

Dream Residential REIT

Annual Information Form

March 28, 2024

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GLOSSARY OF TERMS

When used in this annual information form, the following terms have the meanings set forth below unless expressly indicated otherwise:

"**2022 Sustainability Report**" has the meaning given under "General Development of the Business – Environmental, Social and Governance".

"**2023 ASP Plan**" has the meaning given under "General Development of the Business – Normal Course Issuer Bid".

"**2023 Base Shelf Prospectus**" has the meaning given under "General Development of the Business – Shelf Prospectus".

"**2023 MD&A**" means the management's discussion and analysis of Dream Residential REIT in respect of our 2023 financial year filed on SEDAR+ on February 14, 2024.

"**2023 NCIB**" has the meaning given under "General Development of the Business – Normal Course Issuer Bid".

"**2024 ASP Plan**" has the meaning given under "Recent Developments – Normal Course Issuer Bid".

"**2024 NCIB**" has the meaning given under "Recent Developments – Normal Course Issuer Bid".

"**ADA**" has the meaning given under "Risk Factors – Risks relating to the real estate industry, the REIT and our business".

"**Adjusted Unitholders' Equity**" means, at any time, the aggregate of (a) the amount of unitholders' equity; and (b) the amount of accumulated depreciation and amortization recorded on the books and records of Dream Residential REIT and its Subsidiaries in respect of their Properties, in each case calculated in accordance with IFRS Accounting Standards.

"**Advance Notice Provisions**" has the meaning given to that term under "Declaration of Trust and Description of REIT Units – Advance Notice Provisions".

"**affiliate**" means an affiliate within the meaning of National Instrument 45-106 - *Prospectus Exemptions*.

"**AIF**" means this annual information form of Dream Residential REIT.

"**Arrangements**" has the meaning given under "Declaration of Trust and Description of REIT Units – Advance Notice Provisions".

"**Asset Management Agreement**" means the asset management agreement dated May 6, 2022 between the REIT, Dream DRR Asset Management LLC, Pauls Asset Manager, US Holdco and Holdco LLC, as amended or amended and restated from time to time. Dream DRR Asset

Management LLC assigned its interest in the Asset Management Agreement to a Subsidiary, Dream Asset Manager, on June 11, 2022.

"**Asset Managers**" has the meaning given under "Real Estate Management and Advisory Services – Asset Management Arrangements".

"**AWH Holdings**" means AWH Holdings, LLC, a limited liability company existing under the laws of the State of Delaware.

"**AWH Holdings Contribution Agreement**" means the contribution agreement dated May 6, 2022 between Holdco LLC, AWH Holdings, LLC, DAM USCo and Pauls pursuant to which AWH Holdings, LLC contributed the equity interests it held in each of the entities that owned 13 of the Initial Properties to Holdco LLC in consideration for $122.1 million.

"**AWH Properties**" means the following 13 properties comprising of 2,760 units indirectly acquired by us on May 6, 2022: Ashton Glen, Carriage Court, The Commons, The Commons at Kettering, Maple Oaks, Ascent at Lake Worth, The Morgan, Aspen Village, Council Crossing, Oak Place Apartments, Winchester Run, Colt's Crossing and Forrest Grove. Forrest Grove was disposed of on November 29, 2023.

"**BFIN**" has the meaning given under "Trustees and Executive Officers – Audit Committee".

"**Board**" or "**Board of Trustees**" means the board of trustees of Dream Residential REIT.

"**Business Day**" means any day other than a Saturday or a Sunday or statutory holiday on which banking institutions are open in the city of Toronto for the transaction of banking business.

"**CBCA**" means the *Canada Business Corporations Act*, as amended from time to time.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Class A Units**" means the class A units of Holdco LLC and "**Class A Unit**" means any one of them.

"**Class B Units**" means the class B units of Holdco LLC and "**Class B Unit**" means any one of them.

"**Closing**" has the meaning given under "Escrowed Securities and Securities Subject to Contractual Restriction on Transfer – Lock-Up Agreements".

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Computershare**" means Computershare Trust Company of Canada.

"**Contribution Agreements**" mean, collectively, the AWH Contribution Agreement and the Legacy Contribution Agreement.

"**CRA**" means the Canada Revenue Agency.

"**CRECs**" has the meaning given under "Assessments of the Properties – Environmental Site Assessments".

"**Credit Facility**" has the meaning given under "Indebtedness – Credit Facility".

"**DAM**" means Dream Asset Management Corporation, a corporation governed by the laws of the Province of British Columbia, and a Subsidiary of Dream.

"**DAM USCo**" means Dream DRR US Holdings Inc., a corporation governed by the laws of the State of Delaware, and a Subsidiary of Dream.

"**Declaration of Trust**" means the amended and restated declaration of trust of Dream Residential REIT dated as of May 6, 2022, as amended or amended and restated from time to time.

"**Distribution Date**" has the meaning given under "Distribution Policy".

"**Dream**" means Dream Unlimited Corp., a corporation governed by the laws of the Province of Ontario.

"**Dream Asset Manager**" means DRR Asset Management LP, a limited partnership formed pursuant to the laws of the State of Delaware and a Subsidiary of Dream. The general partner of Dream Asset Manager is Dream DRR Asset Management LLC.

"**Dream Asset Manager LP**" means Dream DRR Asset Management LP, a limited partnership formed pursuant to the laws of the Province of Ontario and a Subsidiary of Dream.

"**Dream Impact**" means Dream Impact Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario.

"**Dream Industrial REIT**" means Dream Industrial Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the law of the Province of Ontario.

"**Dream Office REIT**" means Dream Office Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario.

"**Dream Residential REIT**" or the "**REIT**" or "**we**" or "**our**" means Dream Residential Real Estate Investment Trust, an unincorporated open-ended real estate investment trust formed on February 24, 2022 under the laws of the Province of Ontario.

"**Dream Services Agreement**" means the services agreement dated May 6, 2022 between the REIT, DAM, US Holdco and Holdco LLC, as amended or amended and restated from time to time.

"**DRIP**" has the meaning given to that term under "Distribution Policy".

"**DRR FFO**" means the funds from operations of the REIT and its Subsidiaries in a fiscal year, calculated as the consolidated net income in accordance with IFRS Accounting Standards of the REIT and its Subsidiaries in a fiscal year, adjusted in accordance with the methodology set out in this AIF, as such methodology may be amended from time to time by the REIT with the agreement of the Asset Managers, acting reasonably, and, for the avoidance of doubt, not including any proceeds of sale from the deemed disposition of any property by a designated entity in such fiscal year.

"**DRR FFO Per Unit**" means the quotient obtained by dividing: (i) the sum of: (A) the gain (or loss) on the disposition of any properties in a fiscal year (calculated as the difference between the property sale price and the Historical Property Purchase Price), and (B) DRR FFO; by (ii) the weighted average number of issued and outstanding Units and Class B Units for such fiscal year. In the event there is an acquisition of control of the REIT during the Term, there shall be deemed to be a disposition of all properties owned by the REIT and its Subsidiaries as of the date of such acquisition of control of the REIT (at a deemed property sale price equal to the implied value of the properties based on the transaction giving rise to the acquisition of control, as agreed by the REIT and the Asset Managers, acting reasonably) of all properties and the calculation of the amount in clause (A) of the definition of DRR FFO Per Unit shall be calculated as the sum of (x) the amount determined in clause (A) of the definition of DRR FFO Per Unit in respect of the disposition of any properties in the fiscal year, plus (y) the difference between the deemed property sale price of all such properties deemed to be disposed of and the Historical Property Purchase Price of all such properties.

"**GLA**" means gross leasable area.

"**GRESB**" means the Global Real Estate Sustainability Benchmark.

"**Historical Property Purchase Price**" means, unless otherwise agreed by the REIT and the Asset Managers: (i) in respect of a direct investment property (consolidated in the REIT's audited annual financial statements), the purchase price of such property, converted into U.S. dollars at the exchange rate in effect on the date of purchase if purchased in a currency other than U.S. dollars, plus the amount of all hard and soft construction costs (including, for greater certainty, any development fees) incurred by or on behalf of the REIT or its subsidiaries in developing or redeveloping a new building on the property or adding GLA to an existing building on the property (but excluding construction costs incurred for work done on behalf of tenants or incurred for regular maintenance capital expenditures); and (ii) in respect of an indirect investment property (whose value is not consolidated in the REIT's audited annual financial statements), the amount of our equity investment in the indirect investment entity, grossed up for the amount of our proportionate share of target leverage (or actual leverage if available) of such indirect investment entity at the time of investment, provided that such investment entity has agreed at the time of such investment that we will not be required to pay, directly or indirectly, any asset management or investment management fee in connection with our equity investment in such investment property.

"**Holdco LLC**" means DRR Holdings LLC, a limited liability company formed pursuant to the laws of the State of Delaware.

"**Holdings LP**" means Dream Canada Holdings LP, a limited partnership formed under the laws of the Province of Ontario.

"**HRECs**" has the meaning given to that term under "Assessments of the Properties – Environmental Site Assessments".

"**IFRS Accounting Standards**" means IFRS Accounting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Institute of Chartered Accountants in Part I of The Canadian Institute of Chartered Accountants Handbook – Accounting, as amended from time to time.

"**Independent Trustee**" means any Trustee who is independent for the purposes of NI 58-101.

"**Initial Properties**" means the initial portfolio of 16 garden-style multi-residential properties located in the United States consisting of 3,432 units indirectly acquired by us on May 6, 2022.

"**Initial Term**" has the meaning given to that term under "Real Estate Management and Advisory Services – Asset Management Arrangements".

"**Investment Notice**" has the meaning given to that term under "Real Estate Management and Advisory Services – Non-Competition Agreement".

"**Legacy Contribution Agreement**" means the contribution agreement dated May 6, 2022 between Holdco LLC, DRR Keystone LLC, DAM USCo and Pauls Realty Services, LLC pursuant to which DRR Keystone LLC contributed the equity interests it held in each of the entities that owned three of the Initial Properties to Holdco LLC in consideration for $106.7 million.

"**Legacy Properties**" means the following three properties comprising 672 units indirectly acquired by us on May 6, 2022: Rochelle Plaza, Creekwood Place and Mansions at Riverside.

"**market price**" has the meaning given to that term under "Declaration of Trust and Description of REIT Units – Unit Redemption Right".

"**NI 52-109**" means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

"**Nominating Unitholder**" has the meaning given under "Declaration of Trust and Description of REIT Units – Advance Notice Provisions".

"**Non-Competition Agreement**" means the non-competition agreement dated May 6, 2022 between Dream, Pauls and the REIT.

"**Non-Resident**" means a person who is not a resident Canadian and a partnership that is not a "Canadian partnership" within the meaning of the Tax Act.

"**Non-U.S. Holder**" means a beneficial owner of a Unit that is neither a U.S. Holder nor an entity that is treated as a partnership for U.S. federal income tax purposes.

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended from time to time.

"**Operating Agreement**" means the amended and restated limited liability company agreement of Holdco LLC.

"**Pauls**" means Pauls Capital, LLC, a limited liability company existing under the laws of the State of Colorado.

"**Pauls Asset Manager**" means Pauls Realty Services, LLC, a limited liability company existing under the laws of the State of Delaware, and a Subsidiary of Pauls.

"**Pauls Services Agreement**" means the services agreement dated May 6, 2022 between the REIT, Pauls Asset Manager, US Holdco and Holdco LLC, as amended and restated from time to time.

"**PCA Reports**" has the meaning given under "Assessments of the Properties – Property Condition Assessments".

"**person**" includes a sole proprietorship, corporation, company, partnership, limited partnership, joint venture, association, trust, trustee, unincorporated organization, limited liability company, société à responsabilité limitée, or government or any agency or instrumentality thereof, or any other entity recognized by law.

"**Plans**" means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit-sharing plans, registered disability savings plans, tax-free savings accounts and registered education savings plans under the Tax Act.

"**Preferred Units**" has the meaning given to that term under "Declaration of Trust and Description of REIT Units – Preferred Units".

"**Properties**" means the properties or interests in properties owned indirectly by the REIT.

"**Redemption Date**" has the meaning given to that term under "Declaration of Trust and Description of REIT Units – Unit Redemption Right".

"**Redemption Price**" has the meaning given to that term under "Declaration of Trust and Description of REIT Units – Unit Redemption Right".

"**REIT Units**" means, collectively, the Units and the Preferred Units.

"**Related Party**" means, with respect to any person, a person who is a "related party", as that term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in*

Special Transactions, as such rule may be amended from time to time (and including any successor rule or policy thereto, but shall not include a wholly-owned Subsidiary of the person).

"**SCIF LLC**" means Strategic Consolidated Income Fund LLC.

"**SEDAR+**" means the System for Electronic Data Analysis and Retrieval + at www.sedarplus.com or any successor or replacement thereof.

"**Services Agreements**" means the Dream Services Agreement and the Pauls Services Agreement.

"**SIFT**" means a specified investment flow-through trust or partnership for purposes of the Tax Act.

"**SIFT Rules**" means the amendments to the Tax Act enacted on June 22, 2007 which modify the tax treatment of certain publicly traded trusts and partnerships that are SIFTs and their beneficiaries and partners.

"**Subsidiary**" means, with respect to any person (other than an individual), any other person that is controlled, directly or indirectly, by the person and, in addition to the foregoing, with respect to Dream Residential REIT shall include US Holdco and Holdco LLC.

"**Subsidiary Securities**" has the meaning given under "Declaration of Trust and Description of REIT Units – Unit Redemption Right".

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time, and the *Income Tax Regulations* (Canada), as amended from time to time, as applicable.

"**Term**" has the meaning given to that term under "Real Estate Management and Advisory Services –Asset Management Arrangements".

"**Total Net Worth**" means, as at any determination date, the total assets of Holdco LLC less the total debt of Holdco LLC, in each case as so classified in the most recent consolidated financial statements of Holdco LLC, determined in accordance with IFRS Accounting Standards.

"**Treaty**" means the *United States-Canada Income Tax Convention (1980, as amended)*.

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

"**Trust Liability**" has the meaning given to that term under "Risk Factors – Risks Relating to the Units – Unitholder liability may arise".

"**TSX**" means the Toronto Stock Exchange.

"**TSX Publicly Traded Exception**" has the meaning given under "Risk Factors – Tax-related risk factors – Canadian Tax Risks".

"**U.S.**" means the United States of America.

"**U.S. Holder**" means a beneficial owner of a Unit that is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the U.S., (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the U.S., any state thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source or (iv) a trust that (a) is subject to the supervision of a court within the U.S. and the control of one or more U.S. persons or (b) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

"**U.S. Publicly Traded Exception**" has the meaning given under "Risk Factors – Tax-related risk factors – Canadian Tax Risks".

"**Unit**" means a unit representing an interest in the REIT (other than a Preferred Unit) authorized and issued under the Declaration of Trust.

"**Unitholders**" means holders of Units, but **"unitholders"**, when used in lower case type, refers to all holders of REIT Units.

"**UPREIT**" has the meaning given under "Holdco LLC".

"**US Holdco**" means DRR Holdings Inc., a corporation existing under the laws of the State of Delaware.

"**USRPI**" has the meaning given under "Risk Factors – Tax-related risk factors – U.S. Tax Risks".

GENERAL

Dream Residential REIT is an unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the Province of Ontario. Dream Residential REIT is a "mutual fund trust" as defined in the Tax Act but is not a "mutual fund" within the meaning of applicable Canadian securities legislation. Our registered and head office is located at 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1.

Dream Residential REIT was formed for the purpose of acquiring and owning residential rental real estate properties. At March 28, 2024, our portfolio consists of 15 garden-style multi-residential properties located in the United States consisting of 3,300 units. Our properties target mid-market renters and are primarily located in three markets across the Sunbelt and Midwest markets in the United States, including the greater Dallas-Fort Worth region, greater Oklahoma City region, and greater Cincinnati region.

Our external asset managers are DRR Asset Management LP, a limited partnership formed pursuant to the laws of the State of Delaware and a Subsidiary of Dream and Pauls Realty Services, LLC, a limited liability company existing under the laws of the State of Delaware, and a Subsidiary of Pauls. Dream and Pauls have shared a successful relationship since 2003, bringing together their complementary experience and expertise in both multi-residential real estate and real estate more broadly. Dream and Pauls each have strong track records of delivering consistent and attractive investment returns to investors.

Dream Residential REIT's investment and operating activities are limited because our operating activities are carried out by our Subsidiaries. For simplicity, we use terms in this AIF to refer to our investments and operations as a whole. Accordingly, in this AIF, unless the context otherwise requires, when we use terms such as "we", "us" and "our", we are referring to Dream Residential REIT and its Subsidiaries. When we use expressions such as "our investments", "our business" or "our operations", we are referring to the investments, business and operations of Dream Residential REIT and its Subsidiaries as a whole. When we use expressions such as "our Properties", "our portfolio", "we own" or "we invest in" in relation to our Properties, we are referring to our ownership of and investment in our Properties indirectly through our Subsidiaries. When we use expressions such as "we operate", we are referring to our operations through our Subsidiaries. When we refer to "Dream Residential REIT" or the "REIT", we are referring only to Dream Residential Real Estate Investment Trust.

When we use the expression "our Trustees" in this AIF, we are referring to the Trustees of Dream Residential REIT. Where we refer to the term "square feet", we are referring to square feet of GLA, unless otherwise indicated. When we refer to "SEDAR+" we mean the System for Electronic Data Analysis and Retrieval + at www.sedarplus.com or any successor or replacement thereof.

Unless otherwise specified, all references to "dollars" or to "$" are to U.S. dollars.

Unless otherwise specified, all information in this AIF is presented as at December 31, 2023.

FORWARD-LOOKING INFORMATION

Certain information in this AIF may constitute "forward-looking information" within the meaning of applicable securities legislation, including but not limited to statements relating to Dream Residential REIT's objectives, our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, results of operations, performance, business prospects and opportunities, our intentions with respect to, and ability to execute on, our internal and external growth strategies, our ability to successfully reposition existing units to increase rental rates, our ability to expand our asset base and make accretive acquisitions, our ability to complete our value-add initiatives, our ability to achieve our impact and sustainability goals, our liquidity and capital expenditure requirements, our ability to execute our debt strategy, our expectations regarding distributions, operations and financial results, the 2023 Base Shelf Prospectus and the offering from time to time of Units, subscription receipts and debt securities during the 25-month period that the 2023 Base Shelf Prospectus remains valid and potential purchases under our 2024 NCIB, in each case that are not historical facts. The forward-looking information in this AIF is presented for the purpose of providing disclosure of the current expectations of our future events or results, having regard to current plans, objectives and proposals, and such information may not be appropriate for other purposes. Forward-looking information may also include information regarding our respective future plans or objectives and other information that is not comprised of historical fact. Forward-looking information is predictive in nature and depends upon or refers to future events or conditions; as such, this AIF uses words such as "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "target" and similar expressions suggesting future outcomes or events to identify forward-looking information.

Any such forward-looking information is based on information currently available to us and is based on assumptions, estimates and analyses made by us in light of our respective experiences and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances, including but not limited to: that no unforeseen changes in the legislative and operating framework for our business will occur, including unforeseen changes to tax laws; that we will meet our future objectives and priorities; that we will have access to adequate capital to fund our future projects and plans and that we will receive financing on acceptable terms; that our future projects and plans will proceed as anticipated; that our future level of indebtedness and our future growth potential will remain consistent with our current expectations; the impact of the current economic climate and the current global financial conditions on our operations, including our financing capability and asset value, will remain consistent with our current expectations; inflation and interest rates will not materially increase beyond current market expectations; the ability to refinance our debts as they mature; there will be no material changes to government and environmental regulations adversely affecting our operations; and that future market and economic conditions will occur as expected and that geopolitical events, including conflicts between nations, will not disrupt global economies.

However, whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond our control, and the effects of which can be difficult to

predict. Factors that could cause actual results or events to differ materially from those described in the forward-looking information include, but are not limited to: risks inherent in the real estate industry; risks associated with generating income primarily through rental income; geographical concentration of tenants and properties; significant capital expenditures and other fixed costs; financing risks, leverage and restrictive covenants; changes in interest rates; economic environment risks; changes in government regulations; competition in the residential real estate market and alternatives to residential rentals; risk of environmental contamination on our properties; climate change risk and risk of natural disasters; uninsured or underinsured losses to properties or losses from title defects; difficulties renewing our insurance policies; cyber security risks; adverse global, regional or local markets, economic and political conditions; risks associated with public health crises, pandemics and epidemics; our inability to successfully execute our growth strategy; our investments are not diversified by asset class; economic environment and fluctuations in inflation and capitalization rates; financing renewal risks; increased property tax risk; encumbrances; operational risk; inability to source suitable acquisitions; undisclosed defects and obligations in acquired properties; property renovation and redevelopment risk; development risk; investments in real estate properties through joint ventures may restrict our ability to deal with those properties or expose us to liability; risks with operating in new markets; investment in troubled assets; risks relating to derivative instruments; risks relating to investments in debt instruments; risk of litigation at property level; risk of accidental death or severe injuries at our properties; losses of key personnel; restrictions in our constating documents and material contracts; changes in IFRS Accounting Standards; dependence on information technology systems; expanding social media vehicles; theft or fraud; restrictions on ability to sell properties; risk of terrorism; expenses in connection with laws benefiting disabled persons; risks relating to ownership of Units, including restrictions on redemption; subordination of the Units limiting our ability to pay distributions; Unitholder liability; issuance of additional Units will result in dilution; regulatory approvals; difficulty in enforcing judgments against our foreign subsidiaries; inability to enforce contracts; controls and procedures may not perform as intended; Unitholders may be subject to currency risk associated with our distributions; reliance on Dream Asset Manager and Pauls Asset Manager for asset management services; dependence on the business of Holdco LLC; and tax risks. For a further description of these and other factors that could cause actual results to differ materially from the forward-looking information contained, or incorporated by reference, in this AIF, see the risk factors discussed under “Risk Factors” in this AIF. In evaluating any forward-looking information contained, or incorporated by reference, in this AIF, we caution readers not to place undue reliance on any such forward-looking information. Any forward-looking information speaks only as of the date on which it was made. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking information contained, or incorporated by reference, in this AIF to reflect subsequent information, events, results, circumstances or otherwise.

NON-IFRS FINANCIAL MEASURES AND RATIOS

Dream Residential REIT’s consolidated financial statements are prepared in accordance with IFRS Accounting Standards. In this AIF, as a complement to results provided in accordance with IFRS Accounting Standards, Dream Residential REIT refers to certain non-IFRS financial measures and financial ratios, including net total debt-to-net total assets ratio. These non-IFRS financial measures and ratios are not defined by IFRS Accounting Standards and do not have a

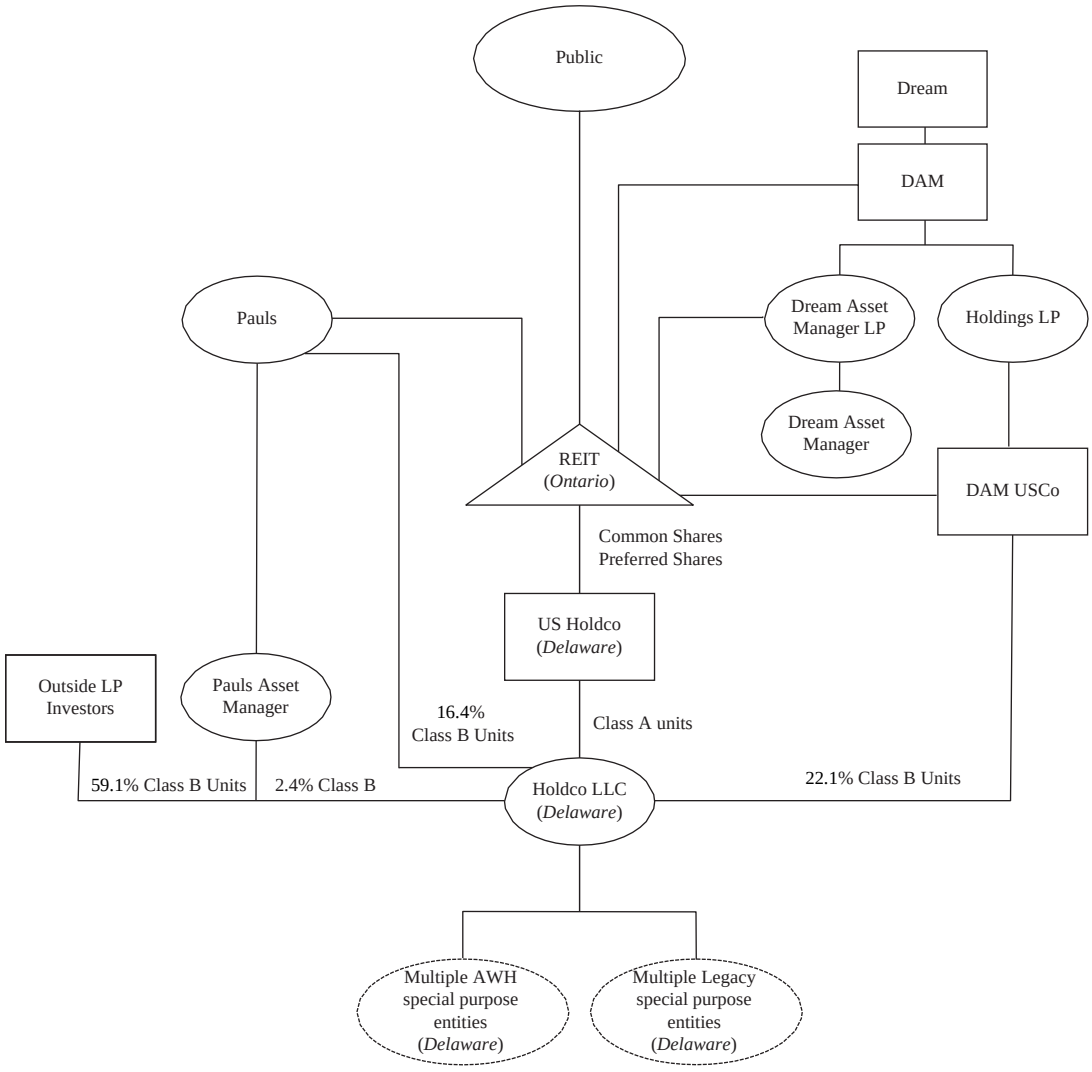
standardized meaning under IFRS Accounting Standards. Dream Residential REIT's method of calculating these non-IFRS financial measures and ratios may differ from other issuers and may not be comparable with similar measures presented by other issuers. Dream Residential REIT has presented such non-IFRS financial measures and ratios as management believes they are relevant measures of our underlying operating and financial performance.

Non-IFRS financial measures and ratios should not be considered as alternatives to total assets, mortgages payable or comparable metrics determined in accordance with IFRS Accounting Standards as indicators of Dream Residential REIT's performance, liquidity, cash flow, and profitability.

For additional disclosure regarding these financial measures and financial ratios and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS Accounting Standards please refer to the "Non-GAAP Financial Measures and Ratios" section in our 2023 MD&A, which information is incorporated by reference herein. The 2023 MD&A is available on SEDAR+ at www.sedarplus.com.

OUR STRUCTURE

The following chart is a simplified illustration of our organizational structure as at December 31, 2023:



Notes:

(1) As at December 31, 2023, the public held an approximate 78.5% effective ownership interest in the REIT (determined as if all Class B Units are redeemed for Units).

(2) As at December 31, 2023, Dream indirectly held 784,614 Units and 1,548,921 Class B Units representing an approximate 11.9% effective ownership interest in the REIT and Pauls held, directly or indirectly, 576,923 Units and 1,321,843 Class B Units representing an approximate 9.7% effective ownership interest in the REIT (in each case, determined as if all Class B Units are redeemed for Units).

(3) As at December 31, 2023, certain third party investors beneficially owned 4,140,439 Class B Units in consideration for the sale of the Initial Properties to the REIT on May 6, 2022, representing an approximate 21.1% effective ownership interest in the REIT.

(4) Ownership of the Properties is held through special purpose entities.

(5) Except as noted above, ownership interests below the REIT are 100%.

Our principal Subsidiary entities as of December 31, 2023 are described below:

US Holdco – a corporation governed by the laws of Delaware. Dream Residential REIT owns all of the common shares and preferred shares of US Holdco.

Holdco LLC – a limited liability company governed by the laws of Delaware. Holdco LLC holds an indirect interest in all of our Properties through special purpose entities. US Holdco owns all of the voting Class A Units. DAM USCo, Pauls, Pauls Asset Manager and certain other third party investors hold part of their economic interest in our business through their ownership of Class B Units. The Class B Units are, in all material respects, economically equivalent to the Units and are redeemable under certain circumstances by the holder thereof for cash or, as determined by Holdco LLC and as directed by the REIT in its sole discretion, Units (on a one-for-one basis).

GENERAL DEVELOPMENT OF THE BUSINESS

Completion of Initial Public Offering and Acquisition of the Initial Properties

Dream Residential REIT was formed on February 24, 2022 as a real estate investment trust for the purpose of acquiring and owning residential rental real estate properties.

On May 6, 2022, we completed our initial public offering of 9,620,000 Units at a price of $13.00 per Unit for gross proceeds of $125.1 million. In connection with the initial public offering, Dream Residential REIT indirectly acquired the Initial Properties. The net proceeds of the offering were used by the REIT to fund the cash component of the purchase price for the acquisition of the Initial Properties and for general trust purposes.

Concurrently with the closing of our initial public offering, we paid an advisory fee of $4.4 million, payable as to 50% to Dream Asset Manager LP, an affiliate of Dream Asset Manager, and 50% to Pauls Asset Manager, in recognition of the advisory services provided to us by the Asset Managers in relation to our initial public offering. The advisory fee was satisfied by the issuance of a total of 169,230 Units and 169,230 Class B Units to each of Dream Asset Manager LP and Pauls Asset Manager, respectively, in each case at a price of $13.00 per unit.

Under applicable Canadian securities laws, the acquisition of the Initial Properties was considered a “significant acquisition”. We filed a business acquisition report in respect of the acquisition. For information regarding the Initial Properties, see “Real Estate Portfolio”.

OTCQX Listing

On October 18, 2022, the Units commenced trading on the OTCQX under the ticker “DRREF”.

Shelf Prospectus

On May 2, 2023, we filed and obtained receipts for a final short form base shelf prospectus dated May 1, 2023 (the "**2023 Base Shelf Prospectus**"). The final base shelf prospectus was filed with securities regulatory authorities in each of the provinces in Canada. The final base shelf prospectus is valid for a 25-month period, during which time we may offer and issue, from time to time, Units, subscription receipts and debt securities, or any combination thereof. The specific terms of any offering of securities will be contained in a shelf prospectus supplement filed at the time of an offering.

Chief Executive Officer

On June 6, 2023, we announced the appointment of Mr. Brian Pauls as Chief Executive Officer of Dream Residential REIT.

Canadian Dollar Listing

On September 7, 2023, our Units commenced trading on the Toronto Stock Exchange in Canadian dollars under the symbol "DRR.UN".

Class B Unitholder Redemptions

Certain third-party investors hold part of their economic interest in our business through their ownership of Class B Units. The Class B Units are, in all material respects, economically equivalent to the Units and redeemable under certain circumstances by the holder thereof for cash or, as determined by Holdco LLC and as directed by the REIT in its sole discretion, Units (on a one-for-one basis).

The Operating Agreement provides that after holding Class B Units for at least 180 days (subject to acceleration in certain circumstances), the holders of Class B Units, acting individually, have the right to cause Holdco LLC to redeem all or a portion of such Class B Units for a cash payment of equivalent value or Units, as determined by Holdco LLC and as directed by the REIT in its sole discretion. Upon receiving any redemption requests, Holdco LLC and the REIT have five business days from the receipt of these redemption notices to determine if the Class B Units will be redeemed for cash and/or Units. During the year ended December 31, 2023, Holdco LLC received redemption requests from certain holders of Class B Units for a total of 2,948,627 Class B Units, all of which were redeemed on a one-for-one basis for an equivalent number of Units at a total market value of $20.1 million. See "Holdco LLC – Redemption Rights".

Value-Add Initiatives

From May 6, 2022 to December 31, 2023, renovations were completed on 636 units across properties in the Greater Dallas-Fort Worth region and the Greater Oklahoma City region. The return on invested capital from the resulting increase in monthly rent was consistent with management's target of 12%-16%. As of December 31, 2023, an additional 16 units are currently under renovation across our portfolio (nine units in the Greater Dallas-Fort Worth region and seven units in the Greater Oklahoma City region). We are targeting completion of over 350 units in 2024.

Dispositions

On November 29, 2023, we disposed of the Forrest Grove property located in Wichita, Kansas for gross proceeds, before adjustments and transaction costs, to us of $9.0 million.

Normal Course Issuer Bid

In January 2023, we filed with the TSX a notice of intention to make a normal course issuer bid, which commenced on January 6, 2023 and expired on January 5, 2024 (the "**2023 NCIB**"). Under the 2023 NCIB, we had the ability to purchase for cancellation up to a maximum of 973,418 Units (representing 10% of our public float of 9,734,182 Units at the time of commencement of the bid) through the facilities of the TSX. Daily repurchases under the 2023 NCIB were limited to 3,658 Units (representing 25% of the average daily trading volume of the Units on the TSX during the six calendar months preceding the approval of the bid, being 14,635 Units per day), other than purchases pursuant to applicable block purchase exceptions. Under the 2023 NCIB we purchased for cancellation 150,758 Units at an average price of $8.12 per Unit for a total cost of approximately $1.2 million.

In January 2023, we entered into an automatic securities purchase plan (the "**2023 ASP Plan**") with our designated broker in order to facilitate purchases of our Units under the 2023 NCIB. The 2023 ASP Plan terminated on January 5, 2024 concurrent with the termination of the 2023 NCIB.

Financing

On February 28, 2023, we obtained a 10-year interest only mortgage on Oak Place Apartments for gross proceeds totalling $14.4 million. The mortgage bears interest at a fixed face rate of 4.88% and matures on March 1, 2033. The net proceeds from this mortgage were partially used to repay the existing mortgage of $11.0 million on Oak Place Apartments. The previous mortgage was at a fixed rate of 4.44%, with principal amortization commencing in August 2023 and was originally scheduled to mature on July 1, 2025.

Environmental, Social and Governance

On November 21, 2022, the Dream group of companies (including the REIT, Dream Unlimited Corp., Dream Impact, Dream Office REIT and Dream Industrial REIT) published a sustainability update report, highlighting its progress in environmental, social and governance matters.

On May 31, 2023, the Dream group of companies (including the REIT, Dream Unlimited Corp., Dream Impact, Dream Office REIT and Dream Industrial REIT) published its 2022 Sustainability Report, highlighting its progress in environmental, social and governance matters (the "**2022 Sustainability Report**"). The 2022 Sustainability Report is available on our website. The information contained on our website and in the 2022 Sustainability Report is not incorporated by reference into this AIF.

In June 2023, we made our inaugural submission to the GRESB[(1)] assessment and achieved excellent performance in leadership, policies, reporting and targets.

In September 2023, the Dream group of companies (including the REIT, Dream Unlimited Corp., Dream Impact, Dream Office REIT and Dream Industrial REIT) made our first submission to the United Nations Principles for Responsible Investment.

RECENT DEVELOPMENTS

Normal Course Issuer Bid

In January 2024, we renewed our normal course issuer bid (the "**2024 NCIB**"), which commenced on January 8, 2024, and is to remain in effect until the earlier of January 7, 2025, or the date on which we purchase the maximum number of Units permitted under the 2024 NCIB. Under the 2024 NCIB, we have the ability to purchase for cancellation up to a maximum of 1,174,446 Units (representing 10% of our public float of 11,744,467 Units at the time of commencement of the bid through the facilities of the TSX). Daily repurchases under the 2024 NCIB are limited to 2,258 Units (representing 25% of the average daily trading volume of the Units on the TSX during the last six calendar months being 9,035 Units per day), other than purchases pursuant to applicable block purchase exceptions. As of March 28, 2024, under the 2024 NCIB, no Units have been purchased for cancellation.

In January 2024, in connection with the NCIB renewal, we entered into an automatic securities purchase plan (the "**2024 ASP Plan**") with our designated broker in order to facilitate purchases of our Units under the 2024 NCIB. The 2024 ASP Plan allows for purchases by us of Units at any time including, without limitation, times when we would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by us based upon the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, Units may also be purchased in accordance with management's discretion. The 2024 ASP Plan will terminate on January 7, 2025.

Class B Unitholder Redemption

On February 12, 2024, a total of 3,278,128 Class B Units were redeemed by the holders on a one-for-one basis for an equivalent number of Units at a total market value of $22.3 million. As at March 28, 2024, there are 3,733,075 Class B Units outstanding.

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(1) All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses, or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it.

Current Discussions Regarding Acquisitions and Dispositions

In the normal course of business, we are engaged in discussions with respect to possible acquisitions of new properties and dispositions of existing properties in our portfolio. However, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any acquisition or disposition would be. We expect to continue current discussions and actively pursue other acquisition, investment and disposition opportunities.

DESCRIPTION OF THE BUSINESS

Objectives

Our objectives are to:

- provide Unitholders with an opportunity to invest in a portfolio of residential rental real estate properties with a focus on multi-residential properties that are located in attractive U.S. markets with strong economic fundamentals;

- provide Unitholders with predictable, sustainable and tax-efficient cash distributions;

- enhance returns and increase the value of our properties by allocating capital thoughtfully, including investment in our value-add program, and creating a positive and lasting impact for our residents, fostering inclusive communities and mitigating negative effects on the environment; and

- expand our asset base across high growth U.S. residential markets through strategic acquisition opportunities that enhance value to Unitholders.

Strategy

We believe that we are well positioned to execute on our balanced growth strategy through both organic and external growth initiatives, including:

Organic growth and value-add strategy

We have an opportunity to strategically deploy capital to reposition and modernize units in our portfolio and to increase the rental rates on these units. We leverage our in-house property management team to implement value-add and cost-saving initiatives in our portfolio. Our management team and asset managers have extensive experience executing on similar value-add initiatives. Having an internal property management team also enables us to take a disciplined approach to cost-saving initiatives at the individual property level and for the broader portfolio. We believe that our team's focus on quality, process and responsiveness enables us to be an efficient property operator, and we also expect to benefit from consolidation of vendor services for our investment properties. We believe such cost-saving initiatives support our ability to create value for Unitholders.

External growth strategy

We continue to pursue a disciplined external growth strategy that includes third-party acquisitions and investments. We expect to target multi-residential assets located in growing markets of scale that feature favourable economic and demographic trends. Based on our Asset Managers' experience and on-the-ground knowledge, we believe that we can identify strong assets that will outperform the market as well as underperforming assets where we can improve performance. Through data analysis, operational experience, and local knowledge, we believe we have the ability to discern and identify undervalued assets and submarkets or regions. We believe we will be able to improve the operating performance of acquired properties to enhance cash flow and net asset value growth.

Disciplined capital allocation

Over time, we intend to deploy capital into three main types of real estate investment opportunities. We refer to these three categories as: (i) "Core" / "Core+"; (ii) "Value-Add"; and (iii) "Opportunistic". We believe that our capital allocation strategy will be effective in achieving our objectives of providing predictable and sustainable distributions while enhancing returns. Through active property and asset management, we intend to monitor the performance of our investments, the performance of the multi-residential real estate sector, and economic trends in order to allocate future capital to the investment opportunity category with the highest expected risk-adjusted return. We may selectively sell certain assets and recycle capital where we believe more attractive investment alternatives exist, subject to our assessment of the risk profile of the particular investment.

Conservative financial policy

We operate our business in a disciplined manner with a focus on maintaining a strong balance sheet and liquidity position. We intend to continue to maintain a prudent financial profile. Our debt strategy includes obtaining secured mortgage financing on a fixed rate basis. Our preference is to have staggered debt maturities to mitigate interest rate risk and limit re-financing exposure in any particular period. We also intend to enter into long-term loans at fixed or variable rates when borrowing conditions are favourable and may seek financing from other sources of low-cost capital.

Impact and environmental, social and governance ("ESG") focus

We focus on generating positive returns and stable cash flows, including through the thoughtful implementation of energy and resource management programs at our investment properties. We are also committed to integrating impact and responsible ESG practices in our business to further our objective of positively impacting our communities from a social perspective.

Competitive Conditions

A description of the competitive conditions relevant to our business is set out in our 2023 MD&A under the heading "Risks and our strategy to manage – Competition". The disclosure in

that section is incorporated by reference into this AIF. The 2023 MD&A has been filed and is available under our profile on SEDAR+ at www.sedarplus.com.

REAL ESTATE PORTFOLIO

Overview of Our Properties

As at March 28, 2024, we own a portfolio of 15 garden-style multi-residential properties consisting of 3,300 units located in four states across the Sunbelt and Midwest regions in the U.S.

Throughout this AIF, we make reference to the following categorizations of our Properties:

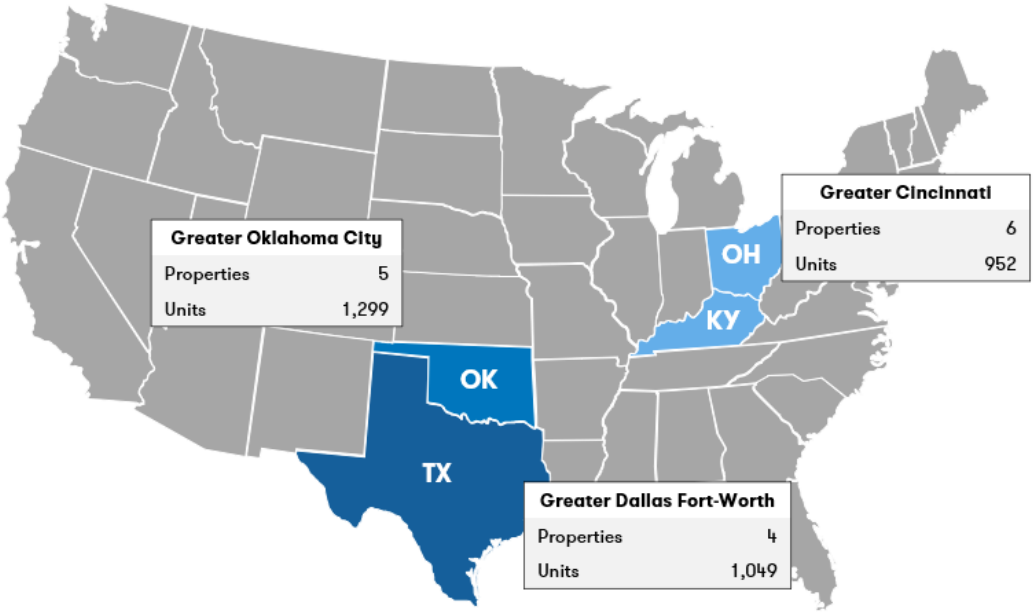
Core/Core+: We consider our "Core" or "Core+" properties to be quality, well-located and generally lower risk income producing assets with stable cash flows that provide the potential for higher returns through increasing rental rates. We view "Core" properties as those with stable cash flows and strong-in place rents that have minimal value-enhancing capital expenditure requirements. We view "Core+" properties as those with stable cash flows that offer incremental rental rate potential through limited amounts of capital investment. We consider approximately 70% of the Properties to be "Core" or "Core+" properties. We intend to manage our properties in the "Core" category and hold such properties for the long-term.

Value-Add: We consider "Value-Add" properties to be assets that require capital investment to unlock upside potential and generate attractive levels of stable cash flows. We consider approximately 30% of the Properties to be "Value-Add" properties. We expect to generate a compelling return on investments and generally improve the NOI growth outlook from these properties. Once a "Value-Add" property is generating stable cash flows, we intend to hold such property for the long term and reclassify the property into the "Core" or "Core+" category. We believe investing in "Value-Add" properties involves a moderate degree of risk.

Opportunistic: We consider "Opportunistic" investments to be assets that generally require moderate-to- significant amounts of capital investment. This potentially includes full renovations of the interior and exterior of the property, rebranding, and plans to unlock operational synergies through strong management. While "Opportunistic" investments, which are often shorter term in nature, may provide higher returns than acquisitions or investments in "Core" or "Core+" properties and "Value-Add" properties, they often also have uncertain and unpredictable cash flow and involve a higher degree of risk.

Our Properties are well-located within their respective markets and we believe they are well positioned to provide stable cash flows, with opportunities for us to increase rent over time. The following map illustrates the location, number of properties and units in our portfolio:

Portfolio Map



List of Properties

The following table presents certain information about our Properties as at December 31, 2023:

Property Name	Market	Category	No. of Units	Year Built	Average Unit Size (square feet)	Average Monthly In-Place Rent/Unit	Occupancy
Mansions at Riverside	Tulsa, OK	Core/Core+	352	2001	971	$1,246	93.8%
Council Crossing	Bethany, OK	Value-Add	339	1975	828	$901	93.5%
Oak Place Apartments	Oklahoma City, OK	Core/Core+	240	2002	750	$939	93.8%
Winchester Run	Oklahoma City, OK	Core/Core+	192	1985	625	$870	92.7%
Aspen Village	Broken Arrow, OK	Core/Core+	176	1996	849	$1,056	96.0%
The Morgan	Bedford, TX	Core/Core+	464	1980	941	$1,269	93.5%
Ascent at Lake Worth	Fort Worth, TX	Value-Add	265	1970	935	$1,266	94.3%
Creekwood Place	Lancaster, TX	Core/Core+	200	1997	1,072	$1,476	87.5%

Property Name	Market	Category	No. of Units	Year Built	Average Unit Size (square feet)	Average Monthly In-Place Rent/Unit	Occupancy
Rochelle Plaza	Irving, TX	Core/Core+	120	1978	886	$1,374	90.8%
The Commons	Cincinnati, OH	Core/Core+	288	1990	870	$1,268	96.9%
Maple Oaks	Middletown, OH	Value-Add	171	1974	972	$1,099	95.2%
Carriage Court	Cincinnati, OH	Core/Core+	121	1989	987	$1,273	94.2%
The Commons at Kettering	Dayton, OH	Value-Add	120	1968	888	$996	94.2%
Ashton Glen	Dayton, OH	Core/Core+	108	1997	950	$1,212	93.5%
Colts Crossing	Georgetown, KY	Core/Core+	144	1997	836	$1,107	93.8%
Total/ Weighted Average			**3,300**	**1987**	**892**	**$1,156**	**93.7%**

Additional data and information regarding the units and fair value by region of our Properties is set on page 6 of our 2023 MD&A, which disclosure is incorporated by reference into this AIF. The 2023 MD&A has been filed under our profile on SEDAR+ at www.sedarplus.com.

Property Descriptions

The following is a description of the Properties in our portfolio as of December 31, 2023.

Greater Cincinnati Region

Ashton Glen Apartments ("**Ashton Glen**") – 506 Stonington Circle, Centerville, Ohio

Ashton Glen is a garden-style apartment complex, consisting of nine two-storey buildings located in Centerville, Ohio. Ashton Glen was constructed in 1997 and contains 108 units on a 15-acre site. The units are a mix of one and two-bedroom units, averaging 950 square feet. The property is located close to the Far Hills Avenue/Interstate 675 interchange, providing convenient access to local amenities and employers, including the new Miami Valley Hospital South Campus and Dayton Mall. Key regional employers in the area include MetLife, Wright Patterson Air Force Base, and Kettering Medical Center.

Carriage Court ("**Carriage Court**") – 11580 Olde Gate Drive, Cincinnati, Ohio

Carriage Court is a garden-style apartment complex, consisting of five three-storey apartment buildings, a clubhouse facility, a swimming pool and an outdoor seating area located in Hamilton County in Northern Cincinnati. Carriage Court was constructed in 1989 and contains 121 units. The units are a mix of one and two-bedroom units. The one-bedroom units range from 900 to

980 square feet and the two-bedroom units range from 980 to 1,100 square feet. The property is located close to the Interstate 75 and Interstate 125 interstate highways, providing convenient access to local amenities and employers. Key regional employers include The Kroger Company, GE Aviation and TriHealth, Inc.

The Commons Apartments ("**The Commons**") – 10645 Springfield Pike, Cincinnati, Ohio

The Commons is a garden-style apartment complex, consisting of 12 three-storey residential buildings, a common clubhouse area, a laundry facility, a swimming pool with a landscaped sun deck, a business center, and a fitness center located in Hamilton County, Northern Cincinnati. The Commons was constructed in 1990 and contains 288 units. The units are a mix of one and two-bedroom units. The one-bedroom units average 749 square feet and the two-bedroom units average 1,022 square feet. The property is located close to the Interstate 75 and Interstate 125 highways, providing convenient access to local amenities and employers. Key regional employers include The Kroger Company, GE Aviation and TriHealth, Inc.

The Commons at Kettering ("**The Commons at Kettering**") – 4427 Wilmington Pike, Dayton, Ohio

The Commons at Kettering is a garden-style apartment complex consisting of nine two-storey buildings and a free-standing clubhouse facility located in Dayton, Ohio. The Commons at Kettering was constructed in 1968 and contains 120 units on a seven-acre site. The units are a mix of one, two, and three-bedroom units, which average 888 square feet. The property is located on a highly visible street corner and is located close to the Interstate 675 which offers easy access to local amenities and employers including the Wright-Patterson Air Force Base, Kettering Health Network and The Kroger Company.

Maple Oaks ("**Maple Oaks**") – 2743 El Camino Drive, Middletown, Ohio

Maple Oaks is a townhome community, consisting of 45 buildings, a swimming pool, playground, and green space located in Middletown, Ohio. Maple Oaks was constructed in 1974 and contains 171 units. The units are a mix of two and three-bedroom townhome units, which average 939 square feet. The property is located along the Interstate 75 corridor, providing convenient access to Cincinnati and Dayton, Ohio and local amenities and employers. Key regional employers include the Butler and Warren Country Governments, GE Aviation and various healthcare and insurance companies (including Cincinnati Financial Corp, Liberty Mutual and the Kettering Health Network).

Colt's Crossing ("**Colt's Crossing**") – 159 Elkhorn Meadows Drive, Georgetown, Kentucky

Colt's Crossing is a garden-style apartment complex, consisting of 12 three-storey buildings, a playground, outdoor grilling area, dog park and on-site laundry facilities located in Georgetown, Kentucky. Colt's Crossing was constructed in 1997 and contains 144 units on an 11-acre site. The units are a mix of two and three-bedroom units which average 836 square feet. The property is located in close proximity to local amenities and employers including Toyota's largest manufacturing plant in North America and Georgetown College. Some of the largest regional employers are the University of Kentucky, Xerox and Toyota.

Greater Dallas-Fort Worth Region

Ascent at Lake Worth ("**Ascent at Lake Worth**") – 6303 Shady Oaks Manor Drive, Fort Worth, Texas

Ascent at Lake Worth is a garden-style apartment complex consisting of 13 buildings, a fitness center, a business center, two pools and a dog park located in Fort Worth, Texas. Ascent at Lake Worth was constructed in 1970 and contains 265 units on a 16-acre site. The units are a mix of one, two and three-bedroom units, which range from 500 to 1,362 square feet and average 935 square feet. The property is located close to Jacksboro Highway and the Interstate 820, providing convenient access to downtown Fort Worth, downtown Dallas and local amenities and employers. Key regional employers include Lockheed Martin, Texas Health and Walmart.

Creekwood Place ("**Creekwood Place**") – 485 Rolling Hills Pl, Lancaster, Texas

Creekwood Place is a garden-style apartment complex, consisting of 15 two-storey residential buildings, an outdoor grill area, picnic areas, playground and swimming pool located in Lancaster, Texas. Creekwood Place was constructed in 1998 and contains 200 units on a 12-acre site. The units are a mix of two and three bedroom units, which average 1,072 square feet. The property is located close to three major interstate highways, providing convenient access to local amenities and employers in the Greater Dallas-Fort Worth area. Key regional employers include Lancaster Independent School District, Walmart and the City of Lancaster.

The Morgan ("**The Morgan**") – 1611 Oak Creek Lane, Bedford, Texas

The Morgan is a garden-style apartment complex, consisting of 58 two-storey residential buildings, a leasing office, a clubhouse, four swimming pools, a basketball court, on-site laundry facility and fitness center located in Bedford, Texas. The Morgan was constructed in 1980 and contains 464 units on a 23-acre site. The units are a mix of one, two and three-bedroom units. The one-bedroom units are 790 square feet, the two-bedroom units range from 995 to 1,098 square feet, and there is one three-bedroom unit that is 1,600 square feet. The property is located adjacent to the Texas State Highway 183, providing convenient access to Dallas, Fort Worth, and local amenities and employers, including the DFW International Airport, Texas Health Harris Methodist Hospital, Stonegate Shopping Center and AT&T Stadium. Key regional employers include American Airlines, Bell Helicopter and the Hurst-Euless-Bedford Independent School District.

Rochelle Plaza ("**Rochelle Plaza**") – 306 W Rochelle Rd, Irving, Texas

Rochelle Plaza is a garden-style apartment complex, consisting of eight two-storey residential buildings, a pool, volleyball courts, laundry facilities and a community picnic area located in Irving, Texas. Rochelle Plaza was constructed in 1978 and contains 120 units on a 4.7 acre site. The units are a mix of one, two and three-bedroom units, which average 886 square feet. The property is located close to the Texas State Highway 183, providing convenient access to Dallas, Fort Worth and local amenities and employers including the DFW International Airport. Key regional employers include Kimberly-Clark, ExxonMobil, Abbott Laboratories, AT&T and Citigroup.

Greater Oklahoma City Region

Aspen Village ("**Aspen Village**") – 1947 West Houston Street, Broken Arrow, Oklahoma

Aspen Village is a garden-style apartment complex, consisting of 23 buildings, a swimming pool, playground, fitness center, and resident clubhouse located in Tulsa, Oklahoma. Aspen Village was constructed in 1996 and contains 176 units on an 11 acre site. The units are a mix of one, two and three-bedroom units. The units range from 706 square feet to 1,116 square feet. The property is located close to major thoroughfares including Creek Turnpike, the Broken Arrow Expressway, and Highway 169 providing convenient access to downtown Tulsa and local amenities and employers including Tulsa International Airport, Northeastern State University, Saint Francis Hospital South and the Broken Arrow Performing Arts Center. Some of the largest regional employers are the Saint Francis Health System, Walmart and the Tulsa Public Schools.

Council Crossing ("**Council Crossing**") – 7290 Northwest 21st Street, Bethany, Oklahoma

Council Crossing is a garden-style apartment complex, consisting of 20 two-storey residential buildings, three outdoor swimming pools, two laundry facilities, an outdoor grilling area and a two-storey clubhouse that hosts a fitness center and resident lounge, located in Bethany, Oklahoma. Council Crossing was constructed in 1975 and contains 339 units on a 13-acre site. The units are a mix of one and two-bedroom units, which average 828 square feet. The property is located close to major interstate highways, providing convenient access to downtown Oklahoma City, and local amenities and employers including Will Rogers World Airport and Oklahoma State University. Some of the largest regional employers are the State of Oklahoma, Tinker Air Force Base and Integris Health.

Mansions at Riverside ("**Mansions at Riverside**") – 2805 E 97th Ct, Tulsa, Oklahoma

Mansions at Riverside is a garden-style apartment complex, consisting of 30 two-storey residential buildings, a clubhouse, a fitness centre, two pools and attached garages located in South Tulsa, Oklahoma. Mansions at Riverside was constructed in 2000 and contains 352 units on an 18-acre site. The units are a mix of one, two and three-bedroom units, which average 971 square feet. The property is located close to major thoroughfares including Creek Turnpike, providing convenient access to local amenities and employers including Oral Robert University. Some of the largest regional employers are the Saint Francis Health System, Walmart and Tulsa Public Schools.

Oak Place Apartments ("**Oak Place Apartments**") – 12500 South Western Avenue, Oklahoma City, Oklahoma

Oak Place Apartments is a garden-style apartment complex consisting of 18 two storey-residential buildings, a leasing office, a one-storey clubhouse building, and an outdoor swimming pool located in South Oklahoma City. Oak Place Apartments was constructed in 2002 and contains 240 units on a 13-acre site. The units are a mix of one-bedroom and two-bedroom units, which average 750 square feet. The property is located within close proximity to Interstate 35, Interstate 44 and Interstate 240, providing convenient access to downtown Oklahoma City and local amenities and employers including Will Rogers International Airport and Tinker Air

Force Base. Some of the largest regional employers are the State of Oklahoma, Tinker Air Force Base and Integris Health.

Winchester Run ("**Winchester Run**") – 201 Southeast 89th St, Oklahoma City, Oklahoma

Winchester Run is a garden-style apartment complex consisting of 12 two-storey residential buildings, a leasing office, a swimming pool with chaise lounge seating, outdoor game area, resident lounge and clubhouse located in South Oklahoma City, Oklahoma. Winchester Run was constructed in 1985 and contains 192 units on a 6.8-acre site. The units are a mix of one-bedroom and two-bedroom units, which average 625 square feet. The property is located close to the Interstate 35, providing convenient access to local amenities and employers including the Oklahoma City Community College. Some of the largest regional employers are the State of Oklahoma, Tinker Air Force Base and Integris Health.

ASSESSMENTS OF THE PROPERTIES

Environmental Site Assessments

Environmental legislation and policies have become increasingly stringent over the years. Such environmental laws provide a range of potential liabilities, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous or toxic substances released on, to, in or from our Properties or disposed of in any other location. The presence of such substances, if any, may also adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral, and could potentially also result in civil claims by private plaintiffs.

Phase I environmental site assessments have been completed at each of the Properties by an independent consultant from October 2021 to January 2022. The purpose of the Phase I environmental site assessments was to identify any existing or potential recognized environmental conditions ("**RECs**") in connection with the Initial Properties, which means the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property: (i) due to release to the environment; (ii) under conditions indicative of a release to the environment; or (iii) under conditions that pose a material threat of a future release to the environment. The Phase I environmental site assessments also identify any controlled recognized environmental conditions ("**CRECs**"), historical recognized environmental conditions ("**HRECs**") and environmental issues that do not qualify as RECs but can have a significant environmental or environmentally-driven impact in connection with the Properties.

The Phase I environmental site assessments prepared in respect of the Properties did not identify any RECs, CRECs or HRECs. Any environmental issues noted in the Phase I reports were issues that can be managed under operations and maintenance programs (or other plans) or which should be subject to short-term testing and did not warrant further environmental assessment or investigation.

Going forward, where appropriate, such assessments may be performed in connection with financing activities with respect to the Properties, as may be required under a lease, or to facilitate the purchase of properties not currently in our portfolio.

We are not aware of any non-compliance with environmental laws at any of the Properties that we believe would have a material adverse effect on us. We are not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with the Properties that would materially adversely affect us or the value of the Properties, taken as a whole.

We have policies and procedures in place to review and monitor environmental matters relating to our Properties, and the Governance, Compensation and Environmental Committee of our Board has oversight over these matters. Our operating policies require us to conduct a Phase I Environmental Site Assessment of real properties proposed to be acquired by us, subject to certain limited exceptions. We will continue to make appropriate capital and operating expenditures to ensure compliance with environmental laws and regulations.

Property Condition Assessments

Property condition assessment reports ("**PCA Reports**") were prepared for each of the Properties by an independent and experienced professional consulting engineering firm for the purpose of assessing the general overall physical condition of the Initial Properties and to make recommendations for the expected capital repair and replacement costs that the Initial Properties may reasonably encounter during the projected periods covered by the PCA Reports.

Each of the PCA Reports assessed, as applicable: (i) repairs required to be completed immediately (including life safety items and critical items recommended for completion within the next six months); (ii) deferred maintenance repairs (including significant priority repairs and replacements recommended to be addressed as soon as possible); and (iii) capital replacement reserves expenditures to be performed during the subsequent 12 years in order to maintain appropriate building conditions. The cost estimates in the PCA Reports were for components of systems exhibiting significant deferred maintenance and existing deficiencies requiring major repairs or replacement. Repairs or improvements that could be classified as (i) cosmetic, (ii) decorative, (iii) part or parcel of a buildings renovation program or to reposition the asset in the marketplace, (iv) routine or normal preventative maintenance, or (v) that are the responsibility of the tenants were not included.

Based on the PCA Reports, we believe that the Properties are generally well-maintained in accordance with their use. We expect reserves to adequately cover all known capital expenditures over the near term. We will monitor the appropriate level of repairs and maintenance and capital expenditures to ensure that our properties remain competitive.

INDEBTEDNESS

We maintain a prudent debt profile on our portfolio of Properties, considering market conditions and the financial characteristics of each Property. Our debt strategy includes obtaining secured mortgage financing on a fixed rate basis. Our preference is to have staggered debt maturities to mitigate interest rate risk and limit re-financing exposure in any particular period. We also intend to enter into long-term loans at fixed or variable rates when borrowing conditions are favourable and may seek financing from other sources of low-cost capital. We intend to target and maintain

a net total debt-to-net total assets ratio of 35%-45% in order to maximize returns while minimizing leverage risk.

We financed the acquisition of the Initial Properties with a combination of fixed rate secured debt with staggered maturities. Our fixed rate debt is initially comprised of mortgages on certain Properties which were assumed by us at the Closing (the "**Assumed Mortgages**"). We have a well laddered long term debt maturity profile, with a weighted average term to maturity of approximately 5.3 years as at December 31, 2023. All of our outstanding indebtedness is comprised of fixed rate debt, which mitigates our exposure to interest rate risk in a rising interest rate environment. Over time, we may use interest rate swap derivative instruments as part of our interest rate risk management strategy. These swaps are utilized to manage interest rate exposure over the period of the interest rate swaps.

Our aggregate indebtedness, before any mark-to-market adjustments, including the Assumed Mortgages was $144.0 million, representing the face value of the mortgages acquired as at December 31, 2023 and we have $70.0 million available under our Credit Facility for future opportunities. At December 31, 2023, our net total debt-to-net total assets ratio (a non-IFRS financial ratio) was 31.6%, total mortgages payable were $137.6 million and total assets were $411.9 million. Cash and cash equivalents of $10.9 million was subtracted from total mortgages payable and total assets to calculate the net total debt and net total assets utilized in the non-IFRS financial ratio. For more information on our indebtedness, see page 17 of our 2023 MD&A, which is incorporated by reference. The 2023 MD&A has been filed and is available under our profile on SEDAR+ at www.sedarplus.com.

The following table summarizes our total debt maturity profile as at December 31, 2023. All dollar amounts are expressed in thousands of dollars:

Mortgage maturities		Outstanding balance due at maturity	Weighted average contractual interest rate
2024	$	—	—
2025		14,950	4.05%
2026		—	—
2027		19,828	4.18%
2028		10,835	4.38%
Thereafter		97,783	3.91%
Total	$	143,396	4.00%
Scheduled principal repayments on non-matured debt (2025-2029)		613	
Total	$	144,009	
Unamortized financing costs		(1,353)	
Unamortized fair value discount on acquired mortgages		(5,024)	
Mortgages payable per consolidated financial statements	**$**	**137,632**	

Credit Facility

In connection with the closing of the initial public offering, Holdco LLC entered into a $70 million senior secured revolving credit facility (the "**Credit Facility**"). Holdco LLC is liable as a primary obligor or otherwise for the Credit Facility. The Credit Facility bears interest at the Secured Overnight Financing Rate plus a spread of 1.75% and a credit spread adjustment of 0.10% or Alternate Base Rate plus a spread of 0.75%. The initial term of the Credit Facility is three years and will be reviewed prior to that time. The Credit Facility is secured by a pledge of qualifying mortgages and a general security agreement over the assets of Holdco LLC. Holdco LLC is required to comply with certain covenants under the Credit Facility, including a requirement for the REIT to maintain minimum Total Net Worth of $225 million (plus 75% of future equity raises), maximum debt to total assets of no more than 60%, and a minimum interest coverage of 1.5 times. We have the ability to add other properties to the borrowing base and to remove properties, in each case if certain requirements are met. The following Properties have been pledged as security under the Credit Facility: Winchester Run, Mansions at Riverside, Creekwood Place and Rochelle Plaza.

The Credit Facility is used to fund short-term and long-term liquidity needs and will be used to refinance existing mortgages, and for general corporate purposes, including working capital, acquisitions monthly distributions and our value-add program.

As at December 31, 2023, our Credit Facility was undrawn.

TRUSTEES AND EXECUTIVE OFFICERS

Pursuant to the Declaration of Trust, Dream Residential REIT may have between five and 12 trustees at any given time and a majority of our trustees must be resident Canadians. Dream Residential REIT currently has five trustees, the majority of whom are resident Canadians.

Each of our Trustees is required to exercise the powers and discharge the duties of his or her office honestly and in good faith with a view to the best interests of Dream Residential REIT and its unitholders and, in connection with doing so, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The following table sets forth, as at March 28, 2024, the name, province or state and country of residence, position with Dream Residential REIT and principal occupation for each of our trustees and executive officers. Each Trustee of Dream Residential REIT is elected to hold office until the next annual meeting of our unitholders or until their successors are elected or appointed.

Name, Province or State and Country of Residence	Position/Title	Independent	Principal Occupation
Leonard Abramsky[(1)(2)] Ontario, Canada	Trustee	Yes	President of The Dunloe Group Inc.
P. Jane Gavan Ontario, Canada	Trustee	No	President, Asset Management of Dream and DAM

Name, Province or State and Country of Residence	Position/Title	Independent	Principal Occupation
Fahad Khan[(1)(2)] Ontario, Canada	Trustee	Yes	Vice President, Investments of E-L Financial Corporation Limited
Vicky Schiff[(1)(2)] Los Angeles, United States	Trustee	Yes	Corporate Director
Brian Pauls Colorado, United States	Trustee and Chief Executive Officer	No	Chief Executive Officer of the REIT, Executive Vice President, Industrial of Dream and DAM, and President of Pauls
Derrick Lau Ontario, Canada	Chief Financial Officer	-	Chief Financial Officer of the REIT and Vice President, Strategic Finance of DAM
Scott Schoeman Colorado, United States	Chief Operating Officer	-	Chief Operating Officer of the REIT and Managing Director, Multi-Residential Investments of Pauls

Notes:

(1) Member of the Audit Committee.
(2) Member of the Governance, Compensation and Environmental Committee.

Each of the foregoing has held his or her principal occupation for the past five years except for:

- Ms. Vicky Schiff, who, previously held the role of Co-founder and Managing Partner of Mosaic Real Estate Investors until August 2021; and
- Ms. P. Jane Gavan who previously held the role of Chief Executive Officer of Dream Residential REIT until June 6, 2023.

As at December 31, 2023, our Trustees and executive officers beneficially owned, directly or indirectly, as a group, 70,126 Units and no Class B Units, which together represent approximately 0.4% of the outstanding Units (determined as if all Class B Units are redeemed for Units).

Committees of the Board

The Board currently has two committees: the Audit Committee and the Governance, Compensation and Environmental Committee. The corporate governance guidelines in National Policy 58-201 – *Corporate Governance Guidelines* recommend that an issuer's nominating committee and compensation committee be composed entirely of "independent" directors, within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Our Declaration of Trust also requires that committees of the trustees be composed of a majority of "Independent Trustees". Our Declaration of Trust also requires that a majority of the Trustees

on each of these committees be resident Canadians. Each member of a committee shall serve on such committee until such member resigns from such committee or otherwise ceases to be a Trustee.

Audit Committee

NI 52-110 and the Declaration of Trust require the Board to have an Audit Committee consisting of at least three Trustees, each of whom must be independent and "financially literate". NI 52-110 requires that, subject to limited exceptions, every member of the Audit Committee be "independent" for purposes of NI 52-110. The Board has adopted a charter of the Audit Committee, a copy of which is attached as Schedule A to this AIF.

The Audit Committee is responsible for monitoring Dream Residential REIT's systems and procedures for financial reporting and internal controls and the performance of Dream Residential REIT's external auditor. It is responsible for reviewing certain public disclosure documents prior to their approval by the full Board and release to the public including, among others, Dream Residential REIT's annual and interim financial statements and management's discussion and analysis. The Audit Committee is also responsible for recommending to the Board the firm of chartered professional accountants to be nominated for appointment as the external auditor, and for approving the assignment of any non-audit work to be performed by the external auditor. The Audit Committee have direct communication channels with our Chief Financial Officer and our external auditors to discuss and review such issues as the Audit Committee may determine to be appropriate. The Audit Committee meets regularly in private sessions with Dream Residential REIT's external auditor, without management present, to discuss and review specific issues as appropriate. The Audit Committee met four times in 2023.

At March 28, 2024, the Audit Committee was comprised of the following three trustees: Leonard Abramsky, Fahad Khan (Chair) and Vicky Schiff, each of whom is an Independent Trustee. The Board has determined that each of the members of the Audit Committee is "financially literate" within the meaning of NI 52-110.

Relevant Education and Experience

Each member of the Audit Committee possesses considerable education and experience relevant to the performance of his or her responsibilities as an Audit Committee member.

Mr. Leonard Abramsky is a real estate investor and advisor. He has over 38 years of experience in the commercial real estate industry. Mr. Abramsky is currently the President of The Dunloe Group Inc., a Toronto-based real estate investment company. In his current role, he actively oversees investments in private equity, real estate assets and private debt. Along with founding The Dunloe Group Inc., Mr. Abramsky was Managing Partner of Brookfield Financial Corp. ("**BFIN**"). From 2005 to 2018, he held positions of increasing responsibility with BFIN in a number of areas including the active trading and financing of all forms of commercial property (with a particular focus on real estate assets) and overseeing the global expansion of the firm to 9 countries and 15 offices. During this time, he also served on the board of directors of Rouse Properties Inc., a U.S. public retail company which was privatized by Brookfield in 2016. Mr. Abramsky is a trustee of First Capital Real Estate Investment Trust where he also serves as a

member of the audit and compensation committees. Mr. Abramsky is also a trustee of H&R REIT where he also serves as a member of the investment committee. Mr. Abramsky is the past Chair and current member of the investment committee of the Jewish Foundation of Greater Toronto. He is former Co-Chair of the 2020 Annual UJA Campaign.

Mr. Fahad Khan is the Vice-President and Chief Investment Officer at E-L Financial Corporation Limited. In this role, Mr. Khan works closely with the Chief Executive Officer in overseeing all of the company's investment activities and is responsible for a global portfolio of investments across public and private markets. As part of the executive team, Mr. Khan is actively involved in all aspects of the business with a focus on capital markets and strategic initiatives. Mr. Khan sits on the Board of Directors of United Corporations Limited, a publicly-listed company on the Toronto Stock Exchange. Mr. Khan also participates as a board observer on The Empire Life Insurance Company and Algoma Central Corporation. Previously, Mr. Khan worked at Ernst & Young LLP in the Transaction Advisory Services and Banking and Capital Markets practices. Mr. Khan holds a Master of Management and Professional Accounting and an Honours Bachelor of Science from the University of Toronto. Mr. Khan is also a holder of the Chartered Professional Accountant and Chartered Financial Analyst designations.

Ms. Vicky Schiff most recently served as the Co-Founder of MREC Management, LLC and its affiliate co-mingled open-ended fund(s) Mosaic Real Estate Credit which focused on origination and managing real estate debt investments across the U.S. In November 2021, Mosaic announced a merger with Ready Capital Corporation. Ms. Schiff's investment career began in the early 1990s as an acquisition executive in Los Angeles for an opportunistic real estate investment firm. She subsequently founded five firms including a multi-state self-storage platform, a capital advisory firm, an institutional real estate fund-of-funds, a post-crisis distressed investment firm and a debt fund manager. Ms. Schiff is a frequent speaker at institutional real estate and capital markets conferences, has written for various publications, has appeared as an industry expert on Bloomberg TV, and was honored with the 2021 Executive of The Year Award for the San Fernando Business Journal's Women's Council. Her past board experiences include the Los Angeles City Employees' Retirement System (LACERS), the Board of Advisors of Vanir Construction Management, the Board of Advisors of Morgan Properties, and the Board of Directors of Dream Unlimited Corp. Currently, Ms. Schiff serves on the Board of Trustees of Dream Industrial REIT and as an Advisor to several privately held real estate companies. Her non-profit board experience includes Young Presidents Organization (YPO), The Robert Toigo Foundation, The Lusk Center for Real Estate at USC, The Price Center for Entrepreneurial Studies at UCLA, and she was the Founder of an elite organization of C-Suite women real estate investors. She earned a Bachelor of Science degree from the University of Southern California, a Master of Business Administration from The Anderson School of Management at UCLA and a Masters of Studies in Law from USC. In 2022, she joined The Graziadio Business School at Pepperdine University as an Adjunct Professor in Real Estate Finance and serves as a Faculty Advisor at the UCLA Anderson School of Management.

Pre-Approval Policies and Procedures

The Audit Committee charter requires that all non-audit services to be provided to Dream Residential REIT or any of its Subsidiaries by the external auditor or any of its affiliates are

subject to pre-approval by the Audit Committee; however, the Audit Committee may delegate such responsibility to one or more of its members.

Auditor's Fees

The aggregate fees billed by PricewaterhouseCoopers LLP, Dream Residential REIT's external auditor during the years ended December 31, 2023 and 2022 for professional services, are presented below in Canadian dollars:

	Year ended December 31, 2023	Year ended December 31, 2022[1]
Audit fees[2]		
Audit of consolidated financial statements	$ 204,422	$191,625
Review of interim consolidated financial statements	100,170	70,875
Audit of Dream Residential REIT's subsidiaries	12,243	11,550
Base shelf prospectus and comforting procedures	52,500	-
Audit-related fees[3]	42,525	-
Tax fees[4]		
Tax fees (advisory and compliance)	92,400	123,375
All other fees[5]	25,200	983,325
Total	**$ 529,460**	**$1,380,750**

Notes:

(1) Comparative period audit fees have been restated to include administrative support fees and to reflect current period presentation.
(2) "Audit fees" are aggregate fees relating to the audit and review of our consolidated financial statements.
(3) "Audit-related fees" are aggregate fees billed by our external auditor for ESG assurance services.
(4) "Tax fees" include the aggregate fees paid to the external auditor for tax compliance, tax advice, tax planning and advisory services.
(5) "All other fees" are aggregate fees billed in 2023 and 2022 for products and services provided by our external auditor, other than the services reported under "Audit fees", "Audit-related fees" and "Tax fees" in the table above. These mainly comprise translation services, and non-recurring fees related to the initial public offering of Dream Residential REIT.

Governance, Compensation and Environmental Committee

The Governance, Compensation and Environmental Committee is comprised of three Trustees, all of whom are determined to be Independent Trustees. The Governance, Compensation and Environmental Committee is charged with reviewing, overseeing, and evaluating our governance, environmental and compensation policies. These responsibilities will include developing, recommending, implementing and assessing governance principles and guidelines for us, identifying candidates for Trustees and recommending such candidates for election at the annual meetings of unitholders, monitoring and reviewing environmental matters and assisting the Board in discharging its oversight responsibilities relating to retention and compensation of Trustees and officers of the REIT.

The Board has adopted a written charter for the Governance, Compensation and Environmental Committee setting out its responsibilities for: (i) assessing the effectiveness of the Board, each of its committees and individual Trustees; (ii) the recruitment and selection of candidates as Trustees; (iii) overseeing an orientation and education program for new Trustees; (iv) establishing policies to enable individual Trustees to engage outside advisors at our expense with the approval of the Governance, Compensation and Environmental Committee with respect to

certain matters; (v) reviewing and making recommendations to the Board concerning any change in the number of Trustees comprising the Board; (vi) reviewing the annual report which sets out the environmental state of real property owned by us; (vii) reviewing, monitoring and overseeing ongoing environmental risk exposure and our commitments; (viii) reviewing our disclosure relating to our environmental, social, governance and/or impact investing related activities; (ix) overseeing and approving commitments to the creation of environmental awareness, the implementation of an environmental management approach regular reporting on environmental issues and consultation with stakeholders on environmental issues; (x) overseeing our process for collecting and receiving reports on our greenhouse gas emissions data; (xi) with respect to our disclosures relating to environmental, social, governance and impact investing matters, reviewing all such disclosure and overseeing a process for ensuring such disclosure is made in accordance with applicable standards; (xii) considering questions of management succession; (xiii) administering our deferred unit incentive plan, any unit option or purchase plan and any other management compensation programs and making recommendations in respect of grants under such plans; (xiv) reviewing our compensation of our executive officers; (xv) reviewing and recommending any changes to our code of conduct, including any changes recommended by the Audit Committee, and granting any waivers from the application of our code of conduct for certain individuals and (xvi) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to our Trustees.

At March 28, 2024, the Governance, Compensation and Environmental Committee was comprised of the following three Independent Trustees: Leonard Abramsky, Fahad Khan and Vicky Schiff.

Term of Office

Our Trustees will be elected at each annual meeting of our unitholders for a term expiring at the conclusion of the next annual meeting or until their successors are elected or appointed and will be eligible for re-election. A Trustee appointed by the Trustees between meetings of unitholders or to fill a vacancy will be appointed for a term expiring at the conclusion of the next annual meeting of our unitholders or until his or her successor is elected or appointed and will be eligible for election or re-election.

Our Declaration of Trust provides that a Trustee may resign upon written notice to us and may be removed with or without cause by a majority of the votes cast at a meeting of unitholders called for that purpose or with cause by two-thirds of the remaining Trustees.

A vacancy occurring among our Trustees may be filled by resolution of the remaining Trustees, so long as they constitute a quorum, or by the unitholders at a meeting of the unitholders.

Independent Trustee Matters

In addition to requiring the approval of a majority of our Trustees, the following matters require the approval of at least a majority of our Independent Trustees who have no interest in the matter to become effective:

- making any material change to the Asset Management Agreement or the Services Agreements or the Non-Competition Agreement (including any termination thereof) or any increase in the fees payable thereunder (or any change thereto which has the effect of increasing the fees payable thereunder);

- entering into any agreement or transaction in which any Related Party has a material interest or making a material change to any such agreement or transaction;

- approving or enforcing any agreement entered into by us with a Related Party;

- permitting any of our Subsidiaries to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party; and

- making or prosecuting any claim by or against any Related Party.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Corporate Cease Trade Orders and Bankruptcies

None of our Trustees or executive officers, is, as at the date of this AIF , or has been within the 10 years prior to the date of this AIF, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the Trustee or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the Trustee or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Individual Bankruptcies

None of our Trustees or executive officers, and to the best of Dream Residential REIT's knowledge, no Unitholder holding a sufficient number of our securities to affect materially the control of us, has, within the 10 years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

None of our Trustees or executive officers, and to the best of Dream Residential REIT's knowledge, no Unitholder holding a sufficient number of our securities to affect materially the control of us, has been, within the 10 years prior to the date of this AIF, subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest Restrictions and Provisions

The Declaration of Trust contains "conflict of interest" provisions similar to those applicable to corporations under Section 132 of the OBCA which serve to protect Unitholders without creating undue limitations on us. Given that our Trustees and officers are engaged in a wide range of real estate and other business activities, the Declaration of Trust requires each of our Trustees and officers to disclose if he or she is a party to a material contract or transaction or proposed material contract or transaction with us or the fact that such person is a director or officer, or an

individual acting in a similar capacity, of a party to a material contract or transaction or proposed material contract or transaction with us. Such disclosure is required to be made by a Trustee: (a) at the meeting of the Board or the applicable committee thereof, as the case may be, at which a proposed contract or transaction is first considered, (b) if the Trustee was not then interested in a proposed contract or transaction, at the first such meeting after a Trustee becomes so interested, (c) if the Trustee becomes interested after a contract is made or a transaction is entered into, at the first such meeting after the Trustee becomes so interested, or (d) at the first meeting after an interested party becomes a Trustee. Disclosure is required to be made by each of our officers as soon as the officer becomes aware that a contract or transaction or proposed contract or transaction is to be, or has been, considered by the Board or applicable committee thereof, as soon as the officer becomes aware of his or her interest in a contract or transaction or, if not currently an officer, as soon as such person becomes an officer. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Board, that Trustee or officer is required to disclose in writing to the Board or applicable committee thereof or request to have entered into the minutes of the meeting of the Board or applicable committee thereof the nature and extent of his or her interest forthwith after the Trustee or officer becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction, unless the contract or transaction is one relating primarily to his or her remuneration for serving as a Trustee, officer, employee, or agent of us or a subsidiary or is one for indemnity under the indemnity provisions of the Declaration of Trust or is for the purchase of liability insurance. Certain of our Trustees may have conflicts of interest as a result of their current full-time positions and these conflicts will be expressly acknowledged.

Certain of our Trustees or officers may act as a trustee, director or officer of one or more of Dream or Pauls. For any of our Trustees or officers who also acts as a trustee, director or officer of Dream or Pauls, a potential material conflict of interest could arise where an acquisition opportunity for a property arises for us and one of the other entities referred to above. See “Real Estate Management and Advisory Services — Non-Competition Agreement”.

Executive Officers

The responsibilities of our senior management include: (a) leading our management and implementing the resolutions and policies of the Board; (b) providing the Board with information and advice relating to the operation of our Properties, acquisitions and financings; (c) establishing, at least on an annual basis, investment and operating plans for the ensuing period; (d) conducting and supervising the due diligence required in connection with proposed acquisitions and completing any acquisitions or dispositions; (e) maintaining our books and financial records; (f) determining and preparing designations, elections and determinations to be made in connection with income and capital gains for tax and accounting purposes; (g) preparing reports and other information required to be sent to Unitholders and other disclosure documents; (h) calculating all distributions; (i) communicating with Unitholders and other persons, including investment dealers, lenders and professionals; and (j) administering or supervising the administration, on behalf of the Board, of the payment of cash distributions and other distributions.

Trustees' and Officers' Liability Insurance

We carry Trustees' and officers' liability insurance with a total annual aggregate policy limit of $20 million (comprised of a $10 million primary policy and two $5 million excess policies). Under this insurance coverage, we will be reimbursed for insured claims where payments have been made under indemnity provisions for our Trustees and officers contained in the Declaration of Trust, subject to a deductible for each loss, which will be paid by us. Individual Trustees and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by us. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts. In addition, we enter into indemnity agreements with each of our Trustees and officers.

REAL ESTATE MANAGEMENT AND ADVISORY SERVICES

Asset Management Arrangements

Dream Asset Manager, a subsidiary of Dream, and Pauls Asset Manager, a subsidiary of Pauls, are our asset managers (together, the "**Asset Managers**"). Pursuant to the Asset Management Agreement, the Asset Managers provide us with the following asset management services:

(a) provide the services of a chief executive officer and chief financial officer and related services, including advisory, consultation and investment management services and monitor our financial performance;

(b) advise the Board on strategic matters, including potential acquisitions, dispositions, financings and development;

(c) provide guidance to property managers on operating and capital expenditures;

(d) identify, evaluate, recommend and assist in the structuring of acquisition, disposition and other transactions;

(e) advise and assist with borrowings, issuances of securities and other capital requirements, including assistance in dealings with banks and other lenders, investment dealers, institutions and investors;

(f) make recommendations with respect to the payment of distributions;

(g) provide advice in connection with the preparation of business plans and annual budgets, implement such plans and budgets and monitor our financial performance;

(h) advise us with respect to investor relations strategies and activities;

(i) advise with respect to regulatory compliance requirements, risk management policies, compliance with our environmental, social and governance framework and certain litigation matters; and

(j) any additional services as may from time to time be agreed to in writing between us and the Asset Managers for which the Asset Managers will be compensated on terms to be agreed upon between us and the Asset Managers prior to the provision of such services.

The Asset Managers are entitled to the following fees for their asset management services, in each case, payable in cash as to 50% to Dream Asset Manager and 50% to Pauls Asset Manager or in such other proportions as the Asset Managers shall advise us from time to time:

- a base annual management fee calculated and payable on a monthly basis and in arrears on the first day of each month, equal to 0.25% of the Historical Property Purchase Price paid by us for properties.

- an incentive fee for each fiscal year calculated and payable on an annual basis in arrears equal to the product of: (i) the weighted average number of issued and outstanding Units and Class B Units for such fiscal year, multiplied by (ii) 15% of the amount by which DRR FFO per Unit exceeds the amount of $0.72, increasing annually by 50% of the increase in the U.S. Consumer Price Index. If there is an acquisition of control of the REIT, the incentive fee will be calculated and paid on the basis that there is a deemed disposition of all of the properties (at a deemed sale price equal to the implied value of the properties based on the transaction giving rise to the acquisition of control of the REIT, as agreed by the REIT and the Asset Managers, each acting reasonably).

- a capital expenditures fee for each fiscal year payable on a quarterly basis in arrears equal to the difference between: (i) 5% of hard construction costs incurred on all capital projects undertaken in respect of a direct investment property (consolidated in the REIT's audited annual financial statements) in excess of $1,000,000 for a fiscal year excluding: (A) construction costs incurred for work done on behalf of tenants or in respect of any maintenance capital expenditures; (B) construction costs incurred in connection with a development or redevelopment project for which the Asset Managers or one of their respective affiliates acts as the development manager and is paid a development fee; and (ii) the amount of any development fee or cost recovery paid by us in such fiscal year in respect of any development or redevelopment of a direct investment property pursuant to a development agreement entered into with a third party developer with the consent of the Asset Managers.

- an acquisition fee equal to: (i) 1.0% of the Historical Property Purchase Price of a property, on the first $100,000,000 of properties acquired in each fiscal year; (ii) 0.75% of the Historical Property Purchase Price on the next $100,000,000 of properties acquired in each fiscal year; and (iii) 0.50% of the Historical Property Purchase Price on properties in excess of $200,000,000 acquired in each fiscal year. The Asset Managers did not receive an acquisition fee from us in respect of the acquisition of the Initial Properties. Any acquisition fee will be payable upon the completion of the purchase of the relevant property.

- a financing fee calculated and payable on a quarterly basis in arrears covering actual expenses of supplying services to us relating to financing transactions. Such services are provided on a cost-reimbursement basis, and this fee is not intended to have a profit component for the Asset Managers. The financing fee is charged at 0.25% of the debt and equity of all financing transactions completed for us, but an adjustment is made at the end of each fiscal year to reflect the actual amount of expense of supplying services to us. If financing fees paid by us exceed the actual amount of this expense, the Asset Managers reimburse us for the difference. Likewise, if financing fees paid by us are less than the actual amount of this expense, we pay the Asset Managers for the difference. The Asset Managers did not receive a financing fee in respect of the acquisition of the Initial Properties or the initial public offering.

In addition, subject to certain exceptions, we will reimburse the Asset Managers for all reasonable actual out-of-pocket costs and expenses paid by the Asset Managers and overhead and internal costs incurred by the Asset Managers in connection with the performance of the services described in the Asset Management Agreement or such other services which we and the Asset Managers agree in writing are to be provided from time to time by the Asset Managers, provided that the Asset Managers will not be reimbursed for any costs and expenses incurred in connection with the provision of a chief executive officer or chief financial officer to the REIT (other than out-of-pocket costs incurred by the chief executive officer and chief financial officer in their performance of such roles). If requested, the REIT will also provide or cause to be provided to the Asset Managers office space, computer services and support, human resource support and office services support as required for the Asset Managers to carry out their duties under the Asset Management Agreement or shall reimburse the Asset Managers for the cost of such items. Under the terms of the Asset Management Agreement, the Asset Managers will be entitled to delegate certain duties to another person (provided that the Asset Managers shall remain responsible for the performance of such duties and obligations). The Asset Managers may assign their rights or interests in the Asset Management Agreement (including the assignment by either Asset Manager of its rights and interests to the other Asset Manager) only with the approval of the REIT.

The Asset Management Agreement is for a term of ten years (the "**Initial Term**") and is renewable for further five year terms (together with the Initial Term, the "**Term**"), unless and until the Asset Management Agreement terminates in accordance with the provisions thereof. Subject only to the termination provisions in the Asset Management Agreement, the Asset Managers will automatically be rehired at the expiration of each Term. The Asset Managers have the right, at any time after the expiry of the Initial Term, but upon 180 days' notice, to terminate our Asset Management Agreement for any reason and in connection with such termination all accrued fees under the Asset Management Agreement, including the accrued and unpaid portion of the incentive fee (calculated as if all the properties were sold at a deemed sale price equal to the fair value of all of the properties, as agreed to by the REIT and the Asset Managers, each acting reasonably), if any, are payable to the Asset Managers.

The Asset Management Agreement will automatically terminate on the earlier of: (i) the end of the Term (as extended, if applicable), (ii) as to any property or indirect investment property, the date such property or indirect investment property, as the case may be, is disposed of by the REIT or its Subsidiaries or, if applicable, other investment entity, and (iii) the date when all the

properties have been disposed of by the REIT or its Subsidiaries. In these circumstances, the Asset Managers shall be paid all expenses for which they are entitled to be reimbursed together with any accrued base asset management fees, incentive fees (only in respect of a termination pursuant to (i) and (iii), and calculated as if all the properties were sold at a deemed sale price equal to the fair value of all of the properties, as agreed to by the REIT and the Asset Managers, each acting reasonably), capital expenditure fees, acquisition fees and financing fees.

We have the right to terminate the Asset Management Agreement upon an event of default or event of insolvency of an Asset Manager (within the meaning of such terms under the Asset Management Agreement) by giving notice to the Asset Managers, which notice shall provide the reason for termination in reasonable detail and shall be effective in accordance with the provisions of the Asset Management Agreement. Upon any such termination in respect of only one of the Asset Managers, provided that the Asset Manager not in default or that is not insolvent continues to provide all of the services and to meet all of the obligations of the Asset Managers under the Asset Management Agreement, the agreement will remain in full force and effect between the REIT and such non-defaulting Asset Manager, mutatis mutandis, with all obligations of the Asset Managers being obligations of the continuing Asset Manager, and such Asset Manager shall be entitled thereafter to be paid 100% of the base asset management fee, the incentive fee, the capital expenditures fee, acquisition fee and financing fee.

We may also terminate the Asset Management Agreement at the end of a Term if the Independent Trustees determine that the Asset Managers have not been meeting their obligations under the Asset Management Agreement and such termination is approved by at least two-thirds of the votes cast by Unitholders at a meeting of Unitholders called and held for such purpose, provided that we provide the Asset Managers with at least 12 months' prior written notice of such termination.

Services Agreements

Dream Services Agreement

Pursuant to the Dream Services Agreement, Dream and its affiliates provide certain administrative services to us on an as-needed and cost-recovery basis, such as the use of office space and equipment, management advisory services, legal and regulatory, tax advisory, acquisition, disposition and financing advisory and execution services, debt and treasury financing strategy and execution services, communications, governance and risk management, shareholder/unitholder relations, accounting, insurance, information technology and payroll services and such other administrative and support services as may be agreed from time to time.

We or Dream may terminate the Dream Services Agreement at any time upon at least 180 days' prior written notice.

Pauls Services Agreement

Pursuant to the Pauls Services Agreement, Pauls and its affiliates provide certain administrative services to us on an as-needed and cost-recovery basis, such as the use of office space and equipment, management advisory services, legal and regulatory, tax advisory, acquisition,

disposition and financing advisory and execution services, debt and treasury financing strategy and execution services, communications, governance and risk management, shareholder/unitholder relations, accounting, insurance, information technology and payroll services and such other administrative and support services as may be agreed from time to time.

We or Pauls may terminate the Pauls Services Agreement at any time upon at least 180 days' prior written notice.

Non-Competition Agreement

The Non-Competition Agreement governs aspects of the relationship between Dream, Pauls and the REIT. Pursuant to the Non-Competition Agreement, each of Dream and Pauls have agreed that it and its respective subsidiaries will not directly or indirectly acquire an ownership interest in any multi-residential, revenue-producing real property located in the United States, which meet the investment criteria of the REIT (being an investment in a "Core" or "Core+" or "Value-Add" property and such other categories subsequently determined by the Board and agreed to by the Asset Managers), unless such investment opportunity has first been offered to us (an "**Investment Notice**") in accordance with the terms of the Non-Competition Agreement. This investment restriction does not apply to vacant land, single-family residential housing, hotels, resorts, residential condominium units, nursing homes or retirement homes or any combination of the foregoing exceptions.

In addition, this investment restriction does not apply to: (a) passive real estate investments made by Dream, Pauls or their respective subsidiaries where the amount of each investment is less than $25 million and represents less than a 25% interest in the real property; (b) investments by Dream, Pauls or their respective subsidiaries in properties that do not meet our investment criteria; (c) investments made by Dream, Pauls or their respective affiliates on behalf of fiduciary, managed or client accounts; (d) investments by Dream, Pauls or their respective subsidiaries that result from the realization on a loan secured by the restricted property; and (e) investments that were already owned by Dream, Pauls or any of their respective subsidiaries as of the date of the Non-Competition Agreement.

With respect to multi-residential, revenue-producing real property located in the United States which meet the investment criteria of the REIT that are owned, rezoned or developed by Dream, Pauls or any of their respective subsidiaries, other than any such property that has been previously the subject of an Investment Notice delivered to the REIT which the REIT elected not to pursue, each of Dream or Pauls, as the case may be, will provide us with a first opportunity to acquire such properties when offered for sale, but Dream and Pauls will be free to offer such properties to other parties in the event that we and Dream or Pauls, as the case may be, are not able to agree on the price or other terms for the acquisition. This right of first opportunity does not apply to investments that are already owned by Dream, Pauls or their respective affiliates as of the date of the Non-Competition Agreement.

The Non-Competition Agreement provides that Dream, Pauls and their respective subsidiaries will no longer be bound by the terms of the Non-Competition Agreement when Dream Asset Manager and Pauls Asset Manager are no longer our Asset Managers or, in the case of any

subsidiary of Dream or Pauls, when such entity has ceased to be an affiliate of Dream Asset Manager or Pauls Asset Manager, as applicable.

EMPLOYEES

As at December 31, 2023, Dream Residential REIT and its Subsidiaries had 88 employees.

INVESTMENT GUIDELINES AND OPERATING POLICIES

The REIT's investment and operating activities are limited because our operating business is carried out by US Holdco, Holdco LLC and our Subsidiaries. The investment guidelines governing our investments in real estate and other assets and the operating policies governing our investments are set out below.

Investment Guidelines

Pursuant to the Declaration of Trust, our assets may be invested only in accordance with the following investment guidelines and the REIT will not permit any of its Subsidiaries to conduct its operations and affairs other than in accordance with the following investment guidelines:

(a) the REIT will only invest in units, notes or other securities of its Subsidiaries and amounts receivable in respect of such units, notes or other securities cash and similar deposits with a Canadian or U.S. chartered bank, credit union or trust company, short-term government debt securities or money market instruments maturing prior to one year from the date of issue, and, subject to the limitations set out in paragraph (b) and (c) below, such other investments as the Trustees deem advisable from time to time;

(b) the REIT will not make or permit any of its Subsidiaries to make, and Subsidiaries of the REIT will not make, any investment that would result in: (i) the Units being disqualified for investment by Plans; (ii) the REIT and any of its Subsidiaries being liable to pay a tax imposed under either paragraph 122(1)(b), subsection 197(2) or Part XII.2 of the Tax Act or (iii) the REIT ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act;

(c) the business of the REIT shall be limited to and conducted in such a manner as to permit the REIT at all times to be classified as a "real estate investment trust" (as defined in the Code) for U.S. federal income tax purposes, unless at least $66^{2}/_{3}\%$ of the Trustees have determined, in their discretion, that the REIT cease qualifying as a "real estate investment trust" under the Code;

(d) subject to the qualifications set out in paragraphs (b) and (c), the REIT and Subsidiaries of the REIT will focus their investment activities on interests (including fee ownership and leasehold interests) in real estate and real estate related assets (including for greater certainty, assets whose revenue stems primarily from residential and multi-family assets but which may include income from other classes of real property), assets ancillary thereto necessary for the

operation of such real estate and such other activities as are consistent with the other investment guidelines of the REIT; and

(e) Subsidiaries of the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred and secured by a mortgage on such property) up to 25% of Adjusted Unitholders' Equity in investments or transactions which do not otherwise comply with the REIT's investment guidelines, so long as the investment does not contravene paragraphs (b) and (c) above.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a corporation, company, trust, partnership or other entity in which the REIT or its Subsidiaries have an interest will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

Pursuant to the Declaration of Trust, the investment guidelines set forth above may be amended with the approval of at least $66^{2}/_{3}$% of the votes cast at a meeting of Unitholders called for that purpose except for certain amendments that may be undertaken by a majority of the Trustees of the REIT.

Operating Policies

The Declaration of Trust provides that the REIT's operations and affairs must be conducted in accordance with the following operating policies and the REIT will not permit any of our Subsidiaries to conduct its operations and affairs other than in accordance with the following operating policies:

(a) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage; or (ii) to the extent our Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the REIT and our Unitholders, any written instrument which in the judgment of our Trustees creates a material obligation of the REIT; must, in each case, contain a provision or be subject to an acknowledgement to the following effect: *"The parties hereto acknowledge that the [representative] is entering into this agreement solely on behalf of the REIT and the obligations of the REIT hereunder shall not be personally binding upon any of the Trustees, the [representative], any registered or beneficial holder of Units or any annuitant or beneficiary of a Plan of which a holder of Units acts as a trustee or carrier, and that resort shall not be had to, nor shall recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of the REIT arising hereunder or arising in connection herewith or from the matters to which this agreement relates, and recourse shall be limited to, and satisfied only out of, the REIT's assets.";*

(b) the REIT shall only guarantee the obligations of its wholly-owned Subsidiaries (other than any wholly-owned Subsidiaries that are general partners in

partnerships that are not wholly-owned by the REIT), except that the REIT may guarantee the obligations of any other person that is not a wholly-owned subsidiary of the REIT (and may guarantee the obligations of a Subsidiary that is a general partner in a partnership that is not wholly-owned by the REIT) if the REIT has received a legal opinion that the guarantee by the REIT of the obligations of such other person should not cause the REIT to cease to qualify as a "mutual fund trust" for the purposes of the Tax Act;

(c) Subsidiaries of the REIT may engage in construction or development of real property provided such real property meets our investment guidelines and operating policies;

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

(e) unless the requirement is waived by our Trustees, Subsidiaries of the REIT will conduct environmental and other diligence, as is commercially reasonable in the circumstances, on each real property the REIT or its Subsidiaries intend to acquire or invest in with respect to the physical condition thereof, including required capital replacement programs;

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

(g) Subsidiaries of the REIT will conduct a phase I environmental site assessment of each real property to be acquired by it and, if the phase I environmental site assessment report recommends that further environmental site assessments be conducted, unless otherwise determined by our Trustees, Subsidiaries of the REIT will conduct such further environmental site assessments, in each case by an independent and experienced environmental consultant; such site assessment as a condition to any acquisition shall be satisfactory to our Trustees.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation, company, trust, partnership or other entity in which we have an interest will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the

foregoing to investment in property will be deemed to include an investment in a joint venture arrangement.

Pursuant to the Declaration of Trust, the operating policies set forth above may be amended with the approval of a majority of the votes cast at a meeting of Unitholders called for that purpose, except for certain amendments that may be undertaken by a majority of the Trustees of the REIT.

DISTRIBUTION POLICY

The following outlines our distribution policy as contained in the Declaration of Trust, but is not intended to be a complete description. You should refer to the Declaration of Trust for the full text of our distribution policy. Our distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of our Unitholders.

Following the closing of our initial public offering, we paid a cash distribution for the period from May 6, 2022 to May 31, 2022 in the amount of $0.0294 per Unit. From June 2022 to date, our cash distribution rate is $0.035 per Unit per month.

Distributions made by us are authorized by the Board in its sole discretion out of funds legally available for distribution to our Unitholders and will be dependent upon a number of factors, including restrictions under applicable law and other factors described below. We cannot assure you that our estimated distributions will be made or sustained. Any distributions we pay in the future will depend upon our actual results of operations, economic conditions, debt service requirements and other factors that could differ materially from our expectations. Our actual results of operations will be affected by a number of factors, including the revenue we receive from our Properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see “Risk Factors”.

It is our current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. Because we will be treated as a real estate investment trust for U.S. federal income tax purposes, distributions paid by the REIT to Canadian investors that are made out of the REIT’s current or accumulated earnings and profits (as determined under U.S. federal income tax principles), generally will be subject to U.S. withholding tax at a rate of 30%, which may be reduced to 15% for investors that qualify for benefits under the Treaty and that satisfy certain requirements under the Treaty, provided that the required form evidencing eligibility for such benefits is filed with the REIT or the appropriate withholding agent. To the extent a Canadian investor is subject to U.S. withholding tax in respect of distributions paid by the REIT on the Units out of the REIT’s current or accumulated earnings and profits, the amount of such tax generally will be eligible for foreign tax credit or deduction treatment, subject to the detailed rules and limitations under the Tax Act. So long as the Units continue to be regularly traded on an established securities market, distributions with respect to Units in excess of the REIT’s current and accumulated earnings and profits as determined for U.S. tax purposes that are distributed to Canadian investors that have not owned (or been deemed to own) more than 10% of the outstanding Units may not be subject to U.S. withholding tax, although there can be no assurances that withholding on such amounts will not be required. The

composition of distributions for U.S. federal income tax purposes may change over time and may be different from the composition for Canadian federal income tax purposes, which may affect the after-tax return to Unitholders. Qualified residents of Canada that are tax-exempt entities established to provide pension, retirement or other employee benefits (including trusts governed by an RRSP, RRIF or DPSP, but excluding trusts governed by a TFSA, RESP or RDSP) may be eligible for an exemption from U.S. withholding tax. See "Risk Factors — Tax-related risk factors".

Distributions in respect of a month are paid on a Business Day determined by the Board to be on or about the 15th day of the following calendar month (each a "**Distribution Date**") to Unitholders of record as at the close of business on the last Business Day of the calendar month immediately preceding the month of the Distribution Date or such other date, if any, fixed by the Board in accordance with the Declaration of Trust. In addition, on December 31 of each year, having regard to the present intention of the Board, we intend to make payable to such Unitholders, a distribution of sufficient net realized capital gains and net income for the taxation year ended on that date, net of any capital losses or non-capital losses recognized on or before the end of such year such that we will not be liable for ordinary income taxes for such year, net of tax refunds. The payment of such amounts shall be made on or before the following January 15.

Where the Board determines that we do not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of the Board, include the issuance of additional Units, as the case may be, or fractions of such Units, as the case may be, if necessary, having a fair market value as determined by the Board equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Board to be available for the payment of such distribution in the case of the Units.

Unless the Board determines otherwise, immediately after any pro rata distribution of additional Units to Unitholders, the number of outstanding Units will automatically be consolidated such that each of such holders will hold after the consolidation the same number of Units as such holder held before the distribution of additional Units. Each Unit certificate representing the number of Units prior to the distribution of additional Units will be deemed to represent the same number of units after the non-cash distribution of additional Units and the consolidation.

Notwithstanding the foregoing, where tax is required to be withheld from a Unitholder's share of the distribution and such amount is not paid by, or otherwise on behalf of, the Unitholder to the REIT, the consolidation may result in such Unitholder holding that number of Units equal to (a) the number of Units held by such Unitholder prior to the distribution plus the number of Units received by such Unitholder in connection with the distribution (net of the number of whole and part Units withheld on account of withholding taxes) multiplied by (b) the fraction obtained by dividing the aggregate number of Units outstanding prior to the distribution by the aggregate number of Units that would be outstanding following the distribution and before the consolidation if no withholding tax were required in respect of any part of the distribution payable to any Unitholder. Such Unitholder will be required to surrender the Unit certificates, if any, representing such Unitholder's original Units, in exchange for a Unit certificate representing such Unitholder's post-consolidation Units.

We may periodically review the opportunity to implement a distribution reinvestment and unit purchase plan ("**DRIP**") program. A DRIP program would provide Unitholders the option to elect to reinvest all cash distributions made by the REIT in additional Units. The decision to implement a DRIP program will take into account various factors, including the trading price of the Units. At this time, no DRIP has been implemented.

DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS

General

The REIT is governed by the Declaration of Trust and, unless earlier terminated in accordance with the Declaration of Trust, it shall continue in full force and effect so long as any property of the REIT is held by the Trustees. Unitholders have all of the material protections, rights and remedies that a shareholder would have under the CBCA, except for: (i) the right to dissent and be paid the fair value of its Units that would be available if the REIT were a corporation governed by the CBCA and the REIT were to effect certain transactions, including amending its constating documents to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares or to add, change or remove any restriction on the activities that the REIT may carry on; selling, leasing or exchanging all or substantially all its property; or carrying out a going-private transaction or squeeze-out transaction (as such terms are defined in the CBCA or the regulations thereunder); (ii) the right to apply to a court to order the liquidation or dissolution of the REIT; and (iii) the ability to bring "oppression" or "derivative" actions. The protections, rights and remedies available to a Unitholder are contained in the Declaration of Trust. The following is a summary, which does not purport to be complete, of certain terms of the Declaration of Trust and the Units. You should refer to the Declaration of Trust, a copy of which has been filed under our profile on SEDAR+ at www.sedarplus.com for the full text of its provisions and a complete description of the terms of the Units.

The Declaration of Trust authorizes the issuance of an unlimited number of Units. As of December 31, 2023, there were 12,645,268 Units and no Preferred Units issued and outstanding. Units shall be issued only as fully paid and non-assessable. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees with the approval of a majority of Unitholders entitled to vote. Unitholder approval will not be required for an automatic consolidation as described under "Distribution Policy".

No certificates will be issued for fractional Units and such fractional Units do not entitle holders thereof to receive notice of or to attend or to vote at meetings of the Unitholders, except to the extent such fractional Units represent in the aggregate one or more whole Units.

The *Trust Beneficiaries' Liabilities Act, 2004* (Ontario) provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario), and (ii) the trust is governed by the laws of the Province of Ontario. The REIT is a reporting issuer under the *Securities Act* (Ontario) and is governed by the laws of the Province of Ontario by virtue of the provisions of the Declaration of Trust.

Units

Each Unit represents an undivided beneficial interest in the REIT and in distributions made by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of the termination or winding up of the REIT, in its net property and assets remaining after the satisfaction of all its liabilities. The Units rank among themselves equally and rateably without discrimination, preference or priority. The distribution entitlement of the Units is derived from the securities held by the REIT.

Each Unit entitles the holder thereof to one vote at all meetings of Unitholders.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor intend to carry on the business of a trust company.

Preferred Units

Subject to the execution by the Board of an amendment to the Declaration of Trust providing for their creation, preferred units of the REIT (the "**Preferred Units**") may from time to time be created and issued in one or more classes (each of which may be comprised of unlimited series), and the Board may fix from time to time before such issue the number of Preferred Units which is to comprise each class and series and the designation, rights, privileges, restrictions and conditions attaching to each class and series of Preferred Units including, without limiting the generality of the foregoing, any voting rights, the rate or amount of distributions (which may be cumulative or non-cumulative and variable or fixed) or the method of calculating distributions, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, any rights on the liquidation, dissolution or winding-up of the REIT and any sinking fund or other provisions.

The Preferred Units of each class and series shall, with respect to the payment of distributions (other than distributions paid solely through the distribution of additional Units) and the distribution of assets of the REIT or return of capital in the event of liquidation, dissolution or winding-up of the REIT, whether voluntary or involuntary, or any other return of capital or distribution of assets of the REIT among its Unitholders for the purpose of winding-up its affairs, be entitled to preference over the Units ranking by their terms junior to the Preferred Units. The Preferred Units of any series may also be given such other preferences, not inconsistent with the Declaration of Trust, over the Units ranking by their terms junior to the Preferred Units.

If any cumulative distributions or amounts payable on the return of capital in respect of a class or series of Preferred Units are not paid in full, all classes and series of Preferred Units of equal ranking shall participate rateably in respect of accumulated distributions and return of capital, based on the accumulated distributions and return of capital of a class and series of Preferred Units as a proportion of the accumulated distributions and return of capital of all classes and series of Preferred Units of equal ranking.

We have no present intention of issuing Preferred Units, but wish to have the flexibility to do so in the future as a means of seeking an alternate source of equity financing.

Issuance of Units

We may allot and issue new Units from time to time as our Trustees determine, including for cash, through public offerings, through rights offerings to existing Unitholders (i.e., in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of Units, which rights may be exercised or sold to other investors) or through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Unitholders). In certain instances, we may issue new Units as consideration for, or in connection with, the acquisition of new properties or assets. The price or the value of the consideration for which new Units may be issued will be determined by our Trustees in their sole discretion, generally in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of Units.

Purchases of Units

We may from time to time purchase for cancellation Units at a price per Unit and on a basis determined by our Trustees in accordance with applicable securities legislation and the rules and policies of any applicable stock exchange.

Restrictions on Ownership and Transfer

REIT Qualification

In order for the REIT to qualify as a real estate investment trust for U.S. federal income tax purposes, the Units must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding Units (treating certain options and, under certain circumstances, securities convertible into Units as Units) may be owned, directly or through certain constructive ownership rules, by five or fewer individuals (as defined for this purpose in the Code to include certain tax-exempt entities, such as charitable trusts and private foundations but to exclude certain qualified trusts described in Section 401(a) of the Code) at any time during the last half of a taxable year. The REIT does not intend to treat the Class B Units as options or securities convertible into Units for purposes of this ownership limit.

The Declaration of Trust contains restrictions on the ownership and transfer of the Units that are intended to assist the REIT in complying with these requirements to qualify as a real estate investment trust. The relevant sections of the Declaration of Trust provide that, subject to the exceptions described below, no individual or entity may actually or beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% of the Units, excluding any Units that are not treated as outstanding for U.S. federal income tax purposes. Each of these restrictions, as well as the restrictions described below under "Declaration of Trust and Description of REIT Units – Restrictions on Ownership and Transfer — FIRPTA", is referred to as an "ownership limit" and collectively as the "ownership limits". An individual or entity that would have acquired actual, beneficial or constructive ownership of

Units but for the application of the ownership limits or any of the other restrictions on ownership and transfer of Units is a "prohibited owner".

The applicable constructive ownership rules under the Code are complex and may cause Units owned actually or constructively by a group of related individuals or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of the Units (or the acquisition of an interest in an entity that owns, actually or constructively, the Units) by an individual or entity could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% of the Units and thereby violate the applicable ownership limit.

The Declaration of Trust provides that the Board, subject to certain limits including any applicable fiduciary duties, may prospectively exempt a person from the ownership limits and, if necessary, establish a different limit on ownership for such person if the Board determines that such exemption could not cause or permit:

- five or fewer individuals (as defined for this purpose in the Code to include certain tax-exempt entities, such as charitable trusts and private foundations but to exclude certain qualified trusts described in Section 401(a) of the Code) to own, actually or beneficially, more than 49% in value of the outstanding Units (treating certain options and, under certain circumstances, securities convertible into Units as Units); or

- the REIT to own, actually or constructively, an interest in a tenant of the REIT (or a tenant of any entity owned in whole or in part by the REIT).

As a condition of the exception, the Board may require an opinion of counsel or an IRS ruling, in either case in form and substance satisfactory to the Board, in its sole and absolute discretion, in order to determine or ensure the REIT's status as a real estate investment trust for U.S. federal income tax purposes, and such representations, covenants and undertakings as are necessary or prudent to make the determinations above. Notwithstanding the receipt of any ruling or opinion, the Board may impose such conditions or restrictions as the Board deems appropriate in connection with such an exception. The REIT does not intend to treat the Class B Units as options or securities convertible into Units for purposes of this ownership limit.

In connection with a waiver of an ownership limit or at any other time, the Board may, in its sole and absolute discretion, increase or decrease Unit ownership limits for one or more persons, except that a decreased ownership limit will not be effective for any person whose actual, beneficial or constructive ownership of the Units exceeds the decreased ownership limit at the time of the decrease until the person's actual, beneficial or constructive ownership of the Units equals or falls below the decreased ownership limit, although any further acquisition of the Units will violate the decreased ownership limit. The Board may not increase or decrease any ownership limit if the new ownership limit would allow five or fewer individuals (as defined for this purpose in the Code to include certain tax-exempt entities, such as charitable trusts and private foundations but to exclude certain qualified trusts described in Section 401(a) of the Code) to own, actually or beneficially, more than 49% of the Units (treating certain options and, under certain circumstances, securities convertible into Units as Units). The REIT does not

intend to treat the Class B Units as options or securities convertible into Units for purposes of this ownership limit.

The Declaration of Trust further prohibits:

- any person from actually, beneficially or constructively owning Units that could result in the REIT being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause the REIT to fail to qualify as a "real estate investment trust" for U.S. federal income tax purposes (including, but not limited to, actual, beneficial or constructive ownership of Units that could result in the REIT owning (actually or constructively) an interest in a tenant that is described in Section 856(d)(2)(b) of the Code if the income the REIT derives from such tenant, taking into account other income received by the REIT that is treated as non-qualifying income for purposes of the gross income tests of Section 856(c) of the Code, might cause the REIT to fail to satisfy any of the gross income requirements imposed on real estate investment trusts) under Section 856(c) of the Code; and

- any person from transferring Units if such transfer would result in the Units being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire actual, beneficial or constructive ownership of Units that will or may violate the ownership limits or any of the other restrictions on ownership and transfer of the Units described above must give written notice immediately to the REIT or, in the case of a proposed or attempted transaction, provide the REIT at least 15 days prior written notice, and provide the REIT with such other information as the REIT may request in order to determine the effect of such transfer on its status as a "real estate investment trust" for U.S. federal income tax purposes.

The ownership limits and other restrictions on ownership and transfer of the Units described above will not apply if the Board determines that the best interests of the REIT are no longer served by continuing to qualify as a real estate investment trust for U.S. federal income tax purposes or that the REIT is no longer required to comply with any such limits or restrictions in order for the REIT to qualify as a "real estate investment trust" for U.S. federal income tax purposes.

The REIT is required to demand, within 30 days after the end of each taxable year, a written statement from every Unitholder of record owning 5% or more (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) of the outstanding Units, stating the name and address of the actual owner of the Units, the number of Units that each such owner actually or beneficially owns and a description of the manner in which the Units are held. Each Unitholder of record also must provide the REIT with any additional information that the REIT requests in order to determine the effect, if any, of the actual or beneficial ownership of the Units owned by the Unitholder of record on the REIT's status as a "real estate investment trust" for U.S. federal income tax purposes and to ensure compliance with the ownership limits and the other restrictions on ownership and transfer of the Units set forth in the

Declaration of Trust. In addition, any person who is an actual, beneficial or constructive owner of Units and any person (including the Unitholder of record) who is holding Units for an actual, beneficial or constructive owner must, on request, disclose to the REIT in writing such information as the REIT may request in good faith in order to determine its status as a "real estate investment trust" for U.S. federal income tax purposes and to comply with requirements of any taxing authority or governmental authority or to determine such compliance.

FIRPTA

Under the *Foreign Investment in Real Property Tax Act of 1980*, as amended ("**FIRPTA**"), if any non-U.S. person holds, actually or constructively, more than 10% of the outstanding Units, the REIT is required to withhold 15% on distributions in excess of the REIT's current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), and to withhold 21% (or less to the extent provided in applicable Treasury Regulations) of any distribution to such non-U.S. person that is, or if greater, could be designated by the REIT as a capital gain dividend. Any such withheld amount is creditable against such non-U.S. person's FIRPTA tax liability.

In order for the REIT to comply with its withholding obligations under FIRPTA (and certain other regulatory requirements), the Units are subject to notice requirements and transfer restrictions. Non-U.S. persons holding Units are required to provide the REIT with such information as the REIT may request. Furthermore, any non-U.S. person that is treated as having acquired sufficient Units to be treated as owning more than 5% of the Units is required to notify the REIT by the close of the Business Day prior to the date of the transfer that causes the non-U.S. person to own more than 5% of the Units.

The applicable constructive ownership rules under the Code are complex and may cause Units owned actually or constructively by a group of related individuals or entities to be owned constructively by one individual or entity. As a result, the acquisition of 5% or less of the Units (or the acquisition of an interest in an entity that owns, actually or constructively, Units) by an individual or entity might, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of 5% of the Units and thereby become subject to the notice requirements. Under these rules of constructive ownership, Units can be attributed (i) among family members, (ii) to non-U.S. persons from entities that own Units, to the extent that such non-U.S. persons own interests in such entities and (iii) to entities from non-U.S. persons that own interests in such entities. Under these attribution rules, Units of related entities (including related investment funds) may be aggregated to the extent of overlapping ownership.

If any non-U.S. person that is treated as having acquired sufficient Units to be treated as owning more than 5% of the Units fails to comply with the FIRPTA notice provisions described above, the excess Units (i.e., the excess of the number of Units that the non-U.S. person is treated as owning over an amount equal to 5% of the outstanding Units) are required to be sold, through the mechanism described below under "Declaration of Trust and Description of REIT Units — Excess Units," with such non-U.S. person receiving the lesser of (i) the original purchase price for the excess Units and (ii) the sale price of the excess Units (net of commissions and other expenses of sale). Non-U.S. persons holding Units are strongly advised to monitor their actual and constructive ownership of Units.

Excess Units

Pursuant to the Declaration of Trust, if any purported transfer of the Units or any other event results in any person violating the ownership limits described above under "Declaration of Trust and Description of REIT Units – Restrictions on Ownership and Transfer — REIT Qualification" or such other limit established by the Board or otherwise failing to qualify as a "real estate investment trust", or if a non-U.S. person is treated as owning more than 5% of the Units and has not complied with the notice provisions described under "Declaration of Trust and Description of REIT Units – Restrictions on Ownership and Transfer — FIRPTA", then the number of Units that exceeds the applicable ownership limit (rounded up to the nearest whole Unit) is automatically transferred to, and held by, a charitable trust for the exclusive benefit of one or more charitable beneficiaries selected by the REIT. The prohibited owner has no rights in Units held by the charitable trustee. The automatic transfer is effective as of the close of business on the Business Day prior to the date of the violative transfer or other event that results in the transfer to the charitable trust. Any dividend or other distribution paid to the prohibited owner, prior to the REIT's discovery that the Units had been automatically transferred to a charitable trust, must be repaid to the charitable trustee upon demand. If the transfer to the charitable trust as described above is not automatically effective, for any reason, to prevent violation of the applicable restriction on ownership and transfer of the Units, then the transfer of the number of Units that causes any person to violate the above restrictions are void and of no force or effect and the intended transferee acquires no rights in the Units. If any transfer of Units results in Units being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution), then any such purported transfer is void and of no force or effect and the intended transferee acquires no rights in the Units.

Units transferred to the charitable trustee are deemed offered for sale to the REIT, or the REIT's designee (subject to the approval of such designee by the TSX), at a price per Unit equal to the lesser of (i) the price per Unit in the transaction that results in the transfer of the Units to the charitable trust (or, in the event of a gift, devise or other such transaction, the last sale price reported on the TSX on the day of the transfer or other event that results in the transfer of such Units to the charitable trust) and (ii) the last sale price reported on the TSX on the date the REIT accepts, or the REIT's designee accepts, such offer. The REIT must reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the charitable trustee and pay the amount of such reduction to the charitable trustee for the benefit of the charitable beneficiary. The REIT has the right to accept such offer until the charitable trustee has sold the Units held in the charitable trust. Upon a sale to the REIT, the interest of the charitable beneficiary in the Units sold terminates and the charitable trustee must distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the charitable trustee with respect to such Units are required to be paid to the charitable beneficiary.

If the REIT does not buy the Units subject to the deemed offer, the charitable trustee must, within 20 days of receiving notice from the REIT of the transfer of Units to the charitable trust, sell the Units to a person or persons designated by the charitable trustee whose ownership of the Units does not violate the ownership limits or other restrictions on ownership and transfer of Units. Upon such sale, the charitable trustee must distribute to the prohibited owner an amount equal to the lesser of (i) the price paid by the prohibited owner for the Units (or, if the prohibited

owner has not given value in connection with the transfer or other event that resulted in the transfer to the charitable trust (e.g., a gift, devise or other such transaction), the last sale price reported on the TSX on the day of the transfer or other event that results in the transfer of such Units to the charitable trust) and (ii) the sales proceeds (net of commissions and other expenses of sale) that the charitable trustee receives for the Units. The charitable trustee must reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner and owed by the prohibited owner to the charitable trustee. Any net sales proceeds in excess of the amount payable to the prohibited owner is required to be paid immediately to the charitable beneficiary, together with any dividends or other distributions thereon. In addition, if prior to discovery by the REIT that Units have been transferred to the charitable trustee, the applicable prohibited owner sells such Units, then such Units shall be deemed to have been sold on behalf of the charitable trust and, to the extent that the prohibited owner receives an amount for or in respect of such Units that exceeds the amount that such prohibited owner is entitled to receive, such excess amount is required to be paid to the charitable trustee upon demand.

The REIT intends to designate a charitable trustee who is unaffiliated with the REIT and without any prohibited owner. Prior to the sale of any Units by the charitable trust, the charitable trustee is entitled to receive, in trust for the beneficiary, all dividends and other distributions paid by the REIT with respect to such Units, and may exercise all voting rights with respect to such Units for the exclusive benefit of the charitable beneficiary.

Subject to the applicable laws of the Province of Ontario, effective as of the date that the Units have been transferred to the charitable trust, the charitable trustee may, at the charitable trustee's sole discretion:

- rescind as void any vote cast by a prohibited owner prior to the REIT's discovery that the Units have been transferred to the charitable trust; and
- recast the vote in accordance with the desires of the charitable trustee acting for the benefit of the beneficiary of the charitable trust.

If the REIT has already taken irreversible corporate action, however, then the charitable trustee may not rescind and recast the vote.

If the Board determines in good faith that a proposed transfer or other event has taken place that violates the restrictions on ownership and transfer of the Units set forth in the Declaration of Trust, the Board may take such action as the Board deems advisable in its sole discretion to refuse to give effect to or to prevent such transfer, including, but not limited to, causing the REIT to redeem Units, refusing to give effect to the transfer on the REIT's books or instituting proceedings to enjoin the transfer.

The Units are subject to the restrictions on ownership and transfer of the Units described herein. These restrictions on ownership and transfer might delay, defer or prevent a transaction or a change of control of the REIT that might involve a premium price for the Units that the Unitholders believe to be in their best interest.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders must be called and held in various circumstances, including: (i) for the election of Trustees, (ii) the appointment or changing of our auditor, (iii) the approval of amendments to the Declaration of Trust (except as described below under "Declaration of Trust and Description of REIT Units — Amendments to the Declaration of Trust and Other Documents"), (iv) the sale or transfer of our assets as an entirety or substantially as an entirety (other than as part of an internal reorganization of our assets as approved by our Trustees), and (v) the termination of the REIT. Meetings of Unitholders will be called and held annually within 180 days after the end of the fiscal year for the election of our Trustees, appointment of the auditor and any other business that the Trustees may determine.

Our Trustees have the power at any time to call special meetings of Unitholders at such time and place in Canada as our Trustees determine. Unitholders holding in the aggregate not less than 5% of the votes attaching to all outstanding REIT Units entitled to vote at such a meeting (on a fully diluted basis) may requisition our Trustees in writing to call a special meeting of Unitholders and our Trustees shall, subject to certain limitations, call a meeting of Unitholders. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attached to all outstanding REIT Units (on a fully diluted basis) shall constitute a quorum for the transaction of business at all such meetings. If no quorum is present at any meeting of Unitholders when called, the meeting, if convened on the requisition of Unitholders, will be dissolved and otherwise will be adjourned for not less than 10 days, and at the adjourned meeting, the Unitholders then present in person or represented by proxy will form the necessary quorum.

Pursuant to the Declaration of Trust, a resolution in writing executed by all of the Unitholders entitled to vote on that resolution at a meeting of Unitholders is valid as if it had been passed at a meeting of Unitholders.

Advance Notice Provisions

The Declaration of Trust includes certain advance notice provisions (the "**Advance Notice Provisions**"), which will: (i) facilitate orderly and efficient annual meetings or, where the need arises, special meetings of Unitholders; (ii) ensure that all Unitholders receive adequate notice of the Trustee nominations and sufficient information with respect to all nominees; and (iii) allow Unitholders to register an informed vote.

Except as otherwise provided in the Declaration of Trust, only persons who are nominated by Unitholders in accordance with the Advance Notice Provisions will be eligible for election as Trustees. Nominations of persons for election to the Board may be made for any annual meeting of Unitholders, or for any special meeting of Unitholders if one of the purposes for which the

special meeting was called was the election of Trustees: (i) by or at the direction of the Board, including pursuant to a notice of meeting; (ii) by or at the direction or request of one or more Unitholders pursuant to a requisition of the Unitholders made in accordance with the Declaration of Trust; or (iii) by any person (a "**Nominating Unitholder**") (a) who, at the close of business on the date of the giving of the notice described below and on the record date for notice of such meeting, is entered in the REIT's register as a holder of one or more Units carrying the right to vote at such meeting or who beneficially owns Units that are entitled to be voted at such meeting; and (b) who complies with the notice procedures set forth in the Advance Notice Provisions.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written form to the Trustees. To be timely, a Nominating Unitholder's notice to the Trustees must be made: (i) in the case of an annual meeting of Unitholders (including an annual and special meeting), not less than 30 days prior to the date of the annual meeting of Unitholders; provided, however, that in the event that the annual meeting of Unitholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Unitholder may be made not later than the close of business on the 10th day following the date on which the first public announcement of the date of the annual meeting of Unitholders was made; (ii) in the case of a special meeting (which is not also an annual meeting) of Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the 15th day following the date on which the first public announcement of the date of the special meeting of Unitholders was made; and (iii) in the case of a meeting of Unitholders of the type contemplated by (i) or (ii) above for which notice-and-access is to be used for the delivery of the applicable proxy-related materials and for which the date on which the first public announcement of the date of such meeting was made is not less than 50 days prior to the date of such meeting of Unitholders, not less than 40 days prior to the date of such meeting of Unitholders.

To be in proper written form, a Nominating Unitholder's notice to the Trustees must set forth certain details, including: (i) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (a) the name, age, business address and residential address of the person; (b) the principal occupation or employment of the person both presently and for the past five years; (c) whether the person is a "resident Canadian" within the meaning of the CBCA; (d) the number of Units which are, directly or indirectly, owned beneficially or of record by, or under the control or direction of, the person as of the record date for the meeting of Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (e) full particulars regarding any contract, agreement, arrangement, understanding or relationship (collectively, "**Arrangements**"), including without limitation financial, compensation and indemnity related arrangements, between the person or any affiliates or associates of, or any person or entity acting jointly or in concert with, the person, in connection with the person's nomination and election as Trustee; and (f) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to the Declaration of Trust or applicable securities laws; and (ii) as to the Nominating Unitholder giving the notice, (a) the name, age, business address and residential address of the person; (b) the number of Units which are, directly or indirectly, owned beneficially or of record by, or under the control or

direction of, the person as of the record date for the meeting of Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (c) their interests in, or rights or obligations associated with, any Arrangements, the purpose or effect of which is to alter, directly or indirectly, the Nominating Unitholder's economic interest in a Unit or the Nominating Unitholder's economic exposure to the REIT; (d) full particulars regarding any Arrangements, including without limitation financial, compensation and indemnity related arrangements, between the person or any affiliates or associates of, or any person or entity acting jointly or in concert with, the person, in connection with the person's nomination and election as Trustee; and (e) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to the Declaration of Trust or applicable securities laws.

The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in the Advance Notice Provisions.

Book-Based System for Units

Units may be represented in the form of one or more fully registered unit certificates held by, or on behalf of, CDS, as custodian of such certificates for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of Units may be effected through the book-based system administered by CDS.

Unit Redemption Right

Units are redeemable at any time on demand by the holders thereof by sending a notice to us at our head office in a form approved by our Trustees and completed and executed in a manner satisfactory to our Trustees, who may require supporting documentation as to identity, capacity or authority. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice from his or her investment dealer or other intermediary who will be required to deliver the completed redemption form to us. Upon receipt by us of a written redemption notice and other documents that may be required, all in a manner satisfactory to our Trustees, a holder of Units shall cease to have any rights with respect to the tendered units, including any right to receive any distributions thereon which are declared payable after receipt of the redemption notice by us and the holder thereof shall be entitled to receive a price per Unit (the "**Redemption Price**") equal to the lesser of:

(a) 90% of the "market price" of the Units on the principal exchange or market on which Units are quoted for trading on the trading day prior to the day on which the Units were surrendered to us for redemption (the "**Redemption Date**"); and

(b) 100% of the "closing market price" of the Units on the principal exchange or market on which the Units are quoted for trading on the Redemption Date.

For the purposes of this calculation, the "market price" in respect of Units shall be an amount equal to the weighted average closing price of the Units on the principal exchange or market on which the Units are listed or quoted for trading during the period of 20 consecutive trading days ending on such date; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Units traded on a particular day, the "market price" shall be an amount equal to the weighted average of the highest and lowest prices of the Units on such exchange or market during the period of 20 consecutive trading days ending on such date; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 20 trading days, the "**market price**" shall be the weighted average of the following prices established for each of the 20 trading days: (i) the weighted average of the last bid and last asking prices of the Units for each day on which there was no trading; (ii) the closing price of the Units for each day on which there was trading if the exchange or market provides a closing price; and (iii) the weighted average of the highest and lowest prices of the Units for each day that there was trading if the exchange or market does not provide a closing price but provides only the highest and lowest prices of the Units traded on a particular day.

The "closing market price" in respect of Units shall be: (i) an amount equal to the closing price of the Units if there was a trade on the date and the exchange or market provides a closing price; (ii) an amount equal to the weighted average of the highest and lowest prices of the Units if there was trading and the exchange or other market does not provide a closing price but provides only the highest and lowest trading prices of the Units traded on a particular day; or (iii) the weighted average of the last bid and last asking prices of the Units if there was no trading on that date.

The aggregate Redemption Price payable by us in respect of any Units tendered for redemption during any calendar month will be satisfied by way of a cheque drawn on a chartered bank or a trust company in U.S. funds, payable no later than the last day of the calendar month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

(a) the total amount payable by us in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000, provided that our Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any particular calendar month;

(b) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading or quoted on a stock exchange or market which our Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; and

(c) the normal trading of outstanding Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date for

the Units for more than five trading days during the ten day trading period commencing immediately after the Redemption Date for the Units.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations in paragraphs (b) and (c) above, then each Unit tendered for redemption shall, subject to obtaining all applicable regulatory approvals, be redeemed by way of a distribution in specie of securities of a Subsidiary ("**Subsidiary Securities**"). The fair market value of such Subsidiary Securities would be equal to the product of the Redemption Price per Unit payable by us and the number of Units tendered. However, no Subsidiary Securities with a fair market value of less than $100 will be distributed and, where the fair market value of Subsidiary Securities to be received by the former holder of Units upon redemption in specie would otherwise include a Subsidiary Security with a fair market value of less than a multiple of $100, such amount will be rounded down to the next lowest multiple of $100 and the excess will be paid in cash.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the limitation in paragraph (a) above, the holder will receive a combination of cash and, subject to obtaining all applicable regulatory approvals, Subsidiary Securities, determined in accordance with the Declaration of Trust.

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

Amendments to the Declaration of Trust and Other Documents

The Declaration of Trust may be amended or altered from time to time. Certain amendments (including our termination) require approval by at least $66^2/_3\%$ of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of the Unitholders called for such purpose.

The following amendments require the approval of at least $66^2/_3\%$ of the votes cast by the Unitholders at a meeting called for that purpose:

(a) the sale of property or assets of the REIT as an entirety or substantially as an entirety or the sale of all or substantially all of the assets of a Subsidiary (other than as part of an internal reorganization, including by way of the transfer of property or assets of the REIT or a Subsidiary of the REIT, as approved by the Trustees);

(b) an exchange, reclassification or cancellation of all or part of the Units;

(c) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units, including, without limiting the generality of the foregoing,

(i) the removal or change of rights to distributions; or

(ii) the addition or removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights;

(d) the creation of new rights or privileges attaching to certain of the Units;

(e) any additional constraints or change to the existing constraints on the issue, transfer or ownership of the Units; and

(f) the combination, amalgamation, merger or arrangement of any of the REIT or its subsidiaries with any other entity (other than as part of an internal reorganization of the assets of the REIT or its Subsidiaries as approved by the Trustees and not prejudicial to Unitholders).

A majority of our Trustees, may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

(a) for the purpose of ensuring continuing compliance with applicable laws, (including the Tax Act) regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the Trustees or over the REIT; (ii) the status of the REIT as a "mutual fund trust" under the Tax Act or to otherwise prevent the REIT or any of its Subsidiaries from becoming subject to tax under the provisions of the Tax Act that apply to a specified investment flow-through trust or partnership;

(i) the status of the REIT as a "real estate investment trust" for U.S. federal income tax purposes; or

(ii) the distribution of Units;

(b) which, in the opinion of our Trustees, acting reasonably, are necessary to maintain the rights of the Unitholders set out in the Declaration of Trust;

(c) to the extent deemed by our Trustees in good faith to be necessary to remove any conflicts or other inconsistencies which may exist between any of the terms of the Declaration of Trust or to make minor corrections which are, in the opinion of our Trustees, necessary or desirable and not prejudicial to the Unitholders;

(d) to the extent determined by the Trustees in good faith to be necessary to make any change or correction in the Declaration of Trust which is a typographical change or correction or which the Trustees have been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained therein;

(e) (i) to create and issue one or more new classes of preferred units of the REIT (each of which may be comprised of unlimited series) that rank in priority to the Units (in payment of distributions and in connection with any termination or winding-up of the REIT), (ii) to enable the REIT to issue Units for which the purchase price is payable in instalments; and/or (iii) to remove the redemption right attaching to the Units and to convert the REIT into a closed-end limited purpose trust, in each case at least 10 days following the issuance of a news release announcing such amendment(s);

(f) which, in the opinion of our Trustees, are necessary or desirable: (i) to ensure continuing compliance with IFRS Accounting Standards; or (ii) to ensure the Units are classified as equity for purposes of IFRS Accounting Standards;

(g) which, in the opinion of our Trustees, are necessary or desirable to enable the REIT to implement a Unit option plan, Unit purchase plan, deferred unit incentive plan or other compensation plan;

(h) which, in the opinion of our Trustees, are necessary or desirable for the REIT to qualify for a particular status under, or as a result of changes in, taxation or other laws, or the interpretation of such laws, including to qualify for the definition of "real estate investment trust" in the Code or to otherwise prevent the REIT or any of its Subsidiaries from becoming subject to SIFT tax; or

(i) as otherwise deemed by our Board in good faith to be necessary or desirable.

Effect of Termination

Upon our termination, the liabilities of the REIT shall be discharged forthwith, the net assets of the REIT shall be liquidated and the proceeds of such liquidation shall be distributed to our Unitholders. Such distribution may be made in cash, as a distribution in kind, or both, all as our Trustees in their sole discretion may determine.

Pursuant to the Declaration of Trust, the termination of the REIT requires approval by at least 66 $^{2}/_{3}$% of the votes cast at a meeting of the Unitholders called for that purpose. The Unitholders will participate pro rata in any remaining distributions by the REIT.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid, as defined under the *Securities Act (*Ontario), is made for the Units, and within 120 days after the date of such a take-over bid, not less than 90% of the Units (including Units issuable upon the surrender, redemption or exchange of any securities for Units and calculated as if all Class B Units were redeemed for Units, but not including any Units held at the date of the take-over bid by or on behalf of the offeror or affiliates and associates of the offeror) have been or are legally required to be taken up and paid for by the offeror, the offeror is entitled to acquire the Units held by the remaining Unitholders who did not accept the take-over bid by requiring such Unitholders to elect (a) to transfer their Units to the offeror on the terms on which the offeror acquired the Units

of the offerees who accepted the take-over bid or (b) to demand payment of the fair value of the Units.

Where an offeror is entitled to acquire Units held by a dissenting offeree as contemplated above and the offeror wishes to exercise such right, the offeror shall also offer to acquire all Units issued to holders of Class B Units following the redemption of Class B Units for Units pursuant to the Operating Agreement. Such redemption offer shall be made on the same terms at which the offeror acquired the Units of the Unitholders who accepted the take-over bid and the redemption of the Class B Units and the acquisition by the offeror of the Units issuable upon redemption thereof shall occur within 30 days of delivery of the redemption offer.

The Declaration of Trust and the Operating Agreement provide that in the event that a non-exempt take-over bid from a person acting at arm's length to holders of Class B Units (or any affiliate or associate thereof) is made for Units, unless the take-over bid is structured to (i) permit holders of Class B Units to both redeem for Units and tender conditional on take-up, or (ii) such that the offer is made for all Class B Units on identical terms, then from and after the first take-up of Units under the said take-over bid (provided that not less than 25% of the Units other than Units held at the date of the take-over bid by the offeror or associates or affiliates of the offeror are so taken up) the terms and conditions of the Class B Units held by persons other than the offeror (or any affiliate or associate thereof will automatically (without further action) be amended such that the redemption rate shall be varied to equal 110% of the redemption rate then in effect (such that on conversion, exercise, redemption or exchange the holder shall receive 1.1 Units for each Unit that the holder would otherwise have received)). Notwithstanding any adjustment on completion of an exclusionary offer as described above, the distribution rights attaching to the Class B Units will also not be adjusted until the redemption right is actually exercised.

Information and Reports

We furnish, in accordance with and subject to applicable securities legislation, to Unitholders our consolidated financial statements (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including forms needed for the completion of unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each annual or any special meeting of Unitholders, our Trustees provide the Unitholders (along with notice of such meeting) all such information as is required by applicable law and the Declaration of Trust to be provided to such holders.

US HOLDCO

US Holdco is a corporation incorporated under the laws of the State of Delaware. US Holdco owns all of the Class A Units of Holdco LLC. The composition of the board of directors of US Holdco is determined (and directors may be removed without cause) by the REIT; provided that the board of directors of US Holdco shall always be comprised of a majority of U.S. residents.

HOLDCO LLC

Holdco LLC is a Delaware limited liability company governed by the Operating Agreement and the laws of the State of Delaware. The registered office of Holdco LLC is located at Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808. The principal place of business of Holdco LLC is located at 100 St. Paul Street, Suite 300, Denver, CO 80206. The sole holder of the Class A Units is US Holdco. The composition of the board of directors of Holdco LLC is elected and determined (and directors may be removed without cause) by US Holdco. Holdco LLC is treated as a partnership for U.S. federal income tax purposes. Our organizational structure, operating through Holdco LLC and its subsidiaries, is commonly referred to as an umbrella partnership real estate investment trust (an "**UPREIT**") for U.S. federal income tax purposes. An UPREIT is a structure that real estate investment trusts often use to acquire real property from transferors on a tax deferred basis for U.S. federal income tax purposes because the transferors generally are permitted to receive equity interests in an entity treated as a partnership for U.S. federal income tax purposes and defer taxable gain otherwise required to be recognized by the transferors upon the disposition of their properties. Such transferors also may desire to achieve diversity in their investment and other benefits afforded to equity owners in a real estate investment trust. For purposes of satisfying the asset and income tests for qualification as a real estate investment trust for U.S. federal income tax purposes (described below), the REIT's proportionate share of the assets and income of Holdco LLC are deemed to be assets and income of the REIT, so long as Holdco LLC continues to be treated as a partnership for U.S. federal income tax purposes.

Holdco LLC Class A Units and Class B Units

The issued and authorized capital of Holdco LLC consists of Class A Units and Class B Units. The holders of Class A Units are entitled to one vote for each Class A Unit held in respect of all matters to be decided by the members of Holdco LLC. All of the Class A Units are held by US Holdco.

The Class B Units are, in all material respects, economically equivalent to the Units on a per unit basis, subject to certain customary anti-dilution adjustments. The holders of Class B Units are entitled to receive distributions from Holdco LLC on the same per unit basis as holders of Units. Class B Units do not carry a voting right with respect to matters put before members of Holdco LLC or Unitholders for a vote. The Class B Units are held by DAM USCo, Pauls, Pauls Asset Manager and certain other third party investors. We anticipate that additional Class B Units may be issued subsequently to U.S. persons in connection with the acquisition of additional properties by us in the United States.

Transfers of Class A Units and Class B Units generally are not permitted, subject to limited exceptions described in the Operating Agreement, including (i) transfers from a member of Holdco LLC to: (A) certain family members of such member or a trust created by the member for the benefit of the member or such family members, (B) a legal entity controlled by a member or certain family members of such member, or (C) if the member is an entity, the member's beneficial owners, (ii) pursuant to the redemption of the Class B Units, (iii) transfers from a legal entity to an affiliate, subsidiary or successor in interest of such entity upon 30 days' prior written notice, and (iv) transfers to other holders of Class B Units.

Redemption Rights

After holding Class B Units for at least 180 days (subject to acceleration in certain circumstances), the holders of Class B Units, acting individually, have the right to cause Holdco LLC to redeem all or a portion of such Class B Units for a cash payment of equivalent value or Units, as determined by Holdco LLC and as directed by the REIT in its sole discretion. If Holdco LLC elects to redeem Class B Units for Units, the REIT will generally deliver (indirectly through Holdco LLC) one Unit for each Class B Unit redeemed. In connection with the exercise of these redemption rights, a holder of Class B Units is required to make certain representations, including that the delivery of Units upon redemption does not result in such holder owning Units in excess of the ownership limits in the Declaration of Trust.

Compulsory Acquisition

The Operating Agreement provides that if an acquisition of not less than 90% of the Units (including Units issuable upon the redemption of Class B Units) by a person (including persons acting jointly or in concert with such person) occurs, Holdco LLC has the right, subject to applicable laws, to acquire outstanding Class B Units in exchange for an equal number of Units, subject to adjustments for splits, consolidations and reorganizations in accordance with the Declaration of Trust.

Operation

The Operating Agreement requires Holdco LLC to be operated in a manner that (i) enables the REIT to satisfy the requirements for being classified as a real estate investment trust for U.S. federal income tax purposes, unless the Board elects for the REIT to cease to qualify as a real estate investment trust; (ii) enables the REIT not to be subject to any U.S. federal income or excise tax liability (other than with respect to any income or gain that the REIT elects to retain and pay any applicable U.S. federal corporate income tax), unless the Board elects for the REIT to cease to qualify as a real estate investment trust; and (iii) shall cause Holdco LLC to use commercially reasonable efforts to ensure that Holdco LLC is not classified as a "publicly traded partnership" taxable as a corporation for purposes of Section 7704 of the Code. The authority of US Holdco with respect to Holdco LLC is limited to certain matters delegated to US Holdco by the REIT and its Board. The authority of US Holdco also is limited in certain other respects. The operations of Holdco LLC are subject to the terms of the Operating Agreement, which provides, among other things, that (i) Holdco LLC operate in a manner consistent with the governance and other terms of the Declaration of Trust, including the investment guidelines and operating policies set out therein, and (ii) certain fundamental actions taken by Holdco LLC (including items such as acquisitions, dispositions and refinancings of real property) require the approval of all of the Holdco LLC directors, subject to situations where individuals must abstain from voting due to a conflict of interest or under applicable law.

Distributions and Allocations of Profit and Losses

The Operating Agreement generally provides that Holdco LLC distributes cash flow from operations and, except as provided below, net sales proceeds from the disposition of assets, to all of the members of Holdco LLC pro rata in accordance with their ownership interests (based on

relative number of units owned, regardless of class). Upon the liquidation of Holdco LLC, after payment of (or adequate provision for) debts and obligations, any remaining assets of Holdco LLC will be distributed in accordance with the distribution provisions contained in the Operating Agreement. The holders of Class B Units are entitled to receive distributions from Holdco LLC proportionately to the distributions made on the Class A Units, and accordingly by the REIT to holders of Units. The Operating Agreement provides that generally, net income, net loss and, to the extent necessary, individual items of income, gain, loss or deduction of Holdco LLC are allocated among the members pro rata in accordance with their ownership interests. If the REIT elects to cause Holdco LLC to admit additional members to Holdco LLC, the distributions and allocations of profits and losses to the members generally will be pro rata in accordance with their ownership interests. In addition to the administrative and operating costs and expenses incurred by Holdco LLC and its subsidiaries in acquiring, operating and servicing their assets, Holdco LLC is required either to pay the administrative costs and expenses of US Holdco and the REIT directly or to make cash distributions to reimburse for expenses incurred by US Holdco or the REIT. For U.S. federal income tax purposes, such expenses are treated as expenses of Holdco LLC. Such expenses include, but are not limited to:

- administrative and operating costs and expenses and other expenses, including any organizational, asset management, advisory, accounting and legal expenses;
- costs and expenses relating to the formation and continuity of existence of the REIT and US Holdco, including taxes, fees and assessments associated therewith;
- costs and expenses associated with the preparation and filing of any periodic reports by the REIT under Canadian federal or provincial laws or regulations and U.S. federal, state or local laws or regulations;
- costs and expenses associated with compliance by the REIT with laws, rules and regulations promulgated by any regulatory body;
- costs and expenses, including deemed costs and expenses for U.S. federal income tax purposes, associated with employees of the REIT or any other service provider to the REIT; and
- costs and expenses relating to any issuance, redemption or repurchase of Units or other securities by the REIT.

Indemnification

To the fullest extent permitted by law, the Operating Agreement provides for indemnification of any person for any loss incurred by such a person by reason of such person's status as the REIT or US Holdco or as a trustee, director, manager, officer, employee, agent or affiliate of the REIT or Holdco LLC.

Tax Matters

Pursuant to the Operating Agreement, US Holdco is designated as the initial "partnership representative" of Holdco LLC for U.S. federal income tax purposes pursuant to Section 6223 of the Code, and as such, has authority to make tax decisions under the Code on behalf of Holdco LLC in connection with any audit of Holdco LLC by the U.S. Internal Revenue Service. Holdco LLC is required to file a U.S. federal income tax return annually on IRS Form 1065 (or such other successor form) or on any other IRS form as may be required. US Holdco, as "partnership representative", is also entitled to appoint a "designated individual" through whom US Holdco will act.

Amendments

Amendments to the Operating Agreement may only be proposed by the board of directors. Subject to limited exceptions, the board of directors, without the consent of the members of Holdco LLC, may amend the Operating Agreement in any respect; provided, however that certain amendments shall require the consent of members holding at least $66^{2}/_{3}$% of the Class A Units, including any amendment that would: (i) adversely affect the redemption rights of the members; (ii) adversely affect the rights of the members to receive the distributions under the Operating Agreement; (iii) alter allocations of Holdco LLC's profits and losses; and (iv) impose on any member any obligation to make additional capital contributions to Holdco LLC.

Term and Dissolution

Holdco LLC will continue to exist until termination in accordance with the Operating Agreement. The Operating Agreement of Holdco LLC provides that its business will be terminated, its affairs wound up, and its property and assets distributed on the earliest to occur of the following: (i) determination by the board of directors that Holdco LLC shall be dissolved and liquidated; (ii) the sale or other disposition of all or substantially all of the property and assets of Holdco LLC; or (iii) any other event causing dissolution of Holdco LLC under the Delaware Limited Liability Company Act.

RISK FACTORS

Risk factors inherent in an investment in our Units include but are not limited to the following:

Risks relating to the real estate industry, the REIT and our business

Risks inherent in the real estate industry may affect our financial performance

Real estate ownership is generally subject to numerous risks, including changes in general economic conditions (such as the availability, terms and cost of mortgage financings and other types of credit), local economic conditions (such as an oversupply of residential properties or a reduction in demand for real estate in the area), the attractiveness of properties to potential tenants or purchasers, competition with others for available space, and the ability of the owner to provide adequate maintenance at competitive costs. Because real estate, like many other types of long-term investments, experiences significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the Properties. We

may in the future buy and/or sell properties at less than optimal times. There can be no assurance that the fair market value of any properties held by us will not decrease in the future.

An investment in real estate is relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions and may impact our ability to successfully execute on our business strategies. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession we may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for us to dispose of our properties at lower prices in order to generate sufficient cash for operations and making cash distributions to our Unitholders.

We generate income primarily through rental income

The Properties generate income primarily through rent payments made by our tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable to us than the existing lease. Our cash flows and financial condition would be materially adversely affected if a number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in our properties were not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting our investment may be incurred. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of such tenant and, thereby, cause a reduction in our cash flows and adversely affect our ability to make cash distributions to Unitholders.

The short-term nature of residential leases exposes us to the effects of declining market rent, which could materially adversely affect our results of operations and ability to make cash distributions to our Unitholders. Our residential leases will typically be for a term of approximately one year. Because our residential leases will generally permit tenants to leave at the end of their lease term without any penalty, our rental revenue may be materially adversely affected by declines in market rents more quickly than if such leases were for longer terms which could affect our cash flows and our ability to make cash distributions to Unitholders.

Our properties and tenants may be geographically concentrated

All of the Properties are located in the United States, primarily in the Sunbelt and Midwest regions. As a result, our business and financial condition is impacted by economic and other factors specifically affecting the real estate markets in the U.S. These factors may differ from those affecting the real estate markets in other regions. Due to the concentrated nature of our properties, a number of our properties could experience any of the same conditions at the same time. In addition, the cost of our insurance could increase if there are significant losses or casualties in a particular market. If real estate conditions in the United States decline relative to real estate conditions in other regions, our cash flows and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios

of properties. We will continuously evaluate the economic health of the markets in which we operate through various means to ensure that we have identified and, where possible, mitigated these risks, but our mitigation strategies may not adequately protect our business.

We may incur significant capital expenditures and other fixed costs

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, are made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, we must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining rental properties in accordance with market standards entails significant costs, which we may not be able to pass on to our tenants. Numerous factors, including the age of the relevant building, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization.

We are subject to utility expenses risk relating to increased costs that we may experience as a result of higher commodity prices or other industry factors outside of our control. Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these commodity costs that we cannot charge back to our tenants would increase our costs of carrying on business.

If the actual costs of maintaining or upgrading properties exceed our estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if we are not permitted to raise the rents due to legal constraints, we will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of our properties is located or similar properties located in the vicinity of one of our properties are substantially refurbished, the net operating income derived from and the value of such property could be reduced. Any failure by us to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that we earn from such properties. Any such event which increases our costs or reduces our rental income could have a material adverse effect on our financial condition including our cash flows and our ability to make cash distributions to our Unitholders.

Financing risks, leverage and restrictive covenants may limit our ability for growth

Ownership of our assets, and the real estate industry generally, is capital intensive. We will require access to capital to maintain and improve our properties, which could include significant capital expenditures from time to time, as well as to fund our growth strategy. There is no assurance that capital will be available when needed or on favourable terms. Our failure to access this required capital could materially adversely impact our business, our financial condition including our cash flows and our ability to make distributions to our Unitholders.

Our access to third-party financing is subject to a number of factors, including:

- general market conditions;
- the market's perception of our growth potential;
- our expected future earnings;
- our cash flow and cash distributions and cash interest payments; and
- the market price of our Units.

We have certain third-party debt service obligations pursuant to our indebtedness. The degree to which we are leveraged could have important consequences to Unitholders. Such factors include:

- a significant portion of our cash flow may be dedicated to the payment of the principal of, and interest on, our indebtedness, thereby reducing the amount of funds available for the payment of cash distributions to our Unitholders;
- certain of our borrowings will be at variable rates of interest which exposes us to the risk of increased interest rates;
- our debt covenants may also affect flexibility in planning for, and reacting to, changes in the economy and in the industry;
- a high level of debt could increase our vulnerability to general adverse economic and industry conditions;
- covenants contained in debt facilities could limit our ability to borrow additional funds, dispose of assets, encumber our assets, pay distributions and make potential investments;
- a high level of debt may place us at a competitive disadvantage compared to other owners of similar real estate assets who are less leveraged and therefore may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing;
- a high level of debt makes it more likely that a reduction in our borrowing base following a periodic valuation (or redetermination) could require us to repay a portion of our then-outstanding borrowings; and
- a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general trust or other purposes.

Our ability to make scheduled payments of the principal of, or interest on, and to otherwise satisfy our debt obligations will depend on our future performance, which is subject to the financial performance of our properties, prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond our control. These factors might inhibit us from refinancing indebtedness at all or on favourable

terms, which could materially adversely affect our ability to make distributions to our Unitholders.

Upon the expiry of the term of the financing or refinancing of any particular property or debt facilities, we may need to refinance, and there can be no assurance that we will be able to do so or will be able to do so on terms as favourable as those currently in place with respect to the indebtedness. Future financing may take many forms, including debt or equity financing which could alter the current debt-to-equity ratio or which could be dilutive to our Unitholders. If we are unable to refinance our indebtedness, or are only able to refinance our indebtedness on less favourable terms, this may have a material adverse effect on our financial condition including our cash flows and our ability to make distributions to our Unitholders. Similarly, if we were to be in default under the terms of our indebtedness, the applicable lender could foreclose on any of our properties on which the lender took security to satisfy our obligations under our indebtedness which could have a material adverse effect on our ability to make cash distributions to our Unitholders.

Certain of our indebtedness including the Credit Facility may contain restrictive covenants that limit the discretion of management with respect to certain business matters. These covenants may place restrictions upon, among other things, our ability to (i) incur additional indebtedness, (ii) create liens or other encumbrances, (iii) pay distributions or make certain other payments, investments, loans and guarantees, (iv) sell or otherwise dispose of assets, and (v) merge or consolidate with another entity. In addition, our indebtedness may contain financial covenants that require us to maintain certain financial ratios and meet financial condition tests. Failure to comply with such obligations could result in an event of default which, if not cured or waived, could result in acceleration of the relevant indebtedness. If any indebtedness is accelerated, there can be no assurance that our assets will be sufficient to repay that indebtedness in full. If an event of default under any indebtedness occurs, it could have a material adverse effect on our ability to make cash distributions to our Unitholders.

Changes in interest rates could adversely affect our cash flows and our ability to pay distributions and make interest payments

We require extensive financial resources to implement our future investment and growth strategy. When concluding financing agreements or extending such agreements, we will depend on our ability to agree on terms and interest payments that will not impair our desired profit, and on amortization schedules that will not restrict our ability to pay cash distributions to our Unitholders. In addition to the Credit Facility, we may enter into future financing agreements with variable interest rates. There is a risk that interest rates will increase. An increase in interest rates could result in a significant increase in the amount paid by us and our Subsidiaries to service debt, resulting in a decrease in the amount available to make cash distributions to our Unitholders, which could materially adversely affect the trading price of the Units. Furthermore, increases in interest rates generally cause a decrease in the demand for properties. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by banks, could have a material adverse effect on our ability to sell any of our properties. In addition, increasing interest rates may put competitive pressure on the levels of distributable income paid by us to Unitholders, increasing the level of competition for capital faced by us, which could have a material adverse effect on the trading price of the Units.

We may implement hedging programs in order to offset the risk of losses and to provide more certainty regarding the payment of distributions to Unitholders should current variable interest rates increase. However, to the extent that we fail to adequately manage these risks, our financial results, and our ability to pay cash distributions to our Unitholders and interest payments under our existing indebtedness and future financings may be adversely affected.

Economic environment risks

Uncertainty over whether the economy will be adversely affected by inflation or stagflation, the systemic impact of volatile energy costs and geopolitical issues, may contribute to increased market volatility. Such economic uncertainties and market challenges, which may result from a continued or exacerbated general economic slowdown, and their effects could materially and adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. A difficult operating environment could also have a material adverse effect on the ability of the REIT to maintain occupancy rates at its properties, which could harm the REIT's financial condition. Under such economic conditions, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT's financial position.

Further increases to inflation or prolonged inflation above central banks' targets could lead to further increases to interest rates by central banks, which would have a more pronounced negative impact on any variable rate debt the REIT is subject to or incurs in the future and on its results of operations. Similarly, during periods of high inflation, contractual annual rent increases may be less than the rate of inflation on a continual basis. Substantial inflationary pressures and increased costs may have an adverse impact on the tenants' ability to pay rent, and the REIT's ability to increase rents on lease rollovers, which could negatively affect the REIT's financial condition.

Increased inflation could lead to higher costs on future renovations, which could reduce the profitability of the planned renovation projects to the extent that higher rents cannot be obtained from prospective tenants.

In respect of any future real estate purchases, the REIT is also subject to the risk that if the real estate market ceases to attract the same level of capital investment in the future that it attracts at the time of its purchases, or the number of investors seeking to acquire properties decreases, the value of the REIT's investments may not appreciate or may depreciate. Accordingly, the REIT's operations and financial condition could be materially and adversely affected to the extent that an economic slowdown or downturn occurs, is prolonged or becomes more severe.

Changes in government regulations may affect our investment in our properties

We are subject to numerous laws and regulations governing the ownership and leasing of real property, building and zoning requirements, expropriation, landlord-tenant relationships including laws relating to rent collection and the termination of residential tenancies, rent control or rent stabilization, employment standards, environmental matters, taxes and other matters. If we fail to comply with existing or future laws or regulations, we may be subject to governmental or judicial fines or sanctions, while incurring substantial legal fees and costs. In addition, our

capital expenditures could increase due to compliance or remediation measures that may be required if we are found to be noncompliant with any existing or future laws or regulations, including (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or restrictions on discharges or other conditions; (ii) rent control or rent stabilization laws or other residential landlord-tenant laws; or (iii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of our properties, including changes to building codes and fire and health and safety codes. In addition, it is possible that future changes in applicable federal, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting us (including with retroactive effect). Any changes in the laws to which we are subject could materially adversely affect the rights and title in and to our properties and the revenues we are able to generate from our investments. It is not possible to predict whether there will be any further changes in the regulatory regimes to which we are subject or the effect of any such change in our investments.

Further, residential landlord-tenant laws in certain states may provide residents with the right to bring certain claims to the respective judicial or administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result, we may, in the future, incur capital expenditures which may not be fully recoverable from residents.

Competition in the residential real estate market and alternatives to residential rentals may adversely affect our financial performance

We will compete with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. The average age of the Properties is 36 years (based on the year built or year renovated, as applicable). Some of the residential rental properties of our competitors may be newer, better located or better capitalized than our properties. Certain of these competitors have greater financial and other resources and greater operating flexibility than us and it is possible that in the future our properties will be less desirable than newer residential rental properties developed by competitors. The existence of competing managers and owners could have a material adverse effect on our ability to successfully compete for new investments, lease space in our properties, renew leases with existing residents and, in the event that such leases are not renewed, to rent unleased units, and on the rents we are able to charge, which could materially adversely affect our financial condition including cash flows and our ability to make cash distributions to our Unitholders.

Furthermore, the residential rental properties in our portfolio or that we may acquire in the future will compete with numerous housing alternatives to attract tenants, including owner occupied single homes and multi-unit residential buildings available for rent or purchase. The relative demand for such alternatives may be increased by declining mortgage interest rates, government programs which promote home ownership, or other events or initiatives which increase the affordability of such alternatives as compared with residential rental properties. We also face competition from alternative housing options being facilitated by modern technology, such as Airbnb, which allows for the efficient rental of condominiums or apartments, increasing or having the potential to increase the rental inventory as compared to historic norms. The ability of condominium and apartment owners to access the rental market in this manner, whether as a new

entrant to the sector as an owner of multiple suites establishing the rental of such suites as a full-time business or as a tenant of an existing rental unit (subject to the lease terms and conditions governing subletting), may give rise to an increase in the competition that we will face. These factors could materially adversely affect our ability to retain tenants, lease units and increase or maintain rental rates. Such competition may reduce our occupancy rates and rental revenues and adversely affect our ability to make cash distributions to our Unitholders.

Environmental contamination on our properties may expose us to liability and adversely affect our financial performance

Our Properties may contain ground contamination, hazardous substances, and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos, mold or other hazardous substances such as polychlorinated biphenyl, dichlorodiphenyltrichloroethane, pentachlorophenol or lindane above the allowable or recommended thresholds, or other environmental risks could be associated with the buildings.

We will bear the risk of cost-intensive assessment, remediation or removal of such ground contamination, hazardous substances or other residual pollution. The discovery of any such contamination or residual pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against us. The remediation of any pollution and the related additional measures we would have to undertake could have a materially adverse effect on us and could involve considerable additional costs that we may have to bear. We are also exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible, for example, because they cannot be identified, no longer exist or have become insolvent. Moreover, the existence or even the mere suspicion of the existence of ground contamination, hazardous materials or other residual pollution can materially adversely affect the value of a property and our ability to lease or sell such a property.

Environmental legislation and regulations have become increasingly important in recent years and continue to evolve and change. As an owner of interests in real property in the United States, we are subject to various U.S. federal, state and municipal laws relating to environmental matters. Such laws provide a range of potential liability, including potentially significant penalties, and potential liability for the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons and the costs of removal or remediation of certain hazardous substances or ground contamination. Further, liability may be incurred by us with respect to the release of such substances from or to our properties. The presence of such substances, if any, could materially adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral and, potentially, could also result in civil claims against us. In order to obtain financing for the purchase of a new property through traditional channels, we may be requested to arrange for an environmental site assessment to be conducted. Although such an assessment provides us and our lenders with some assurance, we may become subject to liability for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk.

Asbestos containing materials and lead paint are known to be present at certain of the Properties. In connection with our due diligence process we will obtain a Phase I environmental site assessment prior to acquiring real property. If appropriate, we will remediate such situations. Although such environmental site assessments are expected to provide us with some level of assurance about the condition of the property, we may become subject to liability for undetected contamination or other environmental conditions at our properties, which could negatively impact our business, our financial condition including our cash flows and our ability to make cash distributions to our Unitholders.

We are not aware of any undisclosed environmental conditions with respect to any of the Properties that we believe would involve material expenditure by us.

Although there can be no assurances, we do not believe that costs relating to environmental matters will have a material adverse effect on our business, our financial condition including our cash flows and our ability to make cash distributions to our Unitholders. However, environmental laws and regulations can change and we may become subject to more stringent environmental laws and regulations (or more stringent enforcement or administration of existing legislation) in the future.

Our properties are exposed to climate change risk and natural disasters

Climate change continues to attract the focus of governments and the general public as an important threat, given the emission of greenhouse gases and other activities that continue to negatively impact the planet. We face the risk that our properties will be subject to government initiatives aimed at countering climate change, such as reduction of greenhouse gas emissions, which could impose constraints on our operational flexibility or cause us to incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change reform could result in fines or adversely affect our reputation, operations or financial performance.

Furthermore, certain of the Properties are located in Texas and other areas of the United States which have sustained significant storm damage in the past and our properties and buildings may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and severe weather conditions. Such events could interrupt our operations and activities, damage our properties, and potentially decrease our property values, experience reduced rental revenue (including from increased vacancy), or require us to incur additional expenses, including an increase in insurance costs to insure our properties against natural disasters and severe weather or clean-up costs. Any of these events may have a material adverse effect on our business, our financial condition including our cash flows and our ability to make cash distributions to our Unitholders. Further, to the extent we must pay unexpectedly large amounts for insurance, we could suffer reduced earnings that would result in lower distributions to Unitholders.

Investments in, and profits and cash flows from, properties may be lost in the event of uninsured or underinsured losses to properties or losses from title defects

We carry general liability, umbrella liability and excess liability insurance with limits that are typically obtained for similar real estate portfolios in the U.S. and are otherwise acceptable to the

Board. For the property risks, we carry "All Risks" property insurance including, but not limited to, flood, earthquake and loss of rental income insurance (with at least 24-month indemnity period). We also carry boiler and machinery insurance covering all boilers; pressure vessels; heating, cooling and air conditioning ("HVAC") systems; and equipment breakdown. However, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) are uninsurable under any insurance policy. Furthermore, there are other risks that are not economically viable to insure at this time. We partially self-insure against terrorism risk for our entire portfolio. We have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements. Should an uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our properties, but we would continue to be obligated to repay any recourse mortgage indebtedness on such properties. We carry title insurance on all our real estate assets. However, if a loss occurs resulting from a title defect with respect to a property where the loss is in excess of insured limits, we could lose all or part of our investment in, and anticipated profits and cash flows from, such property.

We may encounter difficulties renewing our insurance policies

Certain events could make it more difficult and expensive to obtain insurance, including coverage for catastrophic risks. When our current insurance policies expire, we may encounter difficulty in obtaining or renewing property or casualty insurance at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks, may not be generally available to fully cover potential losses. If we are unable to obtain adequate insurance for certain risks, we could be in default under specific covenants on certain of our debt or other contractual commitments that require us to maintain adequate insurance on our properties to protect against the risk of loss. If this were to occur, or if we were unable to obtain adequate insurance, and our properties experienced damages that would otherwise have been covered by insurance, this could have a material adverse effect on our business, financial condition including cash flows and our ability to make cash distributions to Unitholders.

Cyber security risks could result in disruptions in business operations

As we increase our dependence on information technologies to conduct our operations, the risks associated with cyber security also increase. We rely on management information systems and computer control systems. Business disruptions, utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm our operations and materially adversely affect our operating results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the misuse or loss of control over computer control systems, and breaches due to employee error. Our exposure to cyber security risks include exposure through third parties on whose systems we place significant reliance for the conduct of our business. We have implemented security procedures and measures in order to protect our systems and information from being vulnerable to cyber-attacks. However, we may not have the resources or technical sophistication to anticipate, prevent or recover from rapidly evolving types of cyber-attacks. Compromises to our information and control systems could have severe financial and other business implications, including on our reputation and brand.

Our operations may be affected by adverse global, regional or local market, economic and political conditions

Adverse Canadian, U.S. and global market, economic and political conditions, including dislocations and volatility in the credit markets and general global economic uncertainty, unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence, and international sanctions, could materially adversely affect our operations, financial condition including cash flows and our ability to make cash distributions to Unitholders with the potential to impact, among other things: (i) the value of our properties; (ii) the availability or the terms of financing that we have or may anticipate utilizing; (iii) our ability to make principal and interest payments on, or refinance when due, any outstanding debt; (iv) the occupancy rates in our Properties; and (v) the ability of our tenants to enter into new leases or to satisfy rental payments under existing leases.

Given the scope of our operations, any of the above factors, including sanctions and other governmental actions, could affect the financial condition of our tenants and may have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our Units to decline.

Public health risk

Public health crises, pandemics and epidemics could adversely impact our business, and thereby our and our tenants' ability to meet payment obligations, by disrupting supply chains and transactional activities, causing reduced traffic at our properties, leading to mobility restrictions and other quarantine measures, precipitating increased government regulation and negatively impacting local, national or global economies. Public health crises, pandemics and epidemics may also increase the volatility in financial markets and impact debt and equity markets, which could affect our ability to access capital. All of these factors may have a material adverse effect on our business, results of operations and our ability to make cash distributions to Unitholders. The extent to which any public health crises, disease, epidemic or pandemic impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain.

Substitutions for residential rental units

Demand for our residential rental properties is impacted by and inversely related to the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. Interest rates offered by financial institutions for financing home ownership have been at historically low levels. If the interest rates offered by financial institutions for home ownership financing remain low, demand for rental properties may be adversely affected. Additionally, the United States has historically experienced high levels of foreclosures on single family homes, which has increased the supply of single family homes available for purchase or rental and may adversely affect demand for residential rental properties. A reduction in the demand for residential rental properties may have a material adverse effect on our ability to lease units in our properties and on the rents charged. This, in turn, may have a material adverse effect on our

financial condition including cash flows and our ability to make cash distributions to Unitholders.

We may not be able to successfully execute our growth strategy

Our ability to achieve our strategic objectives is subject to known and unknown risks, uncertainties and other unpredictable factors which, in addition to those discussed herein, include: adverse changes to foreign or domestic laws; changes in economic, market and competitive conditions; and other risks that may adversely affect our ability to grow and diversify our asset base through acquisitions, development, re-development and dispositions; to optimize our balance sheet; to implement our debt strategy and to achieve our strategy of expanding our asset base across high growth U.S. residential markets such as the Sunbelt and Midwest regions and other markets that fit our investment criteria and long term goals, as well as implementing our value- enhancing capital investment programs. The inability to achieve these strategic objectives may adversely affect our business and the market price of our Units.

Our investments are not diversified by asset class

Our investments are not diversified by asset class as all of our investments are in residential rental properties (or ancillary assets related thereto). By specialising in a particular type of real estate, we are exposed to adverse effects on that segment of the real estate market and do not benefit from a diversification of our portfolio by property type. A lack of asset class diversification increases risk because residential rental property is subject to its own set of risks, such as adverse housing pattern changes and uses, immigration, increased property taxes, vacancies, rent controls, rising operating costs and changes in mortgage rates.

A large number of factors may adversely affect the value and successful operation of a residential rental property, including: the physical attributes of the building, such as its age, condition, design, appearance, access to transportation, and construction quality; the location of the property; our ability to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates, which may encourage tenants to purchase rather than lease housing; the presence of competing properties; the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local military base; adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; federal, state and local regulations, which may affect the building owner's ability to increase rent to market rent for an equivalent apartment; and government assistance/rent subsidy programs. If the demand for residential rental properties is reduced, or if competitors develop and/or acquire competing properties on a more cost-effective basis, income generated from our investments and the underlying value of such investments may be adversely affected which could affect our cash flows and our ability to make cash distributions to Unitholders.

We may be affected by the economic environment and fluctuations in inflation and capitalization rates

We are subject to risks involving the economy in general, including inflation, deflation or stagflation, unemployment and geopolitical issues. Poor economic conditions could adversely affect our ability to generate revenues, thereby reducing our operating income and earnings. Such conditions could also have an adverse impact on our ability to maintain occupancy rates which could harm our financial condition. In weak economic environments, residents of our properties may be unable to meet their rental payments and other obligations due to us, which could have a material adverse effect on us. In addition, fluctuations in interest rates or other financial market volatility may restrict the availability of financing for future prospective purchasers of our investments and could potentially reduce the value of such investments.

A significant component of our ability to successfully operate relates to certain external factors that are beyond our control, particularly interest rates and capital markets conditions. As interest rates fluctuate in the lending market, generally so do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

We may be subject to financing renewal risks

In the future, we will seek to manage our financing risk by maintaining a balanced maturity profile with long-term maturities on our debt. There can be no assurance that the renewal of debt will be on as favourable terms as our existing debt.

The ongoing financial and real estate market disruptions that began in 2007 could adversely affect the residential rental property sector's ability to obtain financing from Freddie Mac, Fannie Mae or the U.S. Department of Housing and Urban Development ("**HUD**"), which could materially adversely affect our operations. Fannie Mae, Freddie Mac and HUD are major sources of financing for the U.S. residential rental property sector, and Freddie Mac, Fannie Mae and HUD have experienced significant losses during recent years due to credit-related expenses, securities impairments and fair value losses. If new U.S. government regulations (i) heighten the underwriting standards of Freddie Mac, Fannie Mae or HUD, (ii) adversely affect interest rates, or (iii) reduce the amount of capital that Freddie Mac, Fannie Mae or HUD can make available to the residential rental property sector, such regulations could reduce or remove entirely a vital resource of residential rental property financing. Any potential reduction in loans, guarantees and credit enhancement arrangements from Freddie Mac, Fannie Mae or HUD could limit the availability of financing, increase the cost of financing or otherwise decrease the amount of liquidity and credit available to the residential rental property sector generally and us specifically.

On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into conservatorship and, together with the U.S. Treasury, established a program designed to boost investor confidence in Fannie Mae's and Freddie Mac's debt and mortgage-related securities. Although the U.S. Treasury has committed capital to Fannie Mae and Freddie Mac, there can be no assurance that these actions will be adequate for their needs. If these actions are

inadequate, Fannie Mae and Freddie Mac could continue to suffer losses and could fail to honour their guarantees and other obligations. The future roles of Fannie Mae and Freddie Mac could be significantly reduced and the nature of their guarantees could be considerably limited relative to historical measurements. Any changes to the nature of the guarantees provided by Fannie Mae and Freddie Mac could redefine what constitutes a U.S. government agency mortgage-backed security and could have broad adverse market implications. Such market implications could negatively affect the performance and market value of our portfolio.

We are subject to increased property tax risk

We are subject to the risk of increased property taxes. If the assessed values of our properties for local and state property tax purposes increase in the future, this may result in an increase in our property tax expenses. In some instances, improvements to properties may result in significant increases in property assessments following a re-valuation and a corresponding increase in property tax expense. Increases in property tax expenses will result in a corresponding decrease in our net operating income which could affect our ability to make cash distributions to Unitholders and the market price of our Units.

Our Properties are subject to encumbrances

Our Properties are subject to various easements including, without limitation, utility, sewer and drainage easements. There may be some instances where buildings and other improvements located on the Properties encroach onto these easements and, in some isolated instances, where improvements on the Properties encroach onto adjacent properties. Where such encroachments exist, we may be required to grant or obtain additional easement area and we could be responsible for the cost of moving existing infrastructure. In the event that the owner of an easement damages an improvement while working within the easement, we could be responsible for the cost of repairs.

Certain of the Properties may not comply fully with current building setback requirements, although many may qualify as permitted non-conforming uses. We may be forced to seek variances for certain Properties that are not in conformity with setback requirements and there can be no assurance that the required variances would be granted, or if granted, that they will be granted on terms favourable to us. In addition, the process of obtaining variances can be difficult and time consuming. In the event that we renovate or redevelop any of the Properties that currently do not comply with current setback requirements, such renovations or redevelopments may also require us to first secure a variance. This could result in increased costs to us and/or reduced space within which to redevelop the property.

We are subject to operational risk

Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process or from external events. The impact of this loss may be financial loss, loss of reputation or legal and/or regulatory proceedings. We will endeavour to minimize such losses by ensuring that effective infrastructure and controls exist. These controls will be regularly reviewed and if deemed necessary improvements will be implemented.

We may not be able to source suitable acquisitions

Our objective and strategy includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties.

The acquisition of properties entails risks that investments will fail to perform in accordance with expectations, including risks that the properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired property up to standards established for the market position intended for that property may prove inaccurate. If we are unable to manage growth effectively, it could materially adversely affect our business, our financial condition including our cash flows and our ability to make cash distributions to our Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that we will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to Unitholders will increase in the future. There can be no assurance that we will be able to find attractive opportunities toward which to deploy capital or the proceeds of dispositions, or that we will be able to replace the revenue from disposed properties with revenue from newly acquired properties on satisfactory terms or to acquire assets on an accretive basis.

Acquisitions of properties are subject to commercial risks and satisfaction of closing conditions that may include, among other things, obtaining title insurance. Such acquisitions may not be completed or, if completed, may not be on terms that are as favourable as initially negotiated. In the event that we do not complete an announced acquisition, it may have an adverse effect on our operating results.

In addition, we will compete for acquisitions with both public and private acquirers. Other public acquirers may have access to lower cost capital, while private acquirers may be able to use greater leverage and a higher proportion of lower coupon floating rate debt.

Acquisitions of properties may expose us to undisclosed defects and obligations

Our external growth prospects depend in large part on identifying suitable acquisition opportunities, pursuing such opportunities and consummating acquisitions. We intend to make acquisitions and dispositions of properties in accordance with our external growth strategy, which is subject to change with changing market conditions and opportunities. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as our ability to realize our anticipated growth opportunities and synergies from our newly acquired properties. Integrating acquired properties also involves a number of risks that could materially and adversely affect our business, including:

- failure of the acquired properties to achieve expected investment results; and
- risks relating to the integration of the acquired properties and the retention and integration of key personnel relating to the acquired properties.

Notwithstanding pre-acquisition due diligence, it is not possible to fully understand a property before it is owned and operated for an extended period of time. For example, we could acquire a property that contains undisclosed defects in design or construction. Furthermore, we are not always able to obtain from the seller the records and documents that we need in order to fully verify that the buildings we acquire were constructed in accordance, and that their use complies, with planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. Thus, we could have overlooked or misjudged legal and/or economic liabilities. These circumstances could lead to additional costs and could have a material adverse effect on our proceeds from sales and rental income of the relevant properties, for which we may not be entitled to any recourse against the vendor, and any contractual, legal, insurance or other remedies may be insufficient. In addition, after the acquisition of a property by us, the market in which the acquired property is located may experience unexpected changes that materially adversely affect the property's value. The occupancy of properties that we acquire may decline during our ownership, and rents that are in effect at the time a property is acquired may decline thereafter. For these reasons, among others, our property acquisitions may cause us to experience significant losses. If we are unable to manage our growth and integrate our acquisitions effectively, our investments, operating results and financial condition could be materially adversely affected.

We are subject to property renovation and redevelopment risk

Our growth strategy involves identifying units that could benefit from value-enhancing renovations and we will need to allocate available cash or obtain financing in order to complete such work. Major renovations or property redevelopment works are subject to a number of risks, including: (i) the potential that the we may fail to recover expenses already incurred if we abandon redevelopment opportunities after commencing to explore them; (ii) the potential that we may expend funds on and devote management time to projects which we do not complete; (iii) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (iv) the time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting our cash flow and liquidity; (v) the cost and timely completion of construction (including risks beyond our control, such as weather, labour conditions or supply chain risks including labour or material shortages); (vi) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (vii) the failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (viii) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (ix) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; (x) our ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the state of the credit markets; and (xi) the availability and pricing of financing to fund our renovation and redevelopment activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of renovation or redevelopment activities or preclude completion of such activities once undertaken. In addition, these projects entail risks that

investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its related risks) with contractors, subcontractors, suppliers, partners and others.

In the future, we may be subject to development risk

Any future development projects are subject to development risks, including:

- the potential insolvency of a developer;
- a developer's failure to use advanced funds in payment of construction costs;
- construction or other unanticipated delays;
- incurring construction costs before ensuring rental revenues will be earned from the project;
- cost over-runs on the project;
- the failure to obtain required governmental approvals and certificates of occupancy; and
- the failure of tenants to occupy and pay rent in accordance with lease arrangements.

We may undertake development projects with Pauls, Dream and other established developers. In addition, we may use a staggered approach in our development program to avoid unnecessary concentration of development projects in a single period of time so as to manage our development risk exposure and properly allocate our capital and personnel resources. Our risk exposure is further mitigated by the Declaration of Trust, which limits the amount we are able to commit to development activity at any one time to no more than 25% of Adjusted Unitholders' Equity.

Investments in real estate properties through joint ventures may restrict our ability to deal with those properties or expose us to liability

We may become a participant in joint arrangements with Dream, Pauls and other related parties in the future. A joint arrangement involves certain additional risks, including: (i) the possibility that such joint venture partners may at any time have economic or business interests or goals that will be inconsistent with ours, or take actions contrary to our instructions or requests or to our policies or objectives with respect to our real estate investments, (ii) the risk that such joint venture partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on us to maintain and operate such properties or repay the joint venture partners' share of property debt guaranteed by us or for which we will be liable, and/or result in our suffering or incurring delays, expenses and other problems associated with obtaining court approval of the joint arrangement, (iii) the risk that such joint venture partners may, through their activities on behalf of or in the name of the joint arrangements, expose or subject us to liability, and (iv) the need to obtain joint venture partners' consents with respect to certain major decisions, including the decision to distribute

cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in certain of the joint arrangements may be subject to rights of first refusal or first offer, and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not desire to sell but may be forced to do so because we do not have the cash to purchase the other party's interests. Such rights may also inhibit our ability to sell an interest in a property or a joint arrangement within the time frame or otherwise on the basis we desire.

Risks with operating in new markets

If the opportunity arises, we may explore acquisitions of properties in new markets. Each of the risks applicable to our ability to acquire and successfully integrate and operate properties in our current markets is also applicable to our ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, we may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could materially adversely affect our ability to expand into or operate in those markets. We may be unable to achieve a desired return on our investments in new markets. If we are unsuccessful in expanding into new markets, it could materially adversely affect the trading price of our Units, our business, our financial condition including our cash flows and our ability to make cash distributions to our Unitholders.

We may invest in troubled assets

We may make investments in non-performing or other troubled assets that involve a high degree of financial risk and there can be no assurance that our investment objectives will be realized or that there will be any cash available for distribution to Unitholders. Furthermore, investments in properties operating in work-out modes or under bankruptcy protection laws may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of our original investment. In addition, under certain circumstances, payments to us and distributions by us to Unitholders may be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law.

Risks relating to derivative instruments

We may invest in and use derivative instruments, primarily swaps, to manage interest rate risks inherent in our operations. There can be no assurance that our hedging activities will be effective. Further, these activities, although intended to mitigate price volatility, expose us to other risks. We are subject to the credit risk that our counterparty may be unable to meet its obligations. In addition, to the extent that we invest in certain derivative instruments, there is a risk of loss by us of margin deposits upon the bankruptcy of the dealer with whom we have an open position. Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in value of a derivative may not correlate perfectly with the underlying reference exposure. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these contracts involves judgment and the use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. Our ability to close out our positions may also be affected by exchange-imposed daily trading limits on options and futures contracts. If we are unable to

close out a position, we will be unable to realize its profit or limit its losses until such time as the option becomes exercisable or expires or the futures or forward contract terminates, as the case may be. The inability to close out options, futures and forward positions could also have a material adverse effect on our ability to use derivative instruments to effectively hedge our interest rate risks.

Risks relating to investments in debt instruments

We may hold direct or indirect investments in mortgages and mortgage bonds (including participating or convertible mortgages). Adverse changes to the financial condition of a mortgagor with respect to a mortgage held directly or indirectly by us could have an adverse impact on our ability to collect principal and interest payments from such mortgagor and therefore, cause a reduction in the value of that investment and adversely effect our ability to make cash distribution to Unitholders.

Based upon applicable laws governing our investment in debt instruments and the loans underlying our debt securities, our investments in debt may also be adversely affected by: (i) the operation of applicable laws regarding the ability to foreclose mortgage loans or to exercise other creditors' rights provided in the underlying loan documents; (ii) lender liability with respect to the negotiation, administration, collection or foreclosure of mortgage loans; (iii) penalties for violations of applicable usury limitations; and (iv) the impact of bankruptcy or insolvency laws.

Further, we will not know whether the values of the properties securing the mortgage loans will remain at the levels existing on the dates of origination of those mortgage loans. If the values of the underlying properties fall, the risk to us will increase because of the lower value of the security associated with such loans.

Litigation at the property level

The acquisition, ownership and disposition of real property carries certain specific litigation risks. Litigation may be commenced with respect to a property acquired by us or our Subsidiaries in relation to activities that took place prior to our acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or damages for misrepresentation relating to disclosures made, if such buyer is passed over in favour of another as part of our efforts to maximize sale proceeds. Similarly, successful buyers may later sue us under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

General litigation risks

In the ordinary course of our operations, whether directly or indirectly, we may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, tenant disputes, property taxes, land rights, the environment, contract disputes, employment practices, fair housing and accessibility. The outcome with respect to outstanding, pending or

future proceedings cannot be predicted with certainty and may be determined in a manner adverse to us and, as a result, could have a material adverse effect on our assets, business, financial condition and financial performance. Even if we prevail in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from our business operations, which could materially adversely affect our business, our financial condition including our cash flows and our ability to make cash distributions to our Unitholders. This risk may be heightened for us as compared to other Canadian real estate investment trusts without properties located in the United States because the legal climate in the United States, in comparison to that in Canada, tends to give rise to a greater number of claims and larger damages awards.

Risk of accidental death or severe injuries at our properties

While we will maintain and promote safety at our properties, the accidental death or severe injuries of persons living in or working on our properties due to fire, natural disasters, criminal activity or other hazards could have a material adverse effect on our business and results of operations. Our insurance coverage may not cover all losses associated with such events, and we may experience difficulty marketing communities where any such events have occurred, which could have a material adverse effect on our business and results of operations.

Losses of key personnel may affect our ability to operate effectively

Our operations will be dependent upon the participation of our key personnel, including our chief executive officer, chief financial officer and chief operating officer. While we believe that we could find replacements for these key employees, the loss of their services (including as a result of any re-allocation by the Asset Managers) and our inability to attract and retain qualified and experienced personnel may materially adversely affect our ability to operate and expand which could materially adversely affect our operating results and financial condition and decrease the amount of cash available for distribution.

Restrictions in our constating documents and material contracts may impact our activities

Several of our and our Subsidiaries' constating documents and material contracts (including, without limitation, the Declaration of Trust and the Operating Agreement) will contain restrictions that limit our activities and the activities of our Subsidiaries to ensure we comply with certain provisions of the Tax Act and Code. See "Declaration of Trust and Description of REIT Units" and "Risk Factors – Tax-related risk factors". Compliance with these restrictions may limit our flexibility in terms of the nature and scope of our investments and activities and thereby may adversely affect our economic performance, including our ability to grow.

Changes in IFRS Accounting Standards

The Accounting Standards Board of Canada requires all publicly accountable enterprises to report under IFRS Accounting Standards for interim and annual financial statements. We are required to report under IFRS Accounting Standards. There are ongoing projects conducted by the International Accounting Standards Board that are expected to result in new pronouncements

that continue to evolve, which could adversely impact the manner in which we report our financial position and operating results.

We depend on information technology systems

Our business depends on information technology systems for day-to-day operations. If we are unable to operate our systems or make enhancements as needed, or if our systems go down, it could have an adverse effect on our ability to service tenants, manage our operations or meet our obligations, which in turn could have an adverse impact on our results and financial position. Important processes such as roll-outs, software and equipment upgrades and information security procedures will be continually assessed to ensure they are as effective as possible in order to support management in achieving our strategic objectives.

The protection of tenant and company data is critically important to us. Our business will require us to use and store personally identifiable and other sensitive information of our tenants. The collection and use of personally identifiable information is governed by U.S. federal and state laws and regulations and Canadian federal, provincial and territorial laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may increase our operating costs and adversely impact our ability to market our properties and services.

Expanding social media vehicles present us with new challenges

The use of social media could cause us to suffer brand damage or information leakage. Negative posts or comments about us or our properties on any social networking website could damage our reputation. In addition, non-public sensitive information relating to our business may be leaked through external media channels. The continuing evolution of social media will present us with new challenges and risks.

Theft or fraud could result in significant harm

Certain individuals have access to, or signature authority with respect to, our bank accounts or other assets, which exposes us to the risk of fraud or theft. In addition, certain individuals have access to key information technology infrastructure and to other information that is commercially valuable. Should any individual compromise any of our information technology systems, or misappropriate other information, we could incur losses, including significant financial or reputational harm, from which full recovery cannot be assured. We may also not have insurance that covers any losses in full or that covers losses from particular criminal acts. Potential liabilities for theft or fraud are not quantifiable and an estimate of possible loss cannot be made.

There may be restrictions on our ability to sell a property

We may be required to expend funds to correct defects or to make improvements before a property can be sold. No assurance can be given that we will have funds available to correct such defects or to make such improvements. In acquiring a property, we may agree to lock-out provisions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that

property or debt or other contracts that are not prepayable or terminable and must be assumed by a buyer. These provisions would restrict our ability to sell a property. These factors and any others that would impede our ability to respond to adverse changes in the performance of our properties could significantly affect our business, financial condition and our ability to make cash distributions to our Unitholders.

Risk of terrorism

Possible terrorist attacks in the markets where our properties are located may result in declining economic activity, which could reduce the demand for space at our properties and reduce the value of our properties. Additionally, terrorist activities could directly affect the value of our properties through damage, destruction or loss. Our insurance coverage may not cover some losses due to terrorism or such insurance may not be obtainable at commercially reasonable rates. Terrorism may have a material and adverse effect on our business, our financial condition including our cash flows and our ability to make cash distributions to our Unitholders.

We may incur expenses in connection with laws benefiting disabled persons

Laws benefiting disabled persons may result in unanticipated expenses being incurred by us. Under the Americans with Disabilities Act of 1990 (the "**ADA**"), all places intended to be used by the public are required to meet certain federal requirements related to access and use by disabled persons. The Fair Housing Amendments Act of 1988 (the "**FHAA**") requires apartment properties first occupied after March 31, 1991 to comply with design and construction requirements for disabled access. For those projects receiving federal funds, the Rehabilitation Act of 1973 (the "**RA**") also has requirements regarding disabled access. These and other federal, state and local laws may require modifications to our properties, or affect renovations of the properties. Non-compliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. In addition, there has been a rise of litigation in the United States in connection with ADA website compliance. Although we believe that our Properties are substantially in compliance with the present requirements, we may incur unanticipated expenses to comply with the ADA, the FHAA and the RA in connection with the ongoing operation or redevelopment of our properties.

Risks relating to the Units

The ability of Unitholders to redeem Units is subject to restrictions on redemption

It is anticipated that the redemption right attached to the Units will not be the primary mechanism by which holders of such Units will liquidate their investments. The entitlement of holders of Units to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by us in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed US$50,000 (provided that such limitations may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading or quoted on a stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; and (iii) the normal trading of the outstanding Units is not

suspended or halted on any stock exchange on which such Units are listed (or, if not listed on a stock exchange, on any market on which such Units are quoted for trading) on the Redemption Date for the Units or for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date for the Units.

Subordination of the Units may limit our ability to pay distributions

In the event of a bankruptcy, liquidation or reorganization of us or any of our Subsidiaries, holders of certain of our indebtedness and our trade creditors will generally be entitled to payment of their claims from our assets and those of our Subsidiaries before any assets are made available for upstream distribution, eventually to us or our Unitholders. The Units are effectively subordinated to the Credit Facility and potentially future financings and most of the other indebtedness and liabilities of our Subsidiaries. None of our Subsidiaries will be limited (other than pursuant to their constating documents, existing credit facilities or other debt instruments) in their respective ability to incur secured or unsecured indebtedness.

Cash distributions are not guaranteed and may fluctuate with our financial performance

Our distribution policy is established in the Declaration of Trust and may only be changed with the approval of a majority of Unitholders. However, the Board may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of the Units.

There can be no assurance regarding the amount of income to be generated by our properties. Although we intend to make cash distributions in accordance with our distribution policy, the actual cash flow available for distribution to Unitholders is dependent on the amount of cash flow paid to us by our operating entities and can vary significantly from period to period for a number of reasons, including among other things: (i) the amount of net rental income derived from our properties; (ii) the amount of cash required or retained for debt service or repayment; (iii) amounts required to fund capital expenditures and working capital requirements; (iv) tenant concessions or inducements; (v) Unit redemptions; (vi) interest rates and inflation; and (vii) other factors that may be beyond our control. These amounts are subject to the discretion of the Board, which will regularly evaluate our distribution payout with respect to anticipated cash flows, debt levels, capital expenditure plans and amounts to be retained to fund acquisitions and expenditures. In addition, our level of distributions per Unit will be affected by the number of outstanding Units and other securities that may be entitled to receive cash distributions. Distributions may be increased, reduced or suspended entirely depending on our operations and the performance of our assets. The market value of the Units may materially deteriorate if we are unable to meet distribution expectations in the future. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors. The rate of return over a defined period for a Unitholder may not be comparable to the rate of return on a fixed income security that provides a "return on capital" over the same period.

If we decide to issue debt or equity securities in the future ranking senior to the Units or otherwise incur additional indebtedness, it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting our operating flexibility and limiting our ability to make distributions to Unitholders. Additionally, any

convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges, including with respect to distributions, more favourable than those of Units and may result in dilution to Unitholders. Because our decision to issue debt or equity securities in any future offering or otherwise incur indebtedness will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings or financings, any of which could reduce the market price of the Units and dilute the value of the Units.

Unitholders will have limited control over our operations

Unitholders will have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in us. The Board will determine major policies, including policies regarding financing, growth, debt capitalization, REIT qualification and distributions. The Board may amend or revise these and other policies without a vote of Unitholders. Under the Declaration of Trust, Unitholders have a right to vote only on limited matters. The Trustees' broad discretion in setting policies and Unitholders' inability to exert control over those policies increases the uncertainty and risks of an investment in us.

Unitholders do not have legal rights normally associated with ownership of shares of a corporation

Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example the right to bring "oppression" or "derivative" actions against us. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing our affairs equivalent to the OBCA or the CBCA that sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, we may not be a recognized entity under certain existing insolvency legislation such as *the Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada), and thus the treatment of Unitholders upon an insolvency is uncertain. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, we are not a trust company and, accordingly, are not registered under any trust and loan company legislation as we do not carry on or intend to carry on the business of a trust company.

Unitholder liability may arise

The Declaration of Trust provides that no holder of Units or annuitant or beneficiary of a trust governed by a Plan/or of any Plan of which a holder of Units acts as an annuitant will be held to have any personal liability as such, and that no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any holder of Units or annuitant for any liability whatsoever, whether constituting extra contractual or contractual liability or arising in tort, contract or otherwise, to any person in connection with our property or our affairs, including for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of us or of the Board or any obligation which a holder of Units or annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such ("**Trust Liability**")**.** Only our assets are intended to be liable and subject to levy or execution for satisfaction of such Trust Liability. Each holder of Units and annuitant will be entitled to be

reimbursed out of our assets in respect of any payment of such Trust Liability made by such holder of Units or annuitant.

The Declaration of Trust provides that the Board shall cause our operations to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine practicable and consistent with their fiduciary duty to act in the best interests of the holders of the Units, any material risk of liability on the holders of Units for claims against us, and shall, to the extent available on terms which they determine to be practicable, including the cost of premiums, cause the insurance carried by us, to the extent applicable, to cover the holders of Units and annuitants as additional insured. Any written instrument creating an obligation which is or includes the granting by us of a mortgage and, to the extent the Board determine it to be practicable and consistent with their fiduciary duties to act in the best interest of the holders of Units, any written instrument which is a material obligation, shall contain a provision that the obligation created is not personally binding upon the Trustees, the holders of Units or officers, employees or agents of us, but that only our property or a specific portion thereof is bound. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Ontario to Unitholders or annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

However, in conducting our affairs, we are acquiring immovable property investments, subject to existing contractual obligations, including obligations under hypothecs, mortgages and leases. The Board will use commercially reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations binding upon any of the Unitholders or annuitants personally. However, we may not be able to obtain such modification in all cases. If a claim is not satisfied by us, there is a risk that a Unitholder or annuitant will be held personally liable for the performance of the obligations of us where the liability is not disavowed as described above. The possibility of any personal liability attaching to Unitholders or annuitants under the laws of the Province of Ontario for contract claims where the liability is not so disavowed is remote.

The issuance of additional Units will result in dilution

The number of Units we are authorized to issue is unlimited. We may, in our sole discretion, issue additional Units from time to time. Any issuance of Units, including Units issued in consideration for properties acquired by us, will have a dilutive effect on existing Unitholders.

Regulatory approvals may be required in connection with a distribution of securities on a redemption of Units or our termination

Upon a redemption of Units or our termination, the Board may distribute securities directly to the Unitholders, subject to obtaining any required regulatory approvals. No established market may exist for the securities so distributed at the time of the distribution and no market may ever develop. In addition, the securities so distributed may not be qualified investments for Plans, depending upon the circumstances at the time.

It may be difficult to enforce judgments against our foreign subsidiaries

US Holdco and Holdco LLC are organized under the laws of the State of Delaware. All of the assets of US Holdco and Holdco LLC are located outside of Canada and certain Trustees, directors and officers are residents of countries other than Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws. There is some doubt as to the enforceability in the United States by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws.

Our ability to enforce contracts may be limited

From time to time we may enter into contracts with third parties who make representations and warranties to us with respect to certain matters or agree to indemnify us if certain circumstances should occur. When acquiring assets, we will endeavour to obtain certain representations and warranties with respect to the assets being acquired. Such representations and warranties, to the extent obtained, are subject to limitations, and generally represent unsecured contractual rights. There can be no assurance that we will be fully protected in the event of a breach of such representations and warranties or if such circumstances should occur or that such party will be in a position to indemnify us in any such event. We may not be able to successfully enforce an indemnity contained in an agreement against such party or any such indemnity may not be sufficient to fully indemnify us from third party claims. Only we (or our Subsidiaries) will be entitled to bring a claim or action for misrepresentation or breach of contract under such purchase and sale agreements and Unitholders will not have any contractual rights or remedies under such agreements. In addition, we may be subject to undisclosed liability to third parties and such liability may be material, which could negatively impact our business, our financial condition including our cash flows and our ability to make cash distributions to our Unitholders.

Controls and procedures may not perform as intended

Dream Residential REIT has established internal controls over financial reporting and disclosure controls and procedures designed in accordance with NI 52-109. A control system, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; and (ii) the impact of isolated errors. In addition, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design procedures will succeed in achieving its stated goals under all potential (future) conditions.

Unitholders may be subject to currency risk associated with our distributions

Holders of Units residing in countries where the U.S. dollar is not the functional currency will be subject to foreign currency risk associated with our distributions, which are denominated in U.S. dollars.

Risks relating to our relationship with the Asset Managers and others

We rely on Dream Asset Manager and Pauls Asset Manager for asset management services

We rely on Dream Asset Manager, a subsidiary of Dream, and Pauls Asset Manager, a subsidiary of Pauls, with respect to the asset management of our properties. Consequently, our ability to achieve our investment objectives will depend in large part on the Asset Managers and their ability to properly advise us. This means that our investments are dependent upon the Asset Managers' successful relationship with each other and each of their business contacts, their ability to successfully hire, train, supervise and manage their personnel and their ability to maintain their operating systems. If we were to lose the services provided by either or both of the Asset Managers or their key personnel, our investments and growth prospects may significantly decline. We may be unable to duplicate the quality and depth of management available to us by becoming a self-managed company or by hiring another asset manager. Prospective investors should not purchase any Units unless they are prepared to rely on our Board, executive officers and the Asset Managers.

Although the Asset Management Agreement provides that the Asset Managers will automatically be rehired at the expiration of each term (subject to certain termination provisions), the Asset Managers have the right, at any time after the initial 10-year term and upon 180 days' notice, to terminate the Asset Management Agreement for any reason. The Asset Management Agreement may also be terminated in other circumstances, such as upon the occurrence of an event of default or insolvency of an Asset Manager within the meaning of such agreement. Accordingly, there can be no assurance that either or both of the Asset Managers will continue to be our asset managers. If either Asset Manager should cease for whatever reason to be our asset manager, the cost of obtaining substitute services may be greater than the fees we will pay the Asset Managers under the Asset Management Agreement, and this may materially adversely affect our ability to meet our objectives and execute our strategy which could materially adversely affect our cash flows, operating results and financial condition.

We depend on the business of Holdco LLC

We are entirely dependent on the business of Holdco LLC. The cash distributions we can make to Unitholders are dependent on the ability of Holdco LLC to pay cash distributions in respect of the units of Holdco LLC. The ability of Holdco LLC to pay cash distributions or make other payments or advances to us may be subject to contractual restrictions contained in any instruments governing the indebtedness of Holdco LLC. The ability of Holdco LLC to pay cash distributions or make other payments or advances is also dependent on the ability of Holdco LLC's subsidiaries to pay cash distributions or make other payments or advances to Holdco LLC.

Our Trustees and executive officers may be put in a position of conflict as a result of their positions held and interests in other businesses

Certain of our Trustees and executive officers are also trustees, directors and/or officers of other entities such as Dream and/or Pauls, or are otherwise engaged, and may continue to be engaged, in activities that may put them in conflict with our business strategy, including US residential rental real estate. Accordingly, these individuals may not devote all of their time and attention to us. Consequently, these positions could create, or appear to create, conflicts of interest with respect to matters involving us. Pursuant to the Declaration of Trust, all decisions to be made by the Board which involve us will be required to be made in accordance with the Trustee's duties and obligations to act honestly and in good faith with a view to the best interests of the REIT and the Unitholders. In addition, our Trustees and officers are required to declare their interests in, and such Trustees are required to refrain from voting on, certain decisions regarding matters that may give rise to a material conflict of interest. However, there can be no assurance that the provisions in the Declaration of Trust will adequately address potential conflicts of interest or that such actual or potential conflicts of interest will be resolved in our favour.

Affiliates of Dream and Pauls also provide management services to other public and private companies. As asset managers for other entities and on their own behalf, Dream and Pauls will pursue other business opportunities, including but not limited to real estate and development business opportunities outside of the REIT. These multiple responsibilities to other businesses could create competition for the time and efforts of Dream and Pauls which could materially adversely affect us.

Tax-related risk factors

Canadian Tax Risks

(i) *Residency of the REIT for Canadian and U.S. Tax Purposes* — The REIT is resident in Canada for purposes of the Tax Act and is treated as a domestic corporation in the U.S. under the Code. As a result, the REIT is generally taxable on its worldwide income in both Canada and the U.S. However, in both jurisdictions, the REIT generally will not be subject to tax on the portion of its income that it distributes to Unitholders (subject to certain limitations and exceptions). Management of the REIT is of the view that the status of the REIT as taxable in both Canada and the U.S. is not likely to give rise to any material adverse consequences in the future as it is not anticipated that the REIT will be subject to material federal income tax in either Canada or the U.S. Nevertheless, the REIT's status as taxable on its worldwide income in both Canada and the U.S. may, in certain circumstances, have a material adverse effect on the REIT and the Unitholders. As a result of the REIT being resident in both Canada and the U.S., withholding taxes of both Canada and the U.S. will be relevant to distributions by the REIT and could result in double taxation to certain investors and other consequences.

(ii) *Mutual Fund Trust Status* — The REIT intends to qualify at all relevant times as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws or the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. Should the REIT cease to qualify as a mutual fund trust under the Tax Act, the Canadian income tax considerations associated with an investment in Units may be materially and adversely affected.

(iii) *Application of the SIFT Rules* — The SIFT Rules in the Tax Act will apply to a trust that is a SIFT trust. The REIT will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it does not own any "non-portfolio property" (as defined in the Tax Act) and does not carry on business in Canada in that year. The REIT has not owned and does not currently intend to own any non-portfolio property, nor has it carried on or does it currently intend to carry on a business in Canada.

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

(iv) *Foreign Tax Credits and Deductions* — The after-tax return from an investment in Units to a Unitholder resident in Canada for the purposes of the Tax Act will depend in part on the Unitholder's ability to effectively utilize U.S. taxes paid by the Unitholder through foreign tax credits or foreign tax deductions under the Tax Act. A Unitholder's ability to effectively utilize U.S. taxes through foreign tax credits or foreign tax deductions may be affected where the Unitholder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient U.S. source income in the taxation year the U.S. taxes are paid (including having regard to differences between the composition of distributions made by the REIT for Canadian and U.S. tax purposes) or where the Unitholder has other U.S. sources of income or losses, has paid other U.S. taxes or, in certain circumstances, has not filed a U.S. federal income tax return. Furthermore, the ability to effectively utilize foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal and provincial tax rates and U.S. tax rates that will apply in future years to

applicable sources of income. Unitholders are therefore advised to consult their own tax advisors in regards to foreign tax credits and foreign tax deductions, including having regard to the differences between the composition of distributions made by the REIT for Canadian and U.S. tax purposes and to their own circumstances.

(v) A Unitholder that is a Plan will not be entitled to a foreign tax credit or deduction under the Tax Act in respect of any U.S. tax paid by the Plan (including any U.S. withholding tax imposed on distributions paid to a Plan). Accordingly, any such U.S. tax will reduce such a Unitholder's after-tax return. Such Unitholders should consult with their own tax advisors in regards to U.S. tax payable in respect of an investment in Units and, in particular, whether an exemption from U.S. withholding tax on distributions may be available under Article XXI of the Treaty.

(vi) As discussed below under "U.S. Tax Risks", a Unitholder may be subject to additional U.S. tax on a disposition of the Units and on certain distributions by the REIT, if (i) the Unitholder holds, or has held, actually or constructively, more than 10% of the outstanding Units, as determined for U.S. federal income tax purposes, or (ii) the TSX Publicly Traded Exception or the U.S. Publicly Traded Exception are not satisfied, as such terms are defined herein. With respect to the TSX Publicly Traded Exception, for so long as 100 or fewer persons do not own 50% or more of the Units, the Units should be treated as "regularly traded" on the TSX for a calendar quarter if: (a) the Units trade, other than in de minimis quantities, on at least 15 days during the calendar quarter; (b) the aggregate number of Units traded during the calendar quarter is at least 7.5% of the average number of Units outstanding during such calendar quarter (reduced to 2.5% if there are 2,500 or more record Unitholders); and (c) the REIT attaches a statement to its U.S. federal income tax return that provides information relating to the REIT, the Units, and beneficial owners of more than 5% of the Units (the "**TSX Publicly Traded Exception**"). With respect to the U.S. Publicly Traded Exception, for each calendar quarter during which the Units are regularly quoted on the OTCQX (an over-the-counter market with an interdealer quotation system that should be treated as an "established securities market" located in the United States), the Units should be treated as "regularly traded" on an established securities market in the United States (the "**U.S. Publicly Traded Exception**"). The proceeds receivable on a disposition of a Unit may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and beneficiaries of certain Unitholders that are trusts may not be considered to have paid such tax for purposes of the Tax Act. Accordingly, Unitholders may not be entitled to a foreign tax credit in respect of such U.S. tax for Canadian tax purposes.

(vii) *Non-Residents of Canada* — The Tax Act may impose Canadian withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. Further, because the REIT is both resident in Canada for purposes of the Tax Act and treated as a domestic corporation in the U.S. under the Code, withholding taxes of both Canada and the U.S. will be relevant to Unitholders who are both Non-Residents and Non-U.S. Holders and could, in certain circumstances, result in both Canadian and U.S. withholding tax applying to certain distributions to certain investors and other consequences. Unitholders who are Non-Residents should consult their own tax advisors.

(viii) *Foreign Currency* — For purposes of the Tax Act, the REIT generally is required to compute its Canadian tax results, including any FAPI earned, using Canadian currency. Where an amount that is relevant in computing the REIT's Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using the daily exchange rate quoted by the Bank of Canada on the day such amount first arose, or using such other rate of exchange as is acceptable to the CRA. As a result, the REIT may realize gains and losses for tax purposes and FAPI by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

(ix) *Changes in Law* — There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, the terms of the Treaty, or the administrative policies and assessing practices of the CRA will not be changed in a manner that adversely affects the REIT or Unitholders. Any such change may increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

(x) *Proposed amendments* — Certain proposed amendments to the Tax Act will, if the amendments are passed in their current form, have the effect of denying the deductibility of net interest and financing expenses that are in excess of allowable amounts, in the computation of taxable income by a trust. As a result of these proposed amendments, the amount of interest and finance expenses deducted by the REIT may be reduced.

Proposed amendments to the Tax Act will, if passed in their current form, impose a 2% tax to the extent that amounts paid on the redemption, acquisition or cancellation of units of the REIT in a taxation year exceeds the amount received on the issuance of units of the REIT in the taxation year.

U.S. Tax Risks

(i) *Qualification as a Real Estate Investment Trust* — The REIT intends to operate in a manner to qualify as a real estate investment trust for U.S. federal income tax purposes. Although the REIT has not requested a ruling from the IRS, as to its real estate investment trust qualification, the REIT has received an opinion of Clifford Chance US LLP with respect to its qualification as a real estate investment trust in connection with the initial public offering of its Units. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court. The opinion of Clifford Chance US LLP was based on Clifford Chance US LLP's review and analysis of existing law and on certain representations as to factual matters made by the REIT, including representations relating to its assets and the sources of its income and its proposed method of operation. The opinion was expressed as of the date issued and does not cover subsequent periods. Clifford Chance US LLP has no obligation to advise the REIT or the Unitholders of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Clifford Chance US LLP, and the REIT's qualification as a real estate investment trust, depends on the REIT's satisfaction of certain asset, income, organizational, distribution, Unitholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Clifford Chance US LLP. Accordingly, given the complex nature of the rules governing real estate investment trusts, the ongoing importance of factual determinations, including the potential tax treatment of investments the REIT makes, and the possibility of future changes in the REIT's circumstances, no assurance can be given that the REIT's actual results of operations for any particular taxable year will satisfy such requirements. Moreover, no assurance can be given that legislation, new regulations, administrative interpretations or court decisions will not change the tax laws with respect to qualification as a real estate investment trust or the U.S. federal income tax consequences of that qualification. No assurance can be given that the REIT will not have to use one or more real estate investment trust savings provisions, described below, which may require the REIT to pay a deficiency dividend or an excise tax or penalty (which may be material) in order to maintain qualification and taxation as a real estate investment trust.

(ii) If the REIT fails to qualify as a real estate investment trust in any calendar year, the REIT may be required to pay U.S. federal income tax (and any applicable state and local tax), including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and dividends paid to the Unitholders would not be deductible by the REIT in computing its taxable income and would be taxable to the Unitholders under the rules generally applicable to corporate distributions. If the REIT is deemed to be a foreign corporation for U.S. federal income tax

purposes, the REIT would fail to qualify as a real estate investment trust, and the REIT would be subject to (i) U.S. federal income tax (and any applicable state and local tax) on its taxable income at regular corporate rates, (ii) dividends paid to the Unitholders would not be deductible by the REIT in computing its taxable income, and (iii) the REIT would be subject to the branch profits tax. A loss of real estate investment trust status would reduce the net earnings available for investment or distribution to Unitholders because of the additional tax liability which in turn could have an adverse impact on the value of the REIT's Units. Unless a failure to qualify as a real estate investment trust is subject to relief under U.S. federal tax laws, the REIT could not re-elect to qualify as a real estate investment trust until the fifth calendar year following the year in which the REIT fails to qualify.

(iii) *Annual Distribution Requirement* — To qualify as a real estate investment trust for U.S. federal income tax purposes, the REIT generally must distribute annually to its Unitholders a minimum of 90% of its net taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains. The REIT is subject to regular corporate income taxes on any undistributed real estate investment trust taxable income each year. Additionally, the REIT is subject to a 4% non-deductible excise tax on any amount by which distributions paid by the REIT in any calendar year are less than the sum of 85% of its ordinary income, 95% of its capital gain net income (except to the extent the REIT elects to retain and subject all or any portion of such amount to U.S. federal corporate income tax) and 100% of its undistributed income from previous years. Payments the REIT makes to its Unitholders that are treated as a redemption of Units for U.S. federal income tax purposes are not taken into account for purposes of these distribution requirements. Compliance with the real estate investment trust distribution requirements may hinder the REIT's ability to grow, which could adversely affect the value of its Units. Furthermore, the REIT might have difficulty meeting, or might be unable to meet, these distribution requirements in certain circumstances. The requirement to distribute most of its taxable income might cause the REIT to: (i) sell assets in adverse market conditions, (ii) borrow on unfavourable terms, (iii) distribute amounts that otherwise would be used to make future acquisitions or capital expenditures or (iv) make a taxable distribution of its Units as part of a distribution in which Unitholders may elect to receive Units or cash, in order to comply with real estate investment trust requirements. These alternatives could adversely affect the REIT's economic performance.

(iv) *Impact of Real Estate Investment Trust Compliance on Performance* — To qualify as a real estate investment trust for U.S. federal income tax purposes, the REIT must continually satisfy tests concerning, among other things, the sources of its income, the nature and diversification of its assets, the amounts that the REIT distributes to the Unitholders and the

ownership of the Units. The REIT may be required to make distributions to Unitholders at disadvantageous times or when the REIT does not have funds readily available for distribution, and may be unable to pursue investments that would be otherwise advantageous to the REIT in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a real estate investment trust. If the REIT were to fail to satisfy any of these requirements, the REIT may be able to maintain its real estate investment trust qualification if the failure is due to reasonable cause and not willful neglect; however, in such circumstances, the REIT would generally be required to pay a penalty tax, which could be significant in amount. Thus, compliance with the real estate investment trust requirements may hinder the REIT's ability to operate solely on the basis of maximizing profits.

(v) Additionally, the REIT must ensure that at the end of each calendar quarter, at least 75% of the value of its assets consists of cash, cash items, government securities and real estate assets (as defined in the Code), including certain mortgage loans and certain kinds of mortgage-backed securities. The remainder of the REIT's investment in securities (other than government securities and qualified real estate assets) generally may not include more than 10% of the outstanding voting securities or total value of any one issuer. In addition, in general, no more than 5% of the value of the REIT's assets (other than government securities and qualified real estate assets) may consist of the securities of any one issuer (other than a taxable REIT subsidiary), and no more than 20% of the value of its total assets can be represented by securities of one or more taxable REIT subsidiaries. Finally, not more than 25% of the value of a REIT's total assets may be represented by debt instruments issued by publicly offered REITs to the extent not secured by real property or interests in real property. If the REIT fails to comply with these requirements at the end of any calendar quarter, the REIT must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its real estate investment trust qualification and suffering adverse tax consequences.

(vi) *Ownership Limitations* — In order for the REIT to qualify as a real estate investment trust for each taxable year under the Code, no more than 50% in value of its outstanding Units (treating certain options and, under certain circumstances, securities convertible into Units as Units) may be owned, directly or indirectly, by five or fewer individuals (as defined for this purpose in the Code to include certain tax-exempt entities, such as charitable trusts and private foundations but to exclude certain qualified trusts described in Section 401(a) of the Code) during the last half of any calendar year. In order to assist the REIT in qualifying as a real estate investment trust, ownership and transfer of Units by any person generally is subject to limitations to prevent concentration of ownership. These ownership limitations are described above in "Declaration of Trust and

Description of REIT Units — Restrictions on Ownership and Transfer." These ownership limitations might have the effect of discouraging a takeover or other transaction in which Unitholders might receive a premium for their Units over the then-prevailing market price or which Unitholders might believe to be otherwise in their best interests.

(vii) *Other Taxes* — Even if the REIT qualifies and maintains its status as a real estate investment trust, the REIT may be subject to U.S. federal and state income taxes. The REIT may not be able to make sufficient distributions to avoid excise taxes applicable to real estate investment trusts. The REIT may also decide to retain income the REIT earns from the sale or other disposition of its real estate assets and pay income tax directly on such income. In that event, the Unitholders would be treated as if they earned that income and paid the tax on the REIT directly. The REIT may also be subject to state and local taxes on its income or property, either directly or at the level of the entities through which the REIT indirectly owns its assets. Any U.S. federal or state taxes the REIT pays reduces its cash available for distribution to the Unitholders.

(viii) *Taxable REIT Subsidiaries* — To meet the real estate investment trust qualification requirements or to avert the imposition of the prohibited transactions tax discussed below, the REIT may hold some of its assets or conduct activities through one or more subsidiary corporations jointly electing with the REIT to be taxable REIT subsidiaries, which subsidiaries are subject to corporate-level income tax at U.S. federal corporate income tax rates. If the REIT lends money to a taxable REIT subsidiary, the taxable REIT subsidiary may be unable to deduct all or a portion of the interest paid to the REIT, which could result in an even higher corporate level tax liability. Furthermore, the Code imposes a 100% tax on certain transactions between a taxable REIT subsidiary and its parent real estate investment trust that are not conducted on an arm's-length basis. The REIT intends to structure transactions with any taxable REIT subsidiary on terms that the REIT believes are arm's length to avoid incurring the 100% excise tax described above, but no assurances can be given that the REIT will be able to avoid application of the 100% tax.

(ix) *Prohibited Transactions Tax* — The REIT's ability to dispose of property is restricted to a substantial extent as a result of its real estate investment trust status. Under applicable provisions of the Code regarding prohibited transactions by real estate investment trusts, the REIT is subject to a 100% tax on any gain realized on the sale or other disposition of any property (other than foreclosure property) that the REIT owns, directly or through any subsidiary entity, including Holdco LLC, but excluding any taxable REIT subsidiary, that is deemed to be property held primarily for sale to customers in the ordinary course of a trade or business (or otherwise treated as inventory). The REIT intends to avoid the 100% prohibited transaction tax by (i) conducting activities that may otherwise be

considered prohibited transactions through a taxable REIT subsidiary, (ii) conducting operations in such a manner so that no sale or other disposition of an asset is treated as a prohibited transaction or (iii) structuring certain dispositions of its properties to comply with certain safe harbors available under the Code for properties held at least two years. No assurance can be given, however, that any particular property that the REIT sells or disposes of will not be treated as property held primarily for sale to customers in the ordinary course of a trade or business (or otherwise treated as inventory).

(x) *Tax Treatment of Subsidiary Entities*. The REIT holds substantially all of its assets indirectly through US Holdco and Holdco LLC, each of which expect to be treated as "fiscally transparent" for U.S. federal income tax purposes. US Holdco will be treated as a "qualified REIT subsidiary" of the REIT, and accordingly will be treated as fiscally transparent, for as long as the REIT holds all of the outstanding equity interests in US Holdco. The REIT holds all of the outstanding interests in US Holdco and does not intend to dispose of any of its interest in US Holdco. Further, Holdco LLC will be treated as fiscally transparent if it is treated as a partnership for U.S. federal income tax purposes, and not as a "publicly traded partnership" that is taxable as a corporation. The REIT believes that Holdco LLC is treated as a partnership for U.S. federal income tax purposes. For U.S. federal income tax purposes, as a qualified REIT subsidiary in the case of US Holdco, and as a partnership in the case of Holdco LLC, each of US Holdco and Holdco LLC will not be subject to U.S. federal income tax on its income. Instead, each of their members, including the REIT, will be required to pay tax on its allocable share of US Holdco's and Holdco LLC's income, as applicable. No assurance can be provided, however, that the IRS will not challenge US Holdco's status as a qualified REIT subsidiary or Holdco LLC's status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating US Holdco as a corporation that is not a qualified REIT subsidiary or Holdco LLC as a corporation for U.S. federal income tax purposes, the REIT would fail to meet the gross income tests and certain of the asset tests applicable to real estate investment trusts. As a result, the REIT would cease to qualify as a real estate investment trust and US Holdco or Holdco LLC, as applicable, would become subject to U.S. federal, state and local income tax. The payment by US Holdco or Holdco LLC of income tax would reduce significantly the amount of cash available from US Holdco or Holdco LLC to make distributions to its members, including the REIT.

(xi) *Changes in Law* — The present U.S. federal income tax treatment of real estate investment trusts may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U.S. federal income tax treatment of an investment in the REIT. The U.S. federal income tax rules relating to real estate investment trusts

constantly are under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, which results in frequent statutory changes and revisions to regulations and interpretations. Revisions in U.S. federal tax laws and interpretations thereof could adversely affect the REIT or cause the REIT to change its investments and commitments and affect the tax considerations of an investment in the REIT.

(xii) *FIRPTA* — A non-U.S. person disposing of a U.S. real property interest ("**USRPI**"), including shares of a U.S. domestic corporation whose assets consist principally of USRPIs, is generally subject to a tax under FIRPTA on the gain recognized on the disposition and required to file a U.S. federal income tax return reporting this disposition. FIRPTA does not apply, however, to the disposition of stock in a real estate investment trust if the shares are considered "regularly traded on an established securities market" and the non-U.S. person does not hold, actually or constructively, more than 10% of the outstanding shares of the real estate investment trust at any time during the five-year period ending on the date of disposition or such shorter period that the shares were held. For purposes of this exception, the TSX is considered an "established securities market" and, as long as 100 or fewer persons do not own 50% or more of the Units, the Units should be treated as regularly traded on the TSX if all of the requirements of the TSX Publicly Traded Exception are met. No assurance can be given, however, that these requirements will be satisfied.

(xiii) In addition, the Units are considered "regularly traded on an established securities market" for a calendar quarter if the established securities market is located in the United States and the Units are regularly quoted by more than one broker or dealer making a market in the Units through an interdealer quotation system in the United States. The REIT intends for its Units to be traded through an interdealer quotation system in the United States in a manner that would be considered "regularly traded on an established securities market" for purposes of this exception. Investors are cautioned that no assurances can be given that at least two brokers or dealers will be regularly quoting the Units on the OTCQX in any particular calendar quarter. In addition, neither the Code, the applicable Treasury Regulations, administrative pronouncements nor judicial decisions provide guidance as to the frequency or duration with which the Units must be quoted during a calendar quarter to be "regularly quoted." U.S. counsel to the REIT believes that it is reasonable to interpret this exception to the effect that, so long as the brokers or dealers regularly quote the Units at any time during a calendar quarter, this exception should apply and any gain from a sale at any time during the quarter would not be subject to U.S. federal income tax for Non-U.S. Holders that own 10% or less of the outstanding Units during the applicable testing period. Due to the lack of guidance from the IRS, however, investors are cautioned that no assurance can be given whether the IRS would concur in

this interpretation. If neither of these exceptions is satisfied, however, the sale of Units by a non-U.S. person would generally be subject to U.S. federal income tax at normal graduated rates with respect to gain recognized and the REIT would be required to withhold at a rate of 15% on distributions in excess of the REIT's current and accumulated earnings and profits. In addition, a purchaser of Units would be required to withhold tax at the rate of 15% of the amount realized from the sale and to report and to remit such tax to the IRS. Furthermore, under FIRPTA, if the Units are not treated as regularly traded on an established securities market in the United States (even if treated as regularly traded on the TSX), the REIT would be required to withhold 21% (or less to the extent provided in applicable Treasury Regulations) of any distribution to a non-U.S. person that is designated as a capital gain dividend, or, if greater, 21% of a distribution that could be designated by the REIT as a capital gain dividend. Even if the Units are deemed to be regularly traded on an established securities market in the United States, however, under FIRPTA, if any non-U.S. person holds, actually or constructively, more than 10% of the outstanding Units at any time during the one-year period ending on the date of a distribution, the REIT generally would be required to withhold 21% (or less to the extent provided in applicable Treasury Regulations) of such distribution to such Unitholder that is designated as a capital gain dividend, or, if greater, 21% of such distribution that could be designated by the REIT as a capital gain dividend. Any such withheld amount is creditable against such Unitholder's FIRPTA tax liability.

(xiv) In order for the REIT to comply with its withholding obligations under FIRPTA, the Units are subject to notice requirements and transfer restrictions. Non-U.S. persons holding Units are required to provide the REIT with such information as the REIT may request. Furthermore, any non-U.S. person that would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units is required to notify the REIT by the close of the Business Day prior to the date of the transfer that would cause the non-U.S. person to own more than 5% of the Units. For the purpose of determining whether a non-U.S. person has acquired more than 5% of the Units, rules of constructive ownership apply which can attribute ownership of Units (i) among family members, (ii) to non-U.S. persons from entities that own Units, to the extent that such non-U.S. persons own interests in such entities and (iii) to entities from non-U.S. persons that own interests in such entities. Under these attribution rules, Units of related entities (including related investment funds) may be aggregated to the extent of overlapping ownership. If any non-U.S. person that otherwise would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units fails to comply with the notice provisions described above, the excess Units (i.e., the excess of the number of Units such non-U.S. person is treated as owning over an amount equal to 5% of the outstanding Units) are required to be sold, with

such non-U.S. persons receiving the lesser of (i) the original purchase price for the excess Units and (ii) the sale price of the excess Units (net of selling expenses). Any such non-U.S. person would also not have any economic entitlement to any distribution by the REIT on an excess Unit, and, if any such distributions are received by the non-U.S. person and are not repaid, the REIT is permitted to withhold from subsequent payments to the non-U.S. person up to the amount of such forfeited distributions. Non-U.S. persons holding Units are strongly advised to monitor their actual and constructive ownership of Units. See "Declaration of Trust and Description of REIT Units — Restrictions on Ownership and Transfer — FIRPTA" for a more detailed discussion of these rules. Notwithstanding that a non-U.S. person may comply with the notice requirements and transfer restrictions described above, the REIT is entitled to withhold on distributions as otherwise required by law, and, to the extent that the REIT has not sufficiently withheld on prior distributions, is entitled to withhold on subsequent distributions.

(xv) *Legislative or Other Actions Affecting REITs* — In recent years, numerous legislative, judicial and administrative changes have been made to the U.S. federal income tax laws applicable to investments in real estate and real estate investment trusts. In addition, no assurance can be given that future changes to the U.S. federal income tax laws or regulatory changes will not be proposed or enacted that could impact the REIT's business and financial results. The real estate investment trust rules are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, which may result in revisions to regulations and interpretations in addition to statutory changes. If enacted, certain of such changes could have an adverse impact on the business and financial results of the REIT.

(xvi) It is unclear whether, when or to what extent any new U.S. federal tax laws, regulations, interpretations or rulings will impact the real estate investment industry or real estate investment trusts. Prospective investors are urged to consult their tax advisors regarding the effect of potential future changes to the U.S. federal tax laws on an investment in the Units.

MARKET FOR SECURITIES

Trading Price and Volume

The Units are listed on the TSX under the symbols "DRR.U" and "DRR.UN". The following table sets forth the high and low reported trading prices in U.S. dollars and the trading volume of the Units under the symbol DRR.U, as reported by the TSX, for each month of the most recently completed financial year:

Period	High (US$)	Low (US$)	Volume
January 2023……	8.88	6.79	1,187,619
February 2023……..	10.39	8.50	182,590
March 2023……..…	9.75	8.50	149,148
April 2023……	9.25	7.59	225,783
May 2023……..…	8.53	7.75	152,380
June 2023……..	8.22	7.70	112,594
July 2023 ……..	8.01	7.49	102,804
August 2023 …….	7.79	7.18	230,553
September 2023 ……	7.54	6.95	137,543
October 2023 ……	7.04	5.40	358,047
November 2023 ……	6.70	5.37	175,415
December 2023 …….	6.99	6.07	120,300

The Units commenced trading in Canadian dollars on the TSX under the symbol DRR.UN on September 7, 2023. The following table sets forth the high and low reported trading prices in Canadian dollars and the trading volume of the Units under the symbol DRR.UN, as reported by the TSX, for each month, starting with the partial month from September 7, 2023 since trading commenced to the most recently completed financial year:

Period	High (Cdn$)	Low (Cdn$)	Volume
September 2023…….	10.09	8.96	17,458
October 2023 ……	9.40	7.50	140,281
November 2023 ……	9.95	7.50	171,479
December 2023 ……	9.35	8.31	56,780

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Lock-Up Agreements

In connection with our initial public offering, each of DAM USCo, Dream Asset Manager LP, Pauls and Pauls Asset Manager agreed that, for a period commencing on May 6, 2022, being the date of closing of the REIT's initial public offering (the "**Closing**") and ending 18 months following Closing and SCIF LLC agreed that for the period commencing on Closing and ending on December 31, 2023, it will not directly or indirectly, without the prior written consent of TD Securities Inc., on behalf of the underwriters of the initial public offering, such consent not to be unreasonably withheld or delayed: (i) offer, sell, contract to sell, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer or dispose of any Units or securities exercisable, convertible, exchangeable or redeemable for Units, including the Class B Units; (ii) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Units or securities exercisable, convertible, exchangeable or redeemable for Units, whether any such transaction is to be settled by delivery of Units, other securities, cash or otherwise; or (iii) publicly announce any intention to do any of the foregoing, except in conjunction with: (a) the acceptance of a bona fide take-over bid made to all Unitholders or similar acquisition transactions; (b) in the case of an individual who owns Units or Class B Units, any transfer resulting from or following the death, long-term incapacity or as contractually or legally required as a result of the change in marital status of such individual, provided, in each case, the terms of such transfer expressly prohibits the transferee party thereto from selling, transferring or otherwise disposing of, directly or indirectly, the transferred securities during the lock-up period; (c) a pledge of Units or Class B Units as collateral for a bona fide loan if the terms of such pledge expressly prohibit the party to which the pledge is granted from selling, directly or indirectly, the pledged securities during the lock-up period; (d) any transfer of Units or Class B Units among the retained interest holders or any securityholder thereof or, (e) in the case of Pauls, Units purchased pursuant to the initial public offering (which were subject to a lock-up period of 180 days following closing).

The REIT does not have any Units or other securities that are held in escrow. The following table sets out the number of securities of the REIT and Holdco LLC that, to the knowledge of the REIT and Holdco LLC, were subject to a contractual restriction on transfer as of December 31, 2023:

Designation of Class	Number of securities that are subject to a contractual restriction on transfer	Percentage of Class
Units	1,361,537[(1)]	10.8%
Class B Units	6,148,892[(1)]	87.7%

Note:

(1) Pursuant to the lock-up agreements described above in this section, these securities are subject to a contractual restriction on transfer for a period ranging from 18 months following Closing to December 31, 2023. Subsequent to the expiry of the lock-

up arrangement described above in this section, on February 12, 2024, 3,278,128 Class B Units were redeemed for an equivalent number of Units on a one-for-one basis.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described elsewhere in this AIF, no Trustee, executive officer of Dream Residential REIT, or unitholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Units, or any associate or affiliate of any of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the last three years or during the current financial year that has materially affected or would materially affect Dream Residential REIT or any of its Subsidiaries.

PROMOTERS

Each of Dream DRR Asset Management LLC and Pauls Asset Manager took the initiative in founding and organizing the REIT and was considered a promoter of the REIT in connection with its initial public offering for the purposes of applicable securities legislation.

In connection with our initial public offering, we agreed to reimburse Dream DRR Asset Management LLC and Pauls Asset Manager for all reasonable expenses incurred by them in connection with the founding and organizing of the REIT including financial, legal, accounting, tax, travel, filing and printing fees. Pursuant to an advisory agreement, we agreed to pay an aggregate advisory fee of $4.4 million at Closing, payable as to 50% to Dream Asset Manager LP, an affiliate of Dream DRR Asset Management LLC, and 50% to Pauls Asset Manager, in recognition of the advisory services provided to us by Dream DRR Asset Management LLC and Pauls Asset Manager in relation to the initial public offering. The advisory fee was satisfied by the issuance to Dream Asset Manager LP of 169,230 Units and the issuance to Pauls Asset Manager of 169,230 Class B Units, in each case, at the offering price of $13.00 per unit. Dream Asset Manager LP, an affiliate of Dream DRR Asset Management LLC, owns an aggregate of 169,230 Units, representing an approximate 0.9% effective ownership interest in the REIT as at December 31, 2023 and Pauls Asset Manager owns an aggregate of 169,230 Class B Units, representing an approximate 0.9% effective ownership interest in the REIT as at December 31, 2023 (in each case, determined as if all Class B Units are redeemed for Units).

Dream DRR Asset Management LLC and Pauls Asset Manager did not receive any acquisition or other fee pursuant to the Asset Management Agreement in connection with the founding and organization of the REIT or the completion of the acquisitions of the Initial Properties and related financing. See “Real Estate Management and Advisory Services — Asset Management Arrangements”.

MATERIAL CONTRACTS

The only material contracts, other than contracts entered into in the ordinary course of business, that we entered into in 2023 or after, are:

(a) the Declaration of Trust described under “Declaration of Trust and Description of REIT Units”;

(b) the Asset Management Agreement described under "Real Estate Management and Advisory Services — Asset Management Arrangements";

(c) the Services Agreements described under "Real Estate Management and Advisory Services — Services Agreements";

(d) the Non-Competition Agreement described under "Real Estate Management and Advisory Services — Non-Competition Agreement";

(e) the AWH Holdings Contribution Agreement;

(f) the Legacy Contribution Agreement;

(g) the Operating Agreement described under "Holdco LLC"; and

(h) the underwriting agreement dated April 29, 2022 between Dream Residential REIT and a syndicate of underwriters relating to the issuance and sale of Units in our initial public offering. The underwriting agreement provided that we would pay the underwriters an aggregate fee in respect of the Units offered thereunder and we would indemnify the underwriters and their directors, officers and employees against certain liabilities pursuant to the underwriting agreement, including liabilities under Canadian securities legislation.

Copies of the foregoing documents are available on SEDAR+ at www.sedarplus.com. Key provisions of those agreements which have not otherwise been described in this AIF are described below.

AWH Holdings Contribution Agreement and Legacy Contribution Agreement

Holdco LLC indirectly acquired the AWH Properties pursuant to the AWH Holdings Contribution Agreement. At the closing of the initial public offering, AWH Holdings contributed 100% of the equity interests it held in each of the entities that owned the AWH Properties to Holdco LLC in consideration for $122.1 million, which was satisfied by: (a) the net issuance of 9,355,831 Class B Units; and (b) 38,461 Units, in each case which were ultimately distributed to certain retained interest holders.

Holdco LLC indirectly acquired the Legacy Properties pursuant to the Legacy Contribution Agreement. At Closing, DRR Keystone contributed 100% of the equity interests it held in each of the entities that owned the Legacy Properties to Holdco LLC in consideration for $106.7 million, which was satisfied by: (i) the issuance by Holdco LLC of 434,769 Class B Units; and (ii) cash in the amount of $101.0 million.

The Contribution Agreements contained customary representations and warranties contained in purchase agreements for similar real estate assets negotiated between sophisticated purchasers and vendors acting at arm's length. Certain of the representations and warranties were qualified as to knowledge, materiality and disclosure, subject to reasonable exceptions. The representations and warranties relate to AWH Holdings, DRR Keystone, DAM USCo, Pauls Realty Ventures, LLC or Pauls and the applicable portion of the Initial Properties indirectly

acquired by Holdco LLC, including, among other matters: existence and capacity; due authorization; no contravention; capitalization; financial matters; absence of changes; indebtedness and guarantees; title to assets and properties; intellectual property; tax matters; environmental matters; material contracts; related party transactions; legal actions and compliance with laws. AWH Holdings, DRR Keystone, DAM USCo, Pauls Realty Ventures, LLC and Pauls also provided a representation and warranty that the prospectus relating to the initial public offering contained full, true and plain disclosure of all material facts relating to the applicable portion of the Initial Properties and other assets acquired under the respective Contribution Agreements, subject to exceptions for portions of the prospectus containing extracts or summaries of expert reports and information provided by the underwriters in the offering. The representations and warranties in the Contribution Agreements generally survive for a period of 12 months following the Closing, with the exception of the prospectus representations which will survive for a period of three years from the Closing.

AWH Holdings, DRR Keystone, DAM USCo, Pauls Realty Ventures, LLC and Pauls have agreed to indemnify Holdco LLC for breaches of their representations and warranties or covenants under their respective Contribution Agreements; however, no claim under the indemnity may be made until the aggregate losses under the respective Contribution Agreement exceed a minimum threshold amount of $1.5 million, subject to customary exceptions for fraud and fundamental representations set out in the Contribution Agreements. The aggregate maximum liability of each of AWH Holdings and DRR Keystone will be limited to $16 million.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are not involved in any litigation or proceedings which, if determined adversely, would be material to us, and no such proceedings are known to us to be contemplated. We are not subject to any material regulatory actions.

INTEREST OF EXPERTS

Our auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, who has prepared an independent auditor's report dated February 14, 2024 in respect of Dream Residential REIT's consolidated financial statements as at December 31, 2023. PricewaterhouseCoopers LLP has advised that they are independent with respect to Dream Residential REIT within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

TRANSFER AGENTS AND REGISTRARS

The principal transfer agent and registrar of the Units is Computershare at its principal office in Toronto, Ontario. Olympia Trust Company is the transfer agent and registrar for the Units that are listed on the OTC markets at its principal office in Calgary, Alberta.

ADDITIONAL INFORMATION

Additional information relating to Dream Residential REIT may be found on SEDAR+ at www.sedarplus.com. Additional information, including with respect to trustees' and officers' remuneration and indebtedness, principal holders of Dream Residential REIT's securities and

units authorized for issuance under equity compensation plans, is contained in Dream Residential REIT's information circular for its most recent annual meeting of unitholders that involved the election of Trustees.

Additional financial information is provided in the consolidated financial statements and notes to the consolidated financial statements and management's discussion and analysis of Dream Residential REIT for 2023.

SCHEDULE A

DREAM RESIDENTIAL REAL ESTATE INVESTMENT TRUST

(the "Trust")

AUDIT COMMITTEE CHARTER

(the "Charter")

PURPOSE

The Audit Committee (the "**Committee**") is a standing committee appointed by the board of trustees of the Trust (the "**Board**"). The Committee is established to fulfill applicable securities law obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting, including to:

- oversee the integrity of the Trust's financial statements and financial reporting process, including the audit process and the Trust's internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the external auditors;
- oversee the work of the Trust's financial management, internal controls function and external auditors in these areas; and
- provide an open avenue of communication between the external auditors, the internal controls function, the Board, the asset managers of the Trust and management of the Trust.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (a) to plan or conduct audits, (b) to determine that the Trust's financial statements are complete and accurate and are in accordance with IFRS Accounting Standards or (c) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its chair and its audit committee financial expert members are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Trust, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the member or members identified as audit committee financial experts shall not be accountable for giving professional opinions on the internal or external audit of the Trust's financial information.

Management is responsible for the preparation, presentation and integrity of the Trust's financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. The chief financial officer is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditors are responsible for planning and carrying out an audit of the Trust's annual financial

statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with International Financial Reporting Standards.

PROCEDURES, POWERS AND DUTIES

The Committee shall have the following procedures, powers and duties:

General

(a) *Composition* — The Committee shall consist of at least three members, all of whom shall be trustees and independent within the meaning of National Instrument 52-110 — Audit Committees and a majority of whom shall be resident Canadians. All members of the Committee must be or, within a reasonable period following appointment, become financially literate, meaning that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements. Whenever practicable, at least one member of the Committee shall have experience as a certified public accountant, chief financial officer or corporate controller of similar experience, or demonstrably meaningful experience overseeing such functions as a senior executive officer.

(b) *Separate Executive Meetings* — The Committee shall meet periodically with the chief financial officer, the head of the internal controls function (if other than the chief financial officer) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.

(c) *Professional Assistance* — The Committee may require the external auditors and the internal controls function to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee's duties at the Trust's expense.

(d) *Reliance* — Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on: (i) the integrity of those persons or organizations within and outside the Trust from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditors as to any information technology, internal audit, internal controls and other non-audit services provided by the external auditors to the Trust and its subsidiaries.

(e) *Reporting to the Board* — The Committee will report through the chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

(f) *Procedure* — The Committee meetings shall be conducted as follows: (i) questions arising at any meeting shall be decided by a majority of the votes cast; (ii) decisions may be taken by written consent signed by all members of the Committee; and (iii) meetings may be called by the external auditors of the Trust or any member of the Committee upon not less than 48 hours notice, unless such notice requirement is waived by each member of the Committee. The external auditors of the Trust are entitled to receive notice of every meeting of the Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the external auditors.

(g) *Access* — The Committee shall have unrestricted access to management and Trust information.

Appointment and Replacement of Committee Members

1. Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a trustee. The Board shall fill any vacancy if the membership of the Committee is less than three trustees. Whenever there is a vacancy on the Committee, the remaining members may exercise its powers as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until his or her successor shall be duly appointed and qualified or his or her earlier resignation or removal.

Committee Chair

2. Unless a chair of the Committee is designated by the Board, the members of the Committee may designate a chair of the Committee by majority vote of the Committee. The chair of the Committee shall be responsible for leadership of the Committee and reporting to the Board. If the chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting. The Committee will report through chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

Conflicts of Interest

3. If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of Trustees, that member shall be responsible for alerting the chair of the Committee. If the chair of the Committee faces a potential or actual conflict of interest, the chair of the Committee shall advise the Chair of the Board. If the chair of the Committee, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member

faced with such conflict shall disclose to the Committee the member's interest and shall not vote on the matter.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditors

4. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the unitholders of the Trust and shall report to the Committee and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Trust to be proposed in the Trust's management information circular for approval of the unitholders of the Trust and the compensation to be paid by the Trust to the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.

5. The Committee shall review and approve in advance the terms of engagement of the external auditors with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditors, including de minimis exceptions, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Trust or any of its subsidiaries by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee. The Committee will review disclosure respecting fees paid to the external auditors for audit and non-audit services. Any services under pre-approval will be reported at the following meeting.

6. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:

   (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;

   (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Trust and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand;

   (c) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies; and

   (d) ensure periodic rotation of the lead audit partner.

7. The Committee shall review, approve and monitor clear policies for the hiring by the Trust of employees, partners, former employees and former partners of the present and former external auditors of the Trust.

8. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require.

9. The Committee is responsible for resolving disagreements between management and the external auditors or the internal controls function regarding financial reporting and the application of any accounting principles or practices. The Committee shall discuss with the external auditors any difficulties that arose with management or the internal controls function during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.

Appointment and Oversight of Internal Controls Function

10. The appointment, terms of engagement, compensation, replacement or dismissal of the internal controls function shall be subject to prior review and approval by the Committee. When the internal controls function is performed by employees of the Trust, the Committee may delegate responsibility for approving the employment, term of employment, compensation and termination of employees engaged in such function other than the head of the Trust's internal controls function.

11. The Committee shall obtain from the internal controls function and shall review summaries of the significant reports to management prepared by the internal controls function, or the actual reports if requested by the Committee, and management's responses to such reports.

12. The Committee shall, as it deems necessary, communicate with the internal controls function with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal controls function brings to the attention of the Committee. The head of the internal controls function shall have unrestricted access to the Committee.

13. The Committee shall, annually or more frequently as it deems necessary, evaluate the internal controls function, including their activities, organizational structure and qualifications and effectiveness.

Oversight and Monitoring of Audits

14. The Committee shall review with the external auditors, the internal controls function and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and the internal audit and general audit approach and scope of proposed audits of the financial statements of the Trust and its subsidiaries, the overall audit plans, the responsibilities of management, the internal controls function

and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.

15. The Committee shall meet periodically with the internal controls function to discuss the progress of their activities and any significant findings stemming from any internal audits or internal controls testing and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies.

16. The Committee shall review with management the results of internal and external audits.

17. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

18. The Committee shall, as it deems necessary, oversee, review and discuss with management, the external auditors and the internal controls function:

    (a) the quality, appropriateness and acceptability of the Trust's accounting principles and practices used in its financial reporting, changes in the Trust's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;

    (b) all significant financial reporting issues and judgements made in connection with the financial statements, including the effect of any alternative treatment within IFRS Accounting Standards;

    (c) any material change to the Trust's auditing and accounting principles and practices as recommended by management, the external auditors or the internal controls function or which may result from proposed changes to applicable IFRS Accounting Standards;

    (d) the effect of regulatory or accounting limitations on the Trust's financial reporting;

    (e) any reserves, accruals, provisions, estimates or Trust programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Trust;

    (f) any legal matter, claim or contingency that could have a significant impact on the financial statements and any material reports, inquiries or correspondence from regulators or governmental authorities regarding compliance with applicable requirements and any analysis respecting disclosure with regard to any such legal matter, claim or contingency in the financial statements;

    (g) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Trust's operations;

(h) the use of any "pro-forma" or "adjusted" information not in accordance with IFRS Accounting Standards; and

(i) management's determination of goodwill impairment, if any, as required by applicable accounting standards.

Oversight and Monitoring of Internal Controls

19. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management, the external auditors and the internal controls function:

(a) the adequacy and effectiveness of the Trust's internal accounting and financial controls and the recommendations of management, the external auditors and the internal controls function for the improvement of accounting practices and internal controls;

(b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and

(c) the Trust's procedures for internal control and management's compliance with the Trust's processes, procedures and internal controls.

Ethics

20. The Committee shall oversee the development of and compliance with the Trust's business ethics, anti-bribery and anti-corruption policies and programs.

21. The Committee shall review periodically the Disclosure Policy, and based on the recommendations of the Trust's disclosure committee, recommend changes for approval by the Board.

22. The Committee shall establish and oversee procedures, such as a Whistleblower Policy for the receipt and treatment of complaints received by the Trust regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management and the internal controls function these procedures and any significant complaints received.

Oversight and Monitoring of the Trust's Financial Disclosures

23. The Committee shall:

(a) review with the external auditors and management and recommend to the Board for approval the audited annual financial statements and the notes and management's discussion and analysis accompanying such financial statements, and the Trust's annual report;

(b) review with the external auditors and management and recommend to the Board for approval each set of interim financial statements and the notes and

management's discussion and analysis accompanying such financial statements; and

(c) if requested by the Board, review with the external auditors and management any financial statements included or to be included in a prospectus, any financial information of the Trust contained in any management information circular of the Trust, and any other disclosure documents or regulatory filings of the Trust containing or accompanying financial information of the Trust.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

24. Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Trust gives earning guidance.

25. The Committee shall review with management the assessment of the Trust's disclosure controls and procedures and material changes in their design.

Oversight of Finance Matters

26. Appointments of the key financial executives involved in the financial reporting process of the Trust, including the chief financial officer, shall require the prior review of the Committee.

27. The Committee shall receive and review:

(a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefor and the management's plan and timetable to correct any deficiencies;

(b) material policies and practices of the Trust respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Trust; and

(c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.

28. The Committee shall meet periodically with management to review and discuss the Trust's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.

29. The Committee shall meet with management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

Additional Responsibilities

30. The Committee shall review any significant or material transactions outside the Trust's ordinary activities and any cost-sharing arrangements entered into with the asset managers of the Trust or any of their affiliates or asset management clients.

31. If requested by the Board, the Committee shall review and make recommendations to the Board concerning the financial condition of the Trust and its subsidiaries, including with respect to annual budgets, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of securities.

32. The Committee shall, at least annually, review the code of conduct of the Trust and recommend any changes to the Governance, Compensation and Environmental Committee in respect of matters within the scope of the Committee's responsibilities.

33. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

AUDIT COMMITTEE CHARTER

34. The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

35. The Committee shall ensure that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual management information circular or annual information form of the Trust.