounted investments	**110,408**	103,153	102,700	97,080	82,103
Fair value (losses)/gains on real estate properties	**(51,643)**	(78,977)	11,239	107,641	142,683
(Loss)/gain on sale of real estate properties	**—**	—	(37)	2,058	—
Net (loss)/income from equity-accounted investments	**(1,558)**	2,441	(20)	5,602	3,660
Net income	**57,207**	26,617	113,882	212,381	228,446
Funds from operations	**113,500**	106,385	106,516	100,763	85,982
Adjusted funds from operations [1, 2]	**76,445**	79,524	79,272	65,342	43,681
Amount presented on a per unit basis					
Net income					
Basic	**$0.94**	$0.43	$1.83	$3.35	$3.82
Diluted [3]	**$0.93**	$0.43	$1.72	$3.01	$3.81
Funds from operations					
Basic	**$1.87**	$1.72	$1.71	$1.59	$1.44
Diluted [3]	**$1.81**	$1.67	$1.67	$1.55	$1.44
Adjusted funds from operations [1, 2]					
Basic	**$1.26**	$1.28	$1.28	$1.03	$0.73
Diluted [3]	**$1.25**	$1.28	$1.27	$1.03	$0.73
Cash distributions per unit	**$0.96**	$0.96	$0.96	$0.96	$0.95
Payout ratio – Adjusted funds from operations [4]	**76.2%**	75.0%	75.0%	93.2%	130.1%
Weighted average number of units as at year-end (in thousands)					
Basic	**60,750**	61,779	62,168	63,456	59,778
Diluted [3]	**66,780**	67,876	68,265	69,554	60,811
Balance sheets					
Total assets	**$3,034,190**	$2,920,155	$3,016,496	$2,942,799	$2,663,321
Total liabilities	**$1,479,007**	$1,364,015	$1,409,415	$1,390,061	$1,232,538
Total equity	**$1,555,183**	$1,556,140	$1,607,081	$1,552,738	$1,430,783
Gross leasable area as at year-end (in thousands of square feet) [5]					
Retail	**4,721**	4,710	4,775	4,771	4,299
Office	**3,353**	3,517	3,526	3,466	3,466
Industrial	**534**	534	534	534	534
Total	**8,608**	8,761	8,835	8,771	8,299
Occupancy as at year-end (%) [6]					
Retail	**96%**	97%	96%	98%	97%
Office	**97%**	97%	96%	95%	95%
Industrial	**98%**	97%	97%	87%	95%
Total	**96%**	97%	96%	96%	96%

1. Excludes Target settlement proceeds reported during Q2 2016.
2. Commencing in 2014, the Trust uses normalized productive capacity maintenance expenditures to calculate adjusted funds from operations.
3. Includes the dilutive impact of the outstanding convertible debentures.
4. Cash distributions per unit as a percentage of adjusted funds from operations – basic.
5. Gross leasable area for income producing properties only.
6. Excludes properties held for sale and area under development.

BALANCE SHEETS

In thousands of Canadian dollars

As at December 31,	**2016**	2015
ASSETS		
Non-current assets		
Real estate properties	**$2,826,098**	$2,847,398
Equity-accounted investment	**28,201**	32,509
	2,854,299	2,879,907
Current assets		
Amounts receivable	**65,172**	13,011
Prepaid expenses and other	**2,023**	955
Cash and cash equivalents	**112,696**	26,282
	179,891	40,248
Total assets	**$3,034,190**	$2,920,155
LIABILITIES AND UNITHOLDERS' EQUITY		
Non-current liabilities		
Mortgages payable	**$1,027,841**	$1,082,799
Convertible debentures	**165,273**	147,698
Other liabilities	**3,663**	3,517
	1,196,777	1,234,014
Current liabilities		
Mortgages payable	**84,653**	89,536
Convertible debentures	**149,975**	—
Accounts payable and accrued liabilities	**47,602**	40,465
	282,230	130,001
Total liabilities	**1,479,007**	1,364,015
Unitholders' equity	**1,555,183**	1,556,140
	$3,034,190	$2,920,155

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

In thousands of Canadian dollars, except per unit amounts

For the Years Ended December 31,	**2016**	2015
Revenue from real estate properties	**$280,726**	$290,982
Property operating expenses	**111,025**	115,646
Property management fees	**9,201**	9,406
Net operating income	**160,500**	165,930
Interest expense	**56,676**	58,981
General and administrative	**4,726**	4,367
Other income	**(11,310)**	(571)
Income before fair value losses and net (loss)/income from equity-accounted investment	**110,408**	103,153
Fair value losses on real estate properties	**(51,643)**	(78,977)
Net (loss)/income from equity-accounted investment	**(1,558)**	2,441
Net income	**57,207**	26,617
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to profit or loss in subsequent periods:		
Amortization of cash flow hedges	**189**	935
Comprehensive income	**$57,396**	$27,552
NET INCOME PER UNIT		
Basic	**$0.94**	$0.43
Diluted	**$0.93**	$0.43

STATEMENT OF UNITHOLDERS' EQUITY

In thousands of Canadian dollars, except number of units

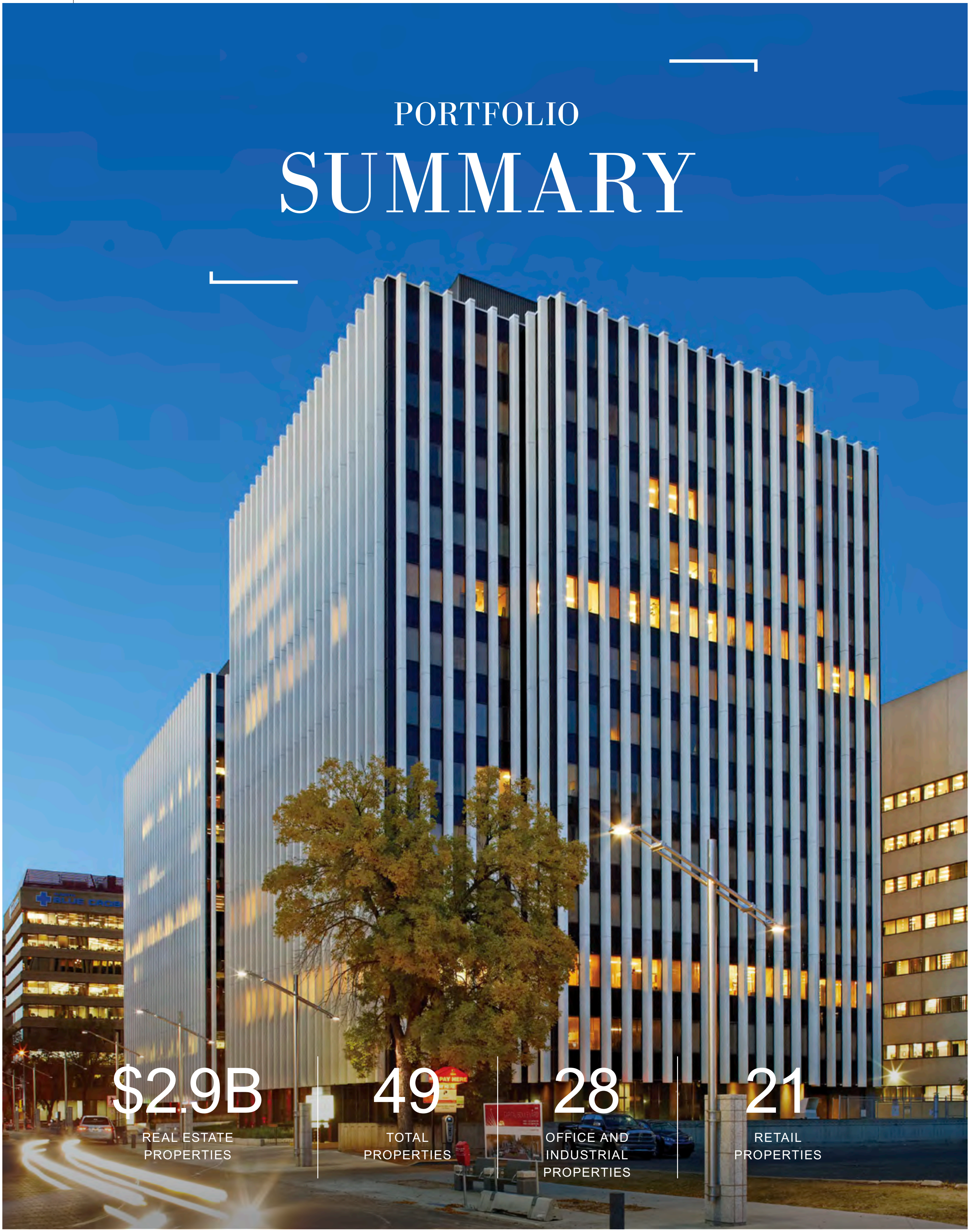
	NUMBER OF UNITS	ISSUE OF UNITS	RETAINED EARNINGS	EQUITY COMPONENT OF CONVERTIBLE DEBENTURES	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL UNITHOLDERS' EQUITY
Unitholders' equity, January 1, 2015	62,167,654	$625,624	$980,717	$1,526	$338	($1,124)	$1,607,081
Repurchase of units	(1,328,022)	(13,368)	(6,673)	—	—	—	(20,041)
Net income	—	—	26,617	—	—	—	26,617
Distributions to unitholders	—	—	(58,452)	—	—	—	(58,452)
Issue of units – DRIP	52,022	788	(788)	—	—	—	—
Amortization of cash flow hedges	—	—	—	—	—	935	935
Unitholders' equity, December 31, 2015	60,891,654	613,044	941,421	1,526	338	(189)	1,556,140
Repurchase of units	**(371,769)**	**(3,744)**	**(2,096)**	**—**	**—**	**—**	**(5,840)**
2012 Debentures converted	**406**	**10**	**—**	**—**	**—**	**—**	**10**
2016 Debentures issued	**—**	**—**	**—**	**4,594**	**—**	**—**	**4,594**
Net income	**—**	**—**	**57,207**	**—**	**—**	**—**	**57,207**
Distributions to unitholders	**—**	**—**	**(57,117)**	**—**	**—**	**—**	**(57,117)**
Issue of units – DRIP	**80,416**	**1,189**	**(1,189)**	**—**	**—**	**—**	**—**
Amortization of cash flow hedges	**—**	**—**	**—**	**—**	**—**	**189**	**189**
Unitholders' equity, December 31, 2016	**60,600,707**	**$610,499**	**$938,226**	**$6,120**	**$338**	**$—**	**$1,555,183**

STATEMENT OF CASH FLOW

In thousands of Canadian dollars

For the Year Ended December 31,	2016	2015
OPERATING ACTIVITIES		
Net income	$57,207	$26,617
Add items not affecting cash	55,015	76,668
Distributions from equity-accounted investment	2,750	702
Additions to tenant incentives and leasing commissions	(3,878)	(3,984)
Net change in non-cash operating assets and liabilities	4,054	(2,056)
Cash provided by operating activities	115,148	97,947
FINANCING ACTIVITIES		
Proceeds from new mortgages	30,063	56,155
Financing cost on new mortgages	(161)	(278)
Repayment of mortgages		
Repayments on maturity	(55,749)	(36,925)
Repayment due to early extinguishments	—	(6,125)
Principal instalment repayments	(34,703)	(35,644)
Net proceeds from 2016 Debentures	119,863	—
Repayment of bank indebtedness	—	(4,927)
Proceeds from loan payable	17,000	—
Repayment of loan payable	(17,000)	—
Distributions to unitholders	(57,117)	(58,452)
Units repurchased for cancellation	(5,840)	(20,041)
Cash used in financing activities	(3,644)	(106,237)
INVESTING ACTIVITIES		
Increase in loan receivable	—	(36,000)
Decrease in loan receivable	—	66,000
Capital expenditures on real estate properties	(47,415)	(42,327)
Acquisition of real estate properties	(61)	(1,474)
Proceeds from sale of real estate properties, net	22,386	35,761
Cash (used in)/provided by investing activities	(25,090)	21,960
Net increase in cash and cash equivalents	86,414	13,670
Cash and cash equivalents, beginning of year	26,282	12,612
Cash and cash equivalents, end of year	$112,696	$26,282

PETROLEUM PLAZA
EDMONTON, AB
BOMA SILVER



PORTFOLIO SUMMARY

$2.9B REAL ESTATE PROPERTIES

49 TOTAL PROPERTIES

28 OFFICE AND INDUSTRIAL PROPERTIES

21 RETAIL PROPERTIES

As at December 31, 2016

RETAIL

Property	City	Prov.	Ownership Interest (%)	Total Area (SF)	Ownership Area (SF)	Occupancy (%)	Certifications	Top Tenants
Burquitlam Plaza	Coquitlam	BC	100	67,500	67,500	91		CIBC, Dollarama, Shoppers Drug Mart
Pine Centre Mall	Prince George	BC	100	476,000	476,000	99		Lowe's, Sears, Shoppers Drug Mart, Sport Chek
Shelbourne Plaza	Victoria	BC	100	57,000	57,000	100		Fairway Market, Scotiabank, TD Canada Trust
Airdrie Co-op Centre	Airdrie	AB	100	65,000	65,000	100		Co-op Grocery, Co-op Liquor, TD Canada Trust
Airdrie RONA Centre	Airdrie	AB	100	44,000	44,000	100		RONA
Heritage Towne Centre	Calgary	AB	100	131,000	131,000	100		Ashley Furniture, Dollarama, Home Outfitters
Prairie Mall	Grande Prairie	AB	50	297,000	148,500	97		Mark's Work Wearhouse, Marshalls, Shoppers Drug Mart, Urban Planet
Parkland Mall	Red Deer	AB	100	429,500	429,500	76	BOMA Certified	Dollarama, GoodLife, Walmart
The Centre	Saskatoon	SK	100	501,500	501,500	96	BOMA Certified	Best Buy, Co-op Grocery, GoodLife Fitness, Shoppers Drug Mart, Sport Chek
Shoppers Mall	Brandon	MB	100	367,000	367,000	96	BOMA Gold	Capitol Theatre, GoodLife, Sobeys, Sport Chek
Charleswood Centre	Winnipeg	MB	100	116,000	116,000	98		Dollarama, Safeway, Shoppers Drug Mart
Southdale Centre	Winnipeg	MB	100	175,500	175,500	98		Bank of Montreal, Dollarama, Rexall, Walmart
Aurora Centre	Aurora	ON	100	288,500	288,500	100		Canadian Tire, Cineplex, GoodLife Fitness, PetSmart, Sobeys
Cambridge Centre	Cambridge	ON	100	726,500	726,500	98	BOMA Gold	Galaxy, H&M, Hudson's Bay, Sears
Market Square	Kanata	ON	100	58,000	58,000	96		Farm Boy, LCBO, TD Canada Trust
Wonderland Corners	London	ON	100	47,500	47,500	83		Swiss Chalet
Kingsbury Centre	Mississauga	ON	100	70,000	70,000	95		Longo's, Scotiabank, Shoppers Drug Mart
Hampton Park Plaza	Ottawa	ON	100	102,000	102,000	94		Food Basics, Rexall, Swiss Chalet
Home Base	Ottawa	ON	100	10,000	10,000	100		Royal Bank
St. Laurent	Ottawa	ON	100	853,000	853,000	99	BOMA Silver	Hudson's Bay, Sears, Toys "R" Us
Woodbridge Square	Vaughan	ON	50	113,000	56,500	100		Nations Fresh Foods, Scotiabank
TOTAL RETAIL				**4,995,500**	**4,792,000**	**96**		

OFFICE PORTFOLIO

Property	City	Prov.	Ownership Interest (%)	Total Area (SF)	Ownership Area (SF)	Occu-pancy (%)	Certifications	Top Tenants
111 Dunsmuir	Vancouver	BC	100	222,000	222,000	100	BOMA Gold	AMEC Americas, Stantec Consulting
Chancery Place	Vancouver	BC	100	142,500	142,500	100	BOMA Gold	Province of British Columbia
Seymour Place	Victoria	BC	100	235,500	235,500	100		Province of British Columbia
505 3rd Street SW	Calgary	AB	50	142,000	71,000	81	BOMA Gold	Horizon Logistics, Step Energy, Strike Energy
7315 8th Street NE	Calgary	AB	100	19,500	19,500	100	BOMA Silver	Genesis Land Development
Centre 810	Calgary	AB	100	77500	77500	92		Tektelic Communications Inc., The MI Group
Citadel West	Calgary	AB	100	78500	78500	100	BOMA Gold	CH2M Hill Canada
Deerport Centre	Calgary	AB	100	48000	48000	100	BOMA Silver	Aerotek, Colleaux Engineering, State Farm
Duncan Building	Calgary	AB	100	81000	81000	100	BOMA Silver	RCMP
National Bank Building	Calgary	AB	100	43500	43500	100		National Bank of Canada
Penn West Plaza	Calgary	AB	100	636,500	636,500	99		Penn West Petroleum
Petroleum Plaza	Edmonton	AB	50	304,000	152,000	100	BOMA Silver	Alberta Infrastructure
Scotia Place	Edmonton	AB	20	577,500	115,500	86	BOMA Gold	APEGA, City of Edmonton, Grant Thornton
301 Laurier Avenue	Ottawa	ON	50	26,000	13,000	100		Unifor
525 Coventry	Ottawa	ON	100	42,500	42,500	100		Assent Compliance
Green Valley Office Park	Ottawa	ON	100	123,000	123,000	96	BOMA Silver	Canadian Centre for Ethics in Sports
Heritage Place	Ottawa	ON	50	215,000	107,500	97	BOMA Silver	Public Works
St. Laurent Business Centre	Ottawa	ON	100	88,000	88,000	73	BOMA Silver	Intact Insurance Company, The Pythian Group
Standard Life	Ottawa	ON	50	381,000	190,500	99	BOMA Silver	Public Works
Time Square	Ottawa	ON	100	111,000	111,000	90	BOMA Silver	Empire Grill, Le Droit, Public Works
200 Yorkland	Toronto	ON	100	149,500	149,500	89	BOMA Silver	AG Simpson, Ferring, Investors Group
77 Bloor Street West	Toronto	ON	50	393,000	196,500	99	BOMA Silver, LEED Gold	Harry Rosen, Realstar, TD Canada Trust
Place Innovation	Saint-Laurent	QC	50	900,000	450,000	100	BOMA Gold	AJW Technique, Amdocs, Bombardier
TOTAL OFFICE				**5,037,000**	**3,394,500**	**97**		

INDUSTRIAL PORTFOLIO

Property	City	Prov.	Ownership Interest (%)	Total Area (SF)	Ownership Area (SF)	Occu-pancy (%)	Certifications	Top Tenants
1875 Leslie	Toronto	ON	100	52,000	52,000	96		Body and Soul Fitness, Goose & Firkin
2041-2151 McCowan	Toronto	ON	100	196,500	196,500	95		Canadian Standard Floor
279 Yorkland	Toronto	ON	100	18,000	18,000	100		Loblaw Properties Ltd.
285 Yorkland	Toronto	ON	100	25,000	25,000	100		Mitchell Partnership
825 Des Érables	Salaberry-de-Valleyfield	QC	50	485,000	242,500	100		Diageo
TOTAL INDUSTRIAL				**776,500**	**534,000**	**98**		

CORPORATE INFORMATION

TRUSTEES

OFFICERS

David A. King
Chairman

K. Rai Sahi
President and
Chief Executive Officer

Pamela McLean
Chief Financial Officer

Beverley G. Flynn
Vice President,
General Counsel
and Secretary

Paul Miatello
Vice President

Robert D. Wright
Vice President

INVESTOR INFORMATION

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Investment Trust
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L5B 1M3

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1-800-928-6255
info@morguard.com

Listing
Toronto Stock Exchange

Symbol
MRT.UN
MRT.DB

Eligibility
RRSP
RRIF
DPSP
RPP
TFSA

Auditors
Ernst & Young LLP

Principal Bankers
Bank of Montreal
Toronto-Dominion Bank

Transfer Agent
Computershare
Trust Company
1-800-564-6253
www.computershare.com

Investor Relations
Visit our website at
www.morguard.com or
view our filings on SEDAR
at www.sedar.com.

Annual Unitholder Meeting
Wednesday, May 10, 2017
at 9:45 a.m.
Rattlesnake Point Golf Club
5407 Regional Road 25
Milton, ON
L9T 2X5

For additional information, please contact:
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The selected annual financial information in the 2016 Annual Report highlights certain key metrics for the Trust. As a result, this report should be read in conjunction with the Trust's Consolidated Financial Statements for the year ended December 31, 2016, related Management's Discussion and Analysis (MD&A) and the Annual Information Form (AIF). These documents are available on the Trust's website at www.morguard.com. All continuous disclosure documents required by securities regulators are also filed on the System for Electronic Document Analysis and Retrieval (SEDAR) and can be accessed electronically at www.sedar.com.

MORGUARD REAL ESTATE INVESTMENT TRUST AT A GLANCE

Morguard Real Estate Investment Trust (the "Trust") is a closed-end trust listed on the Toronto Stock Exchange (TSX) under the symbol MRT.UN. As of December 31, 2016, the Trust had total assets of $3.0 billion.

The Trust's mandate: to accumulate a Canadian portfolio of high-quality retail, office and industrial income producing properties and manage the portfolio proactively to generate a stable and increasing cash flow, providing steady, dependable returns for unitholders.

With a diversified real estate portfolio of 49 commercial properties located in six Canadian provinces, The Trust owns approximately 8.7 million square feet of gross leasable area.

The Trust's real estate portfolio includes well-located office properties in major urban centres, large enclosed regional centres that are dominant in their respective markets, service-focused community strip centres and a selection of industrial properties.

Morguard

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