H&R REAL ESTATE INVESTMENT TRUST

and

H&R FINANCE TRUST

JOINT NOTICE OF SPECIAL MEETINGS OF UNITHOLDERS

to be held December 7, 2017

and

MANAGEMENT INFORMATION CIRCULAR

with respect to a proposed

ARRANGEMENT

involving

H&R GP BENEFICIARY INC.

and

H&R REAL ESTATE INVESTMENT TRUST

and

H&R FINANCE TRUST

October 31, 2017

October 31, 2017

Dear fellow unitholder:

You are invited to attend special meetings (the "**Meetings**") of the unitholders of H&R Real Estate Investment Trust (the "**REIT**") and H&R Finance Trust ("**Finance Trust**", and, together with the REIT, the "**Trusts**") to be held on Thursday, December 7, 2017 at 10:00 a.m. (Toronto time) at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario.

At the Meetings you will be asked to consider and, if thought advisable, pass special resolutions authorizing and approving a proposed plan of arrangement (the "**Plan of Arrangement**") and related matters involving the Trusts, H&R GP Beneficiary Inc. ("**Benco**") and certain other affiliated entities of the REIT. The Plan of Arrangement is intended to continue and enhance the existing benefits of the stapled unit structure that was approved by unitholders of the REIT in 2008 and has been in place since that time.

If the special resolutions in respect of the Plan of Arrangement are passed without variation it would, among other things and subject to certain conditions described in the attached joint management information circular of the Trusts dated October 31, 2017 (the "**Circular**"), result in unitholders of the Trusts, through a series of steps, disposing of their Finance Trust units and acquiring units of H&R Finance (2017) Trust ("**F17 Trust**"). Assuming completion of the Plan of Arrangement, investments that are currently held through the REIT and Finance Trust will instead be held through the REIT and F17 Trust, units of the REIT and F17 Trust will trade together as stapled units on the Toronto Stock Exchange under the ticker symbol "HR.UN", and F17 Trust will be expected to hold notes evidencing a debt obligation in the principal amount of up to approximately US$1 billion issued by H&R REIT (U.S.) Holdings Inc. (an increase from the approximately US$225 million principal amount of notes currently held by Finance Trust, which increase is reflective of the growth in the REIT's U.S. investment portfolio since the reorganization of the REIT in 2008).

Unitholders of the Trusts are requested to complete and return the enclosed form of proxy or voting instruction form to ensure that your REIT units and Finance Trust units will be represented at the Meetings, whether or not you are personally able to attend. If you have any questions or need assistance to vote, please contact the Trusts' transfer agent, AST Trust Company (Canada), toll-free at 1-800-387-0825 or by email at inquiries@astfinancial.com.

Your vote is very important. Whether or not you plan to attend the Meetings, please submit your vote as soon as possible to ensure your views are represented at the Meetings. You can vote using any one of the methods prescribed on the applicable form of proxy.

Thank you for your continued support of the Trusts.

Sincerely,

Thomas J. Hofstedter
Chief Executive Officer
H&R Real Estate Investment Trust

Thomas J. Hofstedter
Chief Executive Officer
H&R Finance Trust

H&R REAL ESTATE INVESTMENT TRUST AND H&R FINANCE TRUST

SUITE 500, 3625 DUFFERIN STREET, TORONTO, ONTARIO M3K 1N4

JOINT NOTICE OF SPECIAL MEETINGS OF UNITHOLDERS

JOINT NOTICE IS HEREBY GIVEN that special meetings (collectively, the "**Meetings**") of the unitholders (the "**REIT Unitholders**") and special voting unitholders (the "**Special Voting Unitholders**") of H&R Real Estate Investment Trust (the "**REIT**") and the unitholders (the "**Finance Trust Unitholders**", and together with the REIT Unitholders and the Special Voting Unitholders, the "**Unitholders**") of H&R Finance Trust ("**Finance Trust**" and, together with the REIT, the "**Trusts**") will be held at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario on Thursday, December 7, 2017 at the hour of 10:00 a.m. (Toronto time) for the following purposes:

in respect of the Meeting of REIT Unitholders and Special Voting Unitholders (the "**REIT Meeting**"):

(a) in accordance with the interim order of the Court of Queen's Bench of Alberta dated October 31, 2017 (the "**Interim Order**"), to consider and, if thought fit, to pass, with or without variation, a special resolution, substantially in the form attached as Schedule A to the accompanying joint management information circular dated October 31, 2017 (the "**Circular**"), among other things, (i) ratifying, authorizing, confirming, approving and adopting a plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Plan of Arrangement**"), (ii) ratifying, authorizing, confirming, approving and adopting an arrangement agreement; (iii) authorizing the trustees of the REIT to enter into an amended and restated REIT Declaration of Trust (as defined in the Circular), to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement or otherwise as contemplated in the Circular, together with such minor or clerical amendments to the REIT Declaration of Trust as they, in their sole discretion, approve; (iv) authorizing the trustees of the REIT to enter into, authorize, approve and adopt an amended and restated Unit Option Plan, Incentive Unit Plan, DRIP, and Unitholder Rights Plan (each, as defined in the Circular and collectively the "**REIT Documents**") as amended, supplemented or amended and restated in each case as may be necessary or desirable to give effect to the Plan of Arrangement or as are otherwise described in the Circular; (v) approving an Existing Stapled Unit Event of Uncoupling (as defined in the Circular), as provided in the Plan of Arrangement; and (vi) authorizing any trustee or officer of the REIT to enter into, to execute or cause to be executed on behalf of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, including the amended and restated REIT Declaration of Trust, the REIT Documents and any other documents, agreements and instruments involving the REIT, and cause to be done all such other acts and things as such trustee or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing; and

(b) to act upon such other matters as may properly come before the REIT Meeting or any adjournment or postponement thereof.

in respect of the Meeting of Finance Trust Unitholders (the "**Finance Trust Meeting**"):

(c) in accordance with the Interim Order, to consider and, if thought fit, to pass, with or without variation, a special resolution, substantially in the form attached as Schedule B to the accompanying Circular, among other things, (i) ratifying, authorizing, confirming, approving and adopting the Plan of Arrangement; (ii) ratifying, authorizing, confirming, approving and adopting an arrangement agreement; (iii) authorizing the trustees of Finance Trust to enter into an amended and restated Finance Trust Declaration of Trust (as defined in the Circular), to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement or otherwise as contemplated in the Circular, together with such minor or clerical amendments to the Finance Trust Declaration of Trust as they, in their sole discretion, approve; and (iv) authorizing any trustee or officer of Finance Trust to enter into, to execute or cause to be executed on behalf of Finance Trust or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, including the amended and restated Finance Trust Declaration of Trust and any other documents, agreements and instruments involving Finance Trust, and cause to be done all such other acts and things as such trustee or officer shall

determine to be necessary or desirable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing; and

(d) to act upon such other matters as may properly come before the Finance Trust Meeting or any adjournment or postponement thereof.

The Circular provides additional information relating to the matters to be dealt with at the Meetings and forms part of this Joint Notice. The trustees of the REIT and the trustees of Finance Trust have fixed October 26, 2017 as the Record Date for determining those Unitholders entitled to receive notice of and vote at the Meetings.

Registered Unitholders (as defined in the Circular) who are unable to be personally present at the Meetings are encouraged to vote their proxy online at www.astvotemyproxy.com. You may also complete, sign, date and return the form of proxy to the Trusts' transfer agent, AST Trust Company (Canada), in the envelope provided, or otherwise by email at proxyvote@astfinancial.com or by mail to AST Trust Company (Canada), PO Box 721, Agincourt, Ontario M1S 0A1 or by hand delivery to AST Trust Company (Canada), 1 Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6 or by fax to (416) 368-2502 or toll free at 1-866-781-3111 or to the head office of the Trusts at Suite 500, 3625 Dufferin Street, Toronto, Ontario M3K 1N4. In order to be effective, proxies must be received not later than 5:00 p.m. (Toronto time) on December 5, 2017 or, if the Meetings are adjourned, the last business day preceding the day of any adjournment thereof. Non-registered Unitholders who receive proxy-related materials for the Meetings through their bank, broker or other intermediary should complete and send the form of proxy or voting instruction form in accordance with the instructions provided by their bank, broker or other intermediary.

DATED at Toronto, Ontario this 31st day of October, 2017.

BY ORDER OF THE TRUSTEES OF
H&R REAL ESTATE INVESTMENT TRUST

LARRY FROOM
Chief Financial Officer
H&R Real Estate Investment Trust

BY ORDER OF THE TRUSTEES OF
H&R FINANCE TRUST

LARRY FROOM
Chief Financial Officer
H&R Finance Trust

H&R REAL ESTATE INVESTMENT TRUST AND H&R FINANCE TRUST

MANAGEMENT INFORMATION CIRCULAR

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GLOSSARY

The following lists certain terms that shall have the meanings set forth below when used in this joint management information circular (the "**Circular**"). These defined terms are not always used in and may not conform exactly to the defined terms used in the schedules to this Circular or any agreements referred to therein.

"**2008 Reorganization**" means the internal reorganization of the REIT completed on October 1, 2008, pursuant to a plan of arrangement which was approved by the holders of REIT Units at a special meeting of REIT Unitholders on September 19, 2008;

"**2020 Convertible Debentures**" means 5.90% Series D convertible unsecured subordinated debentures due June 30, 2020;

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder;

"**Amended U.S. Holdco Notes**" has the meaning given to it in Step 19 of the Plan of Arrangement;

"**Arrangement**" means the proposed arrangement under Section 193 of the ABCA on the terms and conditions set out in the Plan of Arrangement, and any amendments, modifications or supplements thereto made in accordance with the terms thereof;

"**Arrangement Agreement**" means the arrangement agreement dated as of October 19, 2017, among the REIT, Finance Trust, Benco and the other parties thereto with respect to the Arrangement, as amended, modified or supplemented from time to time;

"**Arrangement Resolutions**" means the REIT Arrangement Resolution and the Finance Trust Arrangement Resolution;

"**Articles of Arrangement**" means the articles of arrangement of Benco in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been made to give effect to the Arrangement;

"**Benco**" means H&R GP Beneficiary Inc., a corporation incorporated under the ABCA which is a wholly owned subsidiary of the REIT;

"**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in the Province of Alberta or the Province of Ontario, on which the principal commercial banks in downtown Calgary and downtown Toronto are generally open for the transaction of commercial banking business;

"**Cash Equivalents**" has the meaning provided under "Plan of Arrangement – Steps Effecting the Arrangement – F17 Trust";

"**CDS**" means CDS Clearing and Depositary Services Inc. or its nominee (which is, at the date hereof, CDS & Co.), together with its successors from time to time;

"**Certificate**" means the certificate(s) or other confirmation(s) of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;

"**Code**" means the Internal Revenue Code (United States), as in effect from time to time;

"**Conversion Amount**" means the amount determined by dividing the Transferred Portion of the Existing Loans by 999 (rounded down to the nearest whole cent);

"**Court**" means the Court of Queen's Bench of Alberta;

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

"**CRA Ruling**" has the meaning provided under "Plan of Arrangement";

"**Declarations of Trust**" means the REIT Declaration of Trust and the Finance Trust Declaration of Trust;

"**Depositary**" means AST Trust Company (Canada), in its capacity as depositary for the Arrangement, or such other person chosen by the REIT to act as depositary for the Arrangement;

"**Dissent Rights**" means the rights of Registered Unitholders to dissent from the Arrangement and to be paid the fair value of their Stapled Units in accordance with the REIT Declaration of Trust and Finance Trust Declaration of Trust and the Interim Order;

"**Dissenting Unitholder**" means a Registered Unitholder entitled to vote at the Meetings that validly exercises Dissent Rights with respect to the Arrangement as provided in the REIT Declaration of Trust, the Finance Trust Declaration of Trust and the Interim Order, and has not withdrawn, or been deemed to withdraw, such exercise of Dissent Rights;

"**Distribution Date**" means on or about April 15, July 15 and October 15 and on December 31 in each calendar year, in the case of quarterly distributions or, in the case of monthly distributions, on or about the last day of each month, or in either case, such other date as may be determined from time to time by, in the case of the REIT, the REIT Trustees and, in the case of F17 Trust, the F17 Trust Trustees;

"**DPSP**" has the meaning provided under "Eligibility for Investment";

"**DRIP**" means the amended and restated distribution reinvestment plan and Unit Purchase Plan of the REIT and Finance Trust, as amended, modified or supplemented from time to time;

"**Effective Date**" means the date shown on the Certificate issued by the Registrar giving effect to the Arrangement;

"**Effective Time**" means 8:30 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as the REIT, Finance Trust and Benco may agree;

"**Excess Notes**" has the meaning provided under "Plan of Arrangement – Reasons for the Plan of Arrangement";

"**Exchangeable Units**" means, collectively, the HRLP Exchangeable Units, the HRRMSLP Exchangeable Units and the Primaris Exchangeable Units;

"**Exchange Right**" has the meaning given to it in Step 4 of the Plan of Arrangement;

"**Existing Loans**" means the U.S. dollar denominated loans that have been advanced by the REIT to U.S. Holdco, as evidenced by an amended and restated promissory note issued by U.S. Holdco to the REIT dated January 1, 2015, as amended, having an outstanding principal amount owing at the Effective Time as set forth in the Notice of Determination;

"**Existing Stapled Unit Event of Uncoupling**" means an event whereby each REIT Unit is no longer required to be transferred together with a Finance Trust Unit (and vice versa), an event that occurs only: (a) in the event that REIT Unitholders and Special Voting Unitholders vote in favour of the uncoupling of REIT Units and Finance Trust Units such that the two securities will trade separately; or (b) at the sole discretion of the Finance Trust Trustees, but only in the event of the bankruptcy, insolvency, winding-up or reorganization (under an applicable law relating to insolvency) of the REIT or U.S. Holdco or the taking of corporate action by the REIT or U.S. Holdco in furtherance of any such action or the admitting in writing by the REIT or U.S. Holdco of its inability to pay its debts generally as they become due, as provided in the REIT Declaration of Trust and the Finance Trust Declaration of Trust;

"**Existing Support Agreement**" means the support agreement entered into between the REIT and Finance Trust as of October 1, 2008, as amended;

"**F17 Trust**" means H&R Finance (2017) Trust, an open-ended limited purpose unit trust to be formed under the laws of the Province of Ontario pursuant to the Plan of Arrangement;

"**F17 Trust Declaration of Trust**" means the declaration of trust of F17 Trust, as amended, modified or supplemented from time to time, which will initially be substantially similar to the Finance Trust Declaration of Trust;

"**F17 Trust Trustees**" means the trustees of F17 Trust, and "**F17 Trust Trustee**" means any one of them;

"**F17 Trust Unitholders**" means the holders of F17 Trust Units, and "**F17 Trust Unitholder**" means any one of them;

"**F17 Trust Units**" means, collectively, the units of F17 Trust, and "**F17 Trust Unit**" means any one of them;

"**F17 Trust Unit Sale**" means the sale of all of the F17 Trust Units to the former holders of Finance Trust Units pursuant to Step 17 of the Plan of Arrangement;

"**Final Order**" means the final order to be made by the Court approving the Plan of Arrangement to be applied for following the Meetings pursuant to the provisions of Section 193 of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Finance Trust Arrangement Resolution**" means the special resolutions of Finance Trust Unitholders authorizing and approving, among other things, the Plan of Arrangement, substantially in the form attached hereto as Schedule B;

"**Finance Trust Declaration of Trust**" means the declaration of trust of Finance Trust, as amended, modified or supplemented from time to time;

"**Finance Trust Disposition**" means the transfer of U.S. Holdco Notes by Finance Trust to the REIT pursuant to Step 14 of the Plan of Arrangement;

"**Finance Trust Meeting**" means the special meeting of the Finance Trust Unitholders to be held on December 7, 2017, including any adjournment(s) or postponement(s) thereof, to consider and to vote upon the Finance Trust Arrangement Resolution;

"**Finance Trust Transfer Percentage**" means the quotient, expressed as a percentage, obtained by dividing (a) the amount by which the fair market value of a Finance Trust Unit is reduced as a result of the Finance Trust Disposition, by (b) the fair market value of a Finance Trust Unit immediately before the Finance Trust Disposition;

"**Finance Trust Trustees**" means the trustees of Finance Trust, and "**Finance Trust Trustee**" means any one of them;

"**Finance Trust Unitholders**" means the holders of the Finance Trust Units, and "**Finance Trust Unitholder**" means any one of them;

"**Finance Trust Units**" means, collectively, the units of Finance Trust, and "**Finance Trust Unit**" means any one of them;

"**fixed investment trust**" has the meaning provided under "Plan of Arrangement – Steps Effecting the Arrangement – F17 Trust";

"**FT Price Per Unit**" means an amount equal to $1,000 divided by the total number of Finance Trust Units acquired by the REIT pursuant to the FT Unit Acquisition;

"**FT Unit Acquisition**" means the purchase of all of the outstanding Finance Trust Units by the REIT pursuant to Step 16 of the Plan of Arrangement;

"**Holder**" has the meaning provided under "Certain Canadian Federal Income Tax Considerations";

"**Holdings GP Trust**" means H&R REIT Holdings GP Trust, a trust formed under the laws of Ontario, the sole beneficiary of which is Benco;

"**Holdings LP**" means H&R REIT Holdings Limited Partnership, a limited partnership formed under the laws of Ontario, of which, at the Effective Time, the sole general partner is Holdings GP Trust and the sole limited partner is the REIT;

"**HRLP Exchangeable Units**" means the Class B Limited Participation LP units of Portfolio LP;

"**HRRMSLP**" means H&R REIT Management Services LP, a limited partnership governed by the laws of Manitoba;

"**HRRMSLP Exchangeable Units**" means the Exchangeable GP Units of HRRMSLP;

"**Incentive Unit Plan**" means the incentive unit plan of the REIT which was established in 2013, as amended, modified or supplemented from time to time;

"**Interim Order**" means the interim order of the Court with respect to the Arrangement under subsection 193(4) of the ABCA, dated October 31, 2017, confirming, among other things, the calling and holding of the Meetings and the voting thereat, as such order may be affirmed, amended or modified by any court of competent jurisdiction, a copy of which is included at Schedule D to this Circular;

"**Intermediary**" means with respect to Stapled Units, an intermediary with whom a Non-Registered Holder deals in respect of Stapled Units;

"**Meetings**" means, collectively, the REIT Meeting and the Finance Trust Meeting;

"**New Stapled Unit**" means one REIT Unit and one F17 Trust Unit which, following completion of the Arrangement and until a New Stapled Unit Event of Uncoupling occurs, will trade together;

"**New Stapled Unit Event of Uncoupling**" means an event whereby each REIT Unit is no longer be required to be transferred together with an F17 Trust Unit (and vice versa), an event that will occur only: (a) in the event that holders of REIT Units and Special Voting Units vote in favour of the uncoupling of REIT Units and F17 Trust Units such that the two securities will trade separately; or (b) at the sole discretion of the F17 Trust Trustees, but only in the event of the bankruptcy, insolvency, winding-up or reorganization (under an applicable law relating to insolvency) of the REIT or U.S. Holdco or the taking of corporate action by the REIT or U.S. Holdco in furtherance of any such action or the admitting in writing by the REIT or U.S. Holdco of its inability to pay its debts generally as they become due;

"**New Support Agreement**" means a support agreement to be entered into between the REIT and F17 Trust as of the Effective Date, substantially in the form of the Existing Support Agreement, to provide for coordination and cooperation with respect to various matters relating to the New Stapled Units;

"**Non-Registered Holder**" means a beneficial holder of Stapled Units or Special Voting Units, as applicable, that holds its Stapled Units or Special Voting Units, as applicable, through an Intermediary;

"**Non-Resident Holder**" has the meaning provided under "Certain Canadian Federal Income Tax Considerations – Taxation of Holders Not Resident in Canada";

"**Non-U.S. Holder**" has the meaning provided under "Certain U.S. Federal Income Tax Considerations";

"**Notice of Appearance**" means a notice of appearance that must be served and filed by the REIT securityholder or Finance Trust securityholder or other person who wishes to appear, or to be represented, and to present evidence or arguments at the hearing in respect of the Final Order;

"**Notice of Determination**" means a written notice to be delivered by the REIT to U.S. Holdco and Finance Trust at or prior to the Effective Time setting out particular amounts to be identified, determined or calculated in or under the Plan of Arrangement, as determined by the REIT, which may include (i) the outstanding principal amount of the Existing Loans, (ii) the outstanding principal amount of the U.S. Holdco Notes, (iii) the Repaid Portion of the Existing Loans, (iv) the Transferred Portion of the Existing Loans, (v) the Conversion Amount, (vi) the interest rate to be provided for in the amendments to the U.S. Holdco Note Indenture as contemplated in Step 19 of the Plan of Arrangement, (vii) the principal amount of the Repayment Amended U.S. Holdco Notes, (viii) the amount of the accrued and unpaid interest on the Existing Loans up to the Effective Date, (ix) the amount of the accrued and unpaid interest on the issued U.S. Holdco Notes up to the Effective Date, (x) the amount, if any, of Finance Trust's undistributed taxable income for its taxation year that will end as a result of the termination of Finance Trust under the Arrangement, and the amount, if any, of cash distributions to be paid in Step 10 of the Plan of Arrangement, (xi) the amount, if any, of remaining cash of Finance Trust which will be used by Finance Trust to subscribe for additional U.S. Holdco Notes in Step 11 of the Plan of Arrangement, and (xii) any other amount or information determined by the REIT to be included therein;

"**Notice of Dissent**" has the meaning provided under "Plan of Arrangement – Dissent Rights";

"**Notice of Objection**" has the meaning provided under "Plan of Arrangement – Dissent Rights";

"**PFIC**" means a passive foreign investment company for U.S. federal income tax purposes;

"**Plan of Arrangement**" means the plan of arrangement under Section 193 of the ABCA, as set forth in Exhibit A to the Arrangement Agreement found at Schedule C to this Circular, and any amendment, modification or supplement made in accordance with the terms thereof;

"**Plans**" has the meaning provided under "Eligibility for Investment";

"**Portfolio LP**" means H&R Portfolio Limited Partnership, a limited partnership formed under the laws of Manitoba, which is wholly-owned, indirectly, by the REIT;

"**Portfolio LP Trust**" means H&R Portfolio LP Trust, a trust formed under the laws of Ontario, the sole beneficiary of which is the REIT;

"**Primaris**" means Primaris Retail Real Estate Investment Trust;

"**Primaris Exchangeable Units**" means the exchangeable limited partnership units of certain subsidiaries of the REIT that were previously subsidiaries of Primaris;

"**Record Date**" means October 26, 2017;

"**Registered Unitholder**" means a registered holder of Stapled Units or Special Voting Units, as applicable, as recorded in the unitholder register for Stapled Units or Special Voting Units, as applicable;

"**Registrar**" means the registrar appointed under Section 263 of the ABCA;

"**RDSP**" has the meaning provided under "Eligibility for Investment";

"**REIT Arrangement Resolution**" means the special resolutions of REIT Unitholders and Special Voting Unitholders authorizing and approving, among other things, the Plan of Arrangement, substantially in the form attached hereto as Schedule A;

"**REIT Declaration of Trust**" means the declaration of trust of the REIT, as amended, modified or supplemented from time to time;

"**REIT Disposition**" means the transfer of Amended U.S. Holdco Notes from the REIT to F17 Trust pursuant to Step 21 of the Plan of Arrangement;

"**REIT Meeting**" means the special meeting of the REIT Unitholders and Special Voting Unitholders to be held on December 7, 2017, including any adjournment(s) or postponement(s) thereof, to consider and to vote upon the REIT Arrangement Resolution;

"**REIT Transfer Percentage**" means the quotient, expressed as a percentage, obtained by dividing (a) the amount by which the fair market value of a REIT Unit is reduced as a result of the REIT Disposition, by (b) the fair market value of a REIT Unit immediately before the REIT Disposition;

"**REIT Trustees**" means the trustees of the REIT, and "**REIT Trustee**" means any one of them;

"**REIT Unitholders**" means the holders of the REIT Units, and "**REIT Unitholder**" means any one of them;

"**REIT Units**" means, collectively, the units of the REIT designated as "Units" under the REIT Declaration of Trust, and "**REIT Unit**" means any one of them;

"**Repaid Portion**" of the outstanding principal amount of the Existing Loans means that portion of the outstanding principal amount of the Existing Loans at the Effective Time as is specified as such by the REIT in the Notice of Determination, with the intent that such portion will be less than the aggregate outstanding principal amount of the Existing Loans at such time, and which shall constitute the portion of the Existing Loans that is to be repaid by U.S. Holdco by issuing and delivering the Repayment Amended U.S Holdco Notes under Step 20 of the Plan of Arrangement;

"**Repayment Amended U.S. Holdco Notes**" has the meaning given to it in Step 20 of the Plan of Arrangement;

"**Resident Holder**" has the meaning provided under "Certain Canadian Federal Income Tax Considerations – Taxation of Holders Resident in Canada";

"**RESP**" has the meaning provided under "Eligibility for Investment";

"**RRIF**" has the meaning provided under "Eligibility for Investment";

"**RRSP**" has the meaning provided under "Eligibility for Investment";

"**Special Voting Unitholders**" means the holders of the Special Voting Units, and "**Special Voting Unitholder**" means any one of them;

"**Special Voting Units**" means, collectively, the units of the REIT designated as "Special Voting Units" under the REIT Declaration of Trust, and "**Special Voting Unit**" means any one of them;

"**Stapled Unit**" means one REIT Unit and one Finance Trust Unit which, until an Existing Stapled Unit Event of Uncoupling occurs, trade together;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**Tax Proposals**" has the meaning provided under "Certain Canadian Federal Income Tax Considerations";

"**TFSA**" has the meaning provided under "Eligibility for Investment";

"**Transfer Agent**" means AST Trust Company (Canada), in its capacity as transfer agent for the Stapled Units or the New Stapled Units, as applicable;

"**Transferred Portion**" of the outstanding principal amount of the Existing Loans means the aggregate outstanding principal amount of the Existing Loans at the Effective Time, less the Repaid Portion;

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

"**Unit Option Plan**" means the unit option plan entitled "H&R Real Estate Investment Trust Unit Option Plan" under which options to acquire Stapled Units have been and may be granted, as amended, modified or supplemented from time to time;

"**Unit Purchase Plan**" means the amended and restated unit purchase plan of the REIT and Finance Trust;

"**Unitholder Rights Plan**" means the amended and restated unitholder rights plan of the REIT made as of June 8, 2015, as amended, modified or supplemented from time to time;

"**Unitholders**" means the holders of Stapled Units (and, following the Arrangement, New Stapled Units), and Special Voting Units (as the context may require), and "**Unitholder**" means any one of them;

"**U.S. Holder**" has the meaning provided under "Certain U.S. Federal Income Tax Consequences";

"**U.S. Holdco**" means H&R REIT (U.S.) Holdings Inc., a corporation incorporated under the laws of the State of Delaware which is an indirect wholly owned subsidiary of the REIT;

"**U.S. Holdco Note Indenture**" means a note indenture dated as of October 1, 2008 between U.S. Holdco, as issuer, and the trustee appointed thereunder, as note trustee, which provides for the issuance from time to time of unsecured U.S. dollar denominated subordinated notes, in one or more series, as amended, modified or supplemented from time to time in accordance with its terms;

"**U.S. Holdco Notes**" means the notes issued by U.S. Holdco pursuant to the U.S. Holdco Note Indenture, having an outstanding principal amount at the Effective Time as set forth in the Notice of Determination;

"**U.S. Portfolio LP**" means H&R REIT U.S. Portfolio Limited Partnership, a limited partnership formed under the laws of Ontario which is indirectly wholly-owned by the REIT; and

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

NOTICE TO SECURITYHOLDERS IN THE UNITED STATES

THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION ("**SEC**") OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES IN ANY STATE PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE, THE SECURITIES TO BE ISSUED UNDER THE ARRANGEMENT, OR THE SOLICITATION OF A PROXY, IN ANY JURISDICTION, TO OR FROM ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER, SOLICITATION OF AN OFFER OR PROXY SOLICITATION IN SUCH JURISDICTION. ANY RESPONSIBILITY OF THE TRUSTS FOR ANY THIRD PARTY'S NON-COMPLIANCE WITH THE LAWS IN SUCH JURISDICTION IS EXPRESSLY DISCLAIMED.

Issuance of the F17 Trust Units pursuant to the Plan of Arrangement is exempt from the registration requirements of the U.S. Securities Act. Any offers to resell or resales of the F17 Trust Units received pursuant to the Plan of Arrangement by persons who, immediately prior to the Arrangement, were "affiliates" (as defined under the U.S. Securities Act) of the REIT are subject to restrictions under the U.S. Securities Act.

The Trusts are unincorporated trusts created by declarations of trust under, and governed by, the laws of the Province of Ontario. The solicitation of proxies and the transactions contemplated in this Circular involve securities of a Canadian issuer and are being effected in accordance with Canadian corporate and securities laws. Unitholders should be aware that disclosure requirements under Canadian securities laws are different from requirements under U.S. securities laws.

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that the Trusts are unincorporated trusts created by declarations of trust under, and governed by, the laws of the Province of Ontario, that some of their officers and trustees are not residents of the U.S., that their auditors are not residents of the U.S. and that a substantial portion of their respective assets are located outside the U.S. You may not be able to sue the Trusts or their officers or trustees, or enforce judgments of a U.S. court, in a Canadian court for violations of U.S. securities laws.

Certain information concerning tax consequences of the Arrangement for Unitholders who are U.S. taxpayers is set forth under "Certain Canadian Federal Income Tax Considerations" and "Certain U.S. Federal Income Tax Consequences".

FORWARD-LOOKING STATEMENTS

Certain information in this Circular contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) including, among others, statements relating to the Arrangement (including the proposed terms of, and matters relating to, the Arrangement; the expected benefits of the Arrangement to, and resulting treatment of, Unitholders and holders of options; the anticipated effects of the Arrangement; the satisfaction of the conditions precedent or receipt of consents, exemptions, approvals and rulings required for the Arrangement; the tax treatment of the Arrangement; and the expected timing of the Arrangement), and statements relating to the objectives of the Trusts; strategies to achieve those objectives; the Trusts' beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts.

Forward-looking statements generally can be identified by words such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", "project", "budget" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect the Trusts' current beliefs and are based on information currently available to management.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future performance and are based on the Trusts' estimates and assumptions that are subject to risks and uncertainties, including those described herein under "Plan of Arrangement – Risk Factors Relating to the Arrangement" and those discussed in the Trusts' materials filed with the Canadian securities regulatory authorities from time to time, which could cause the actual results and performance of the Trusts to differ materially from the forward-looking statements contained in this Circular. The Trusts expect such risks and uncertainties would also apply to the

REIT and F17 Trust, and the New Stapled Units, after completion of the Arrangement. Those risks and uncertainties include, among other things, risks related to: the satisfaction of conditions precedent or receipt of consents, exemptions, approvals and rulings required for the Arrangement not being obtained; the potential benefits of the Arrangement not being realized; the risk of tax liabilities as a result of the Arrangement; the delay in completing the Arrangement; the failure to complete the Arrangement for any reason; whether the REIT would be characterized as a PFIC for U.S. federal income tax purposes; the business of the REIT (real property ownership; credit risk and tenant concentration; lease rollovers; interest rates and debt; construction; currency; liquidity; financing credit; environmental matters; co-ownership interest in properties; joint arrangement and investments; dependence on key personnel; failure to complete acquisitions; competition for real property investments; potential conflicts of interest; and cyber security) and securities of the Trusts (prices of Trusts' securities; availability of cash for distributions; credit ratings; ability to access capital markets; tax; tax applicable to Unitholders; dilution; Unitholder liability; the right to redeem units; uncoupling of Stapled Units or New Stapled Units; investment eligibility of Stapled Units or New Stapled Units; debentures of the REIT; inability of the REIT to purchase debentures of the REIT on a change of control; statutory remedies available to Unitholders; creation and issuance of preferred units; and "closed-end" unit trust status).

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include that the general economy is stable other than in Alberta; local real estate conditions are stable other than in Alberta; interest rates are relatively stable; equity and debt markets continue to provide access to capital; the assumptions made in connection with the anticipated benefits of the Arrangement; the anticipated approval of the Arrangement by Unitholders and the Court; the anticipated receipt of any required consents, exemptions, approvals and rulings; the expectation that the parties to the Arrangement Agreement will comply with its terms and conditions; the expectation that no event, change or other circumstance will occur that could give rise to the termination of the Arrangement Agreement; and assumptions concerning currency exchange and interest rates. The Trusts caution that this list of factors is not exhaustive. Although the forward-looking statements contained in this Circular are based upon what the Trusts believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

Readers are also urged to examine the Trusts' materials filed with the Canadian securities regulatory authorities from time to time as they may contain discussions on risks and uncertainties which could cause the actual results and performance of the REIT and Finance Trust and, after completion of the Arrangement, F17 Trust to differ materially from the forward-looking statements contained in this Circular. Neither Finance Trust nor F17 Trust nor any of their respective trustees or officers in their capacity as such, assumes any responsibility for the completeness of the information contained in the REIT's materials filed with the Canadian securities regulatory authorities or for any failure of the REIT or its trustees or officers to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information. Neither the REIT nor any of its trustees or officers in their capacity as such, assumes any responsibility for the completeness of the information contained in Finance Trust's materials filed with the Canadian securities regulatory authorities or for any failure of Finance Trust or its trustees or officers to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information.

All forward-looking statements in this Circular are qualified by these cautionary statements. These forward-looking statements are made only as of October 31, 2017 and neither of the Trusts nor F17 Trust, except as required by applicable Canadian law, assumes any obligation to update or revise them to reflect new information or the occurrence of future events or circumstances.

REPORTING CURRENCIES AND ACCOUTING PRINCIPLES

Unless otherwise indicated, all references to "$" or "dollars" in this Circular refer to Canadian dollars and all references to "US$" in this Circular refer to U.S. dollars.

NON-GAAP FINANCIAL MEASURES

This Circular includes reference to the REIT's funds from operations ("**FFO**"), which is non-Generally Accepted Accounting Principles ("**GAAP**") information that should not be construed as an alternative to comprehensive income (loss) or cash provided by operations, and may not be comparable to similar measures presented by other issuers as there is no standardized meaning of FFO under GAAP. Management believes FFO is a meaningful measure of operating performance. Unitholders are encouraged to refer to the Trusts' combined Management Discussion and Analysis for the year ended December 31, 2016 for further discussion of the REIT's FFO as referenced herein.

INTRODUCTION

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the REIT and the management of Finance Trust for use at the Meetings to be held on December 7, 2017 and any adjournment thereof for the purposes set forth in the accompanying joint notice of Meetings (the "Joint Notice"). It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone, online or other personal contact by employees of the Trusts. The Trusts may also engage a proxy solicitation firm on market terms to solicit proxies in favour of the resolutions described herein. The costs of solicitation will be borne by the Trusts. The information contained herein is given as at October 31, 2017, except where otherwise indicated.

GENERAL INFORMATION – NOTICE-AND-ACCESS DELIVERY

The Trusts are utilizing the Canadian Securities Administrators' notice-and-access delivery model for distribution of this Circular to Registered Unitholders and Non-Registered Holders. Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials (such as proxy circulars) on-line, via the SEDAR website at www.sedar.com and one other website, rather than mailing paper copies of such materials to Unitholders.

Notice-and-access directly benefits the Trusts through a substantial reduction in both postage and printing costs and also promotes environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

It is anticipated that copies of proxy-related materials will be distributed to Registered Unitholders, Special Voting Unitholders and Non-Registered Holders on or about November 7, 2017 pursuant to the notice-and-access regime. It is anticipated that a notice with information about the notice-and-access process and voting instructions as well as a proxy or voting instruction form (collectively, the "**meeting materials**") will be distributed to Unitholders on or about November 7, 2017.

Registered Unitholders and Non-Registered Holders with questions about notice-and-access can call the Trusts' Transfer Agent, AST Trust Company (Canada), toll-free at 1-888-433-6443.

Registered Unitholders and Non-Registered Holders may obtain paper copies of this Circular by postal delivery at no cost to them. Requests may be made up to one year from the date the Circular was filed on www.sedar.com by contacting AST Trust Company (Canada) toll free at 1-888-433-6443 or via e-mail to fulfilment@astfinancial.com. In order to receive the Circular in sufficient time to allow for review and return of the proxy by not later than 5:00 p.m. (Toronto time) on December 5, 2017, a request for paper copies should be sent so that it is received by AST Trust Company (Canada) no later than the end of business on November 24, 2017.

PROXY MATTERS

Appointment and Revocation of Proxies

If you are a Registered Unitholder, a form of proxy is enclosed with the meeting materials and, if it is not your intention to be present in person at the Meetings, you are asked to complete and return the form of proxy in the envelope provided. The proxy must be executed by the Registered Unitholder or the attorney of such Registered Unitholder, duly authorized in writing. Proxies to be used at the Meetings may be submitted online at www.astvotemyproxy.com or must be deposited with the Trusts' Transfer Agent, AST Trust Company (Canada), in the envelope provided, or otherwise by email at proxyvote@astfinancial.com or by mail to AST Trust Company (Canada), PO Box 721, Agincourt, Ontario M1S 0A1 or by hand delivery to AST Trust Company (Canada), 1 Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6 or by fax to (416) 368-2502 or toll free at 1-866-781-3111 or the head office of the Trusts at Suite 500, 3625 Dufferin Street, Toronto, Ontario M3K 1N4, not later than 5:00 p.m. (Toronto time) on December 5, 2017, or, if the Meetings are adjourned, the last business day preceding the day of any adjournment thereof.

The persons named in the enclosed form of proxy are trustees or officers of the Trusts. **A Registered Unitholder may appoint a proxyholder (who is not required to be a Unitholder), other than any person designated in the form of proxy, to attend and act on such Registered Unitholder's behalf at the Meetings, either by inserting such other desired proxyholder's name in the blank space provided on a form of proxy and deleting the names printed thereon or by substituting another proper form of proxy. A Registered Unitholder may also appoint a proxyholder online at www.astvotemyproxy.com.**

A Registered Unitholder who has given a proxy pursuant to this solicitation may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by the Registered Unitholder or by the attorney of such Registered Unitholder authorized in writing or, if Stapled Units or Special Voting Units are held by a corporation, under the corporation's corporate seal or by an officer or attorney of the corporation duly authorized. The written instrument must be delivered either at the head office of the Trusts on or before the last business day preceding the day of the Meetings or any adjournment thereof at which the proxy is to be used or with the chair of the Meetings on the day of the Meetings or any adjournment thereof, prior to the time of voting, or in any other manner permitted by law.

Non-Registered Holders

In many cases, Stapled Units or Special Voting Units beneficially owned by a Non-Registered Holder are registered either:

(a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Stapled Units or Special Voting Units, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, RDSPs, TFSAs and similar plans; or

(b) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, the Trusts have distributed copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as Broadridge Financial Solutions, Inc. ("**Broadridge**")) to forward the meeting materials to Non-Registered Holders. The Trusts are "Participating Issuers" under Broadridge's Electronic Delivery Procedures. Non-Registered Holders who have enrolled in Broadridge's Electronic Delivery Procedures (at www.investordelivery.com) will have received from Broadridge an email notification that the meeting materials are available electronically, which notification includes a hyperlink to the page on the Internet where the meeting materials can be viewed. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvote.com.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Stapled Units they beneficially own. Should a Non-Registered Holder who receives a voting instruction form wish to attend and vote at the Meetings in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should follow the corresponding instructions on the voting instruction form. **Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

A Non-Registered Holder who wants to revoke his or her voting instructions must contact his or her Intermediary in respect of such instructions and comply with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke such instructions if it receives insufficient notice of revocation.

In respect of any meeting materials sent directly to a Non-Registered Holder by the Trusts or their agent, the Non-Registered Holder's name and address and information about the Non-Registered Holder's holdings of Stapled Units have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on such Non-Registered Holder's behalf. By choosing to send the meeting materials to the Non-Registered Holder directly, the Trusts (and not the Intermediary holding on the Non-Registered Holder's behalf) have assumed responsibility for (i) delivering the meeting materials to the Non-Registered Holder, and (ii) executing the Non-Registered Holder's proper voting instructions. Non-Registered Holders are asked to return their voting instructions as specified in the request for voting instructions.

The Trusts will pay for an intermediary to deliver proxy materials to objecting beneficial owners. The meeting materials sent to non-objecting beneficial owners ("**NOBO**s") and objecting beneficial owners who have not waived the right to receive the meeting materials will be accompanied by a voting instruction form. By returning the voting instruction form in accordance with the instructions noted thereon, a NOBO is able to instruct the voting of the Stapled Units owned by it. Voting instruction forms, whether provided by the Trusts or by an Intermediary, should be completed and returned in accordance with the specific instructions noted thereon. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Stapled Units which they beneficially own.

Voting of Stapled Units and Special Voting Units

REIT Units, Finance Trust Units and Special Voting Units represented by proxies will be voted or withheld from voting in accordance with the instructions of the Unitholder on any ballot that may be called for and, if the Unitholder specifies a choice with respect to any matter to be acted upon at the Meetings, such REIT Units, Finance Trust Units and Special Voting Units represented by properly executed proxies will be voted accordingly.

Voting of REIT Units and Special Voting Units

If no specification is made to vote the said REIT Units and/or Special Voting Units against the REIT Arrangement Resolution, a proxyholder will vote the REIT Units and/or Special Voting Units IN FAVOUR OF the REIT Arrangement Resolution.

The REIT's registrar and Transfer Agent, AST Trust Company (Canada), will serve as independent scrutineer at the REIT Meeting, and will tabulate all votes at the REIT Meeting.

Voting of Finance Trust Units

If no specification is made to vote the said Finance Trust Units against the Finance Trust Arrangement Resolution, a proxyholder will vote the Finance Trust Units IN FAVOUR OF the Finance Trust Arrangement Resolution.

Finance Trust's registrar and Transfer Agent, AST Trust Company (Canada), will serve as independent scrutineer at the Finance Trust Meeting, and will tabulate all votes at the Finance Trust Meeting.

Exercise of Discretion by Proxy

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Joint Notice and with respect to such other matters as may properly come before the Meetings or any adjournment thereof. At the date of this Circular, management of the Trusts are not aware of any amendments or other matters to come before the Meetings other than the matters referred to in the Joint Notice. With respect to amendments to matters identified in the Joint Notice or other matters that may come before the Meetings, REIT Units, Finance Trust Units and Special Voting Units will be voted by the persons so designated in their discretion.

Voting at Meetings and Quorum

On October 26, 2017, 290,662,821 REIT Units, 9,500,000 Special Voting Units and 290,662,821 Finance Trust Units were issued and outstanding. Each REIT Unit and each Special Voting Unit entitles its holder to one vote at meetings of REIT Unitholders, and each Finance Trust Unit entitles its holder to one vote at meetings of Finance Trust Unitholders. REIT Unitholders, Finance Trust Unitholders and/or Special Voting Unitholders of record at the close of business on October 26, 2017, the Record Date established for determining Unitholders entitled to receive notice of and vote at the Meetings, will be entitled to vote at the Meetings, or any adjournment thereof, either in person or by proxy.

Unless otherwise required by law or the Declarations of Trust, every question coming before the Meetings or any adjournment thereof shall be decided by the majority of the votes duly cast on the question. To be approved, the REIT Arrangement Resolution must be approved by the affirmative vote of not less than two-thirds of the votes cast at the REIT Meeting by REIT Unitholders and Special Voting Unitholders, voting together. To be approved, the Finance Trust Arrangement Resolution must be approved by the affirmative vote of not less than two-thirds of the votes cast at the Finance Trust Meeting by Finance Trust Unitholders. The quorum at the REIT Meeting or any adjournment thereof shall consist of at least two individuals present in person, each of whom is a holder of REIT Units or Special Voting Units or a proxyholder representing such holder of REIT Units or Special Voting Units, and who hold or represent by proxy not less than 25% of the combined total number of outstanding REIT Units and Special Voting Units as at the Record Date for the REIT Meeting. The quorum at the Finance Trust Meeting or any adjournment thereof shall consist of at least two individuals present in person, each of whom is a holder of Finance Trust Units or a proxyholder representing such holder of Finance Trust Units, and who hold or represent by proxy not less than 25% of the total number of outstanding Finance Trust Units as at the Record Date for the Finance Trust Meeting.

QUESTIONS AND ANSWERS

Q: What am I voting on?

A: REIT Unitholders and Special Voting Unitholders are voting on the REIT Arrangement Resolution and Finance Trust Unitholders are voting on the Finance Trust Arrangement Resolution, all as set out in further detail herein.

Q: How will the Arrangement affect my ownership and voting rights as a Unitholder of the Trusts?

A: The Plan of Arrangement is intended to continue and enhance the existing benefits of the existing Stapled Unit structure that was approved by unitholders of the REIT in 2008 and has been in place since that time. If the Arrangement Resolutions are passed without variation this would, among other things and subject to certain conditions described in this Circular, result in Unitholders, through a series of steps, disposing of their Finance Trust Units and acquiring F17 Trust Units. Assuming completion of the Plan of Arrangement, investments that are currently held through the REIT and Finance Trust will instead be held through the REIT and F17 Trust, and the REIT Units and F17 Trust Units will trade together as New Stapled Units on the TSX under the ticker symbol "HR.UN". Going forward, each New Stapled Unit will consist of one REIT Unit and one F17 Trust Unit. Unitholders will be entitled to one vote at meetings of REIT Unitholders and one vote at meetings of F17 Trust Unitholders for each New Stapled Unit held. Special Voting Unitholders will remain entitled to one vote at meetings of REIT Unitholders for each Special Voting Unit held.

Q: Who is entitled to vote?

A: Unitholders as of the close of business on the Record Date (being October 26, 2017) are entitled to vote. Each Stapled Unit entitles the holder to one vote on those items of business as identified in the Joint Notice and each Special Voting Unit entitles the holder to one vote on those items of business related to the REIT only as identified in the Joint Notice. If you acquired your Stapled Units or Special Voting Units after the Record Date, please refer to the answer to the question "What if ownership of Stapled Units or Special Voting Units has been transferred after the Record Date?".

Q: How do I vote?

A: There are two ways you can vote your Stapled Units and Special Voting Units if you are a Registered Unitholder. You may vote in person at the Meetings, or you may complete the form of proxy appointing the named persons or some other person you choose, who need not be a Unitholder, to represent you as proxyholder and vote your Stapled Units or Special Voting Units at the Meetings. If your Stapled Units are held in the name of a nominee, please refer to the answer to the question "If my Stapled Units are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Stapled Units?" to determine how you may vote your Stapled Units. Proxies may be submitted online at www.astvotemyproxy.com, deposited at the head office of the Trusts or deposited with the Trusts' Transfer Agent, AST Trust Company (Canada).

Q: What if I plan to attend the Meetings and vote in person?

A: If you are a Registered Unitholder and plan to attend the Meetings and wish to vote your Stapled Units or Special Voting Units in person at the Meetings, do not complete or return the form of proxy. Your vote will be taken and counted at the Meetings. Please register with the Trusts' Transfer Agent, AST Trust Company (Canada), upon arrival at the Meetings. If your Stapled Units are held in the name of a nominee and you wish to attend the Meetings, please refer to the answer to the question "If my Stapled Units are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Stapled Units?" for voting instructions.

Q: Who is soliciting my proxy?

A: The form of proxy is being solicited by management and the associated costs will be borne by the Trusts. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone or

other personal contact by employees of the Trusts. The Trusts may also engage a proxy solicitation firm to solicit proxies to be voted in favour of the resolutions described herein.

Q: What if I sign the form of proxy enclosed with this Circular?

A: Signing the enclosed form of proxy gives authority to Mr. Thomas J. Hofstedter, the President and Chief Executive Officer of each of the Trusts or failing him, Mr. Larry Froom, the Chief Financial Officer of each of the Trusts, or to another person you have appointed, to vote your Stapled Units at the Meetings or your Special Voting Units at the REIT Meeting.

Q: Can I appoint someone other than these representatives to vote my Stapled Units or Special Voting Units?

A: Yes. Write the name of this person, who need not be a Unitholder, in the blank space provided in the form of proxy and strike out the names of the management nominees. It is important to ensure that any other person you appoint is attending the Meetings and is aware that they have been appointed to vote your Stapled Units or Special Voting Units. Proxyholders should, upon arrival at the Meetings, present themselves to and register with a representative of the Trusts' Transfer Agent, AST Trust Company (Canada).

Q: What do I do with my completed proxy?

A: For Registered Unitholders, you may complete your proxy online at www.astvotemyproxy.com or you may return it to the Trusts' Transfer Agent, AST Trust Company (Canada), in the envelope provided, or otherwise by email at proxyvote@astfinancial.com or by mail to AST Trust Company (Canada), PO Box 721, Agincourt, Ontario M1S 0A1 or by hand delivery to AST Trust Company (Canada), 1 Toronto Street, Suite 1200, Toronto, Ontario M5C 2V6 or by fax to (416) 368-2502 or toll free at 1-866-781-3111 or to the head office of the Trusts, Suite 500, 3625 Dufferin Street, Toronto, Ontario M3K 1N4, no later than 5:00 p.m. (Toronto time) on December 5, 2017 or, if the Meetings are adjourned, the last business day preceding the day of any adjournment thereof. This will ensure that your vote is recorded. For Non-Registered Holders who receive materials through their broker or other intermediary, such Non-Registered Holder should complete and return the voting instruction form in accordance with the instructions provided by their broker or other intermediary.

Q: If I change my mind, can I take back my proxy once I have given it?

A: Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if Stapled Units or Special Voting Units are held by a corporation, under the corporation's corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered either at the head office of the Trusts on or before the last business day preceding the day of the Meetings or any adjournment thereof at which the proxy is to be used or to the chair of the Meetings on the day of the Meetings or any adjournment of the Meetings, prior to the time of voting, or in any other manner permitted by law.

Q: How will my REIT Units, Finance Trust Units and/or Special Voting Units be voted if I give my proxy?

A: REIT Units and Special Voting Units represented by proxies will be voted in accordance with the instructions of the holder thereof at the REIT Meeting. If the holder specifies a choice with respect to any matter to be acted upon at the REIT Meeting, such holder's REIT Units and/or Special Voting Units represented by properly executed proxies will be voted accordingly.

With respect to the REIT Arrangement Resolution, REIT Unitholders and/or Special Voting Unitholders have the option of voting their REIT Units and/or Special Voting Units either IN FAVOUR OF or AGAINST such resolutions. If no specification is made to vote the said REIT Units and/or Special Voting Units AGAINST such resolutions, a proxyholder will vote such REIT Units and/or Special Voting Units IN FAVOUR OF these resolutions.

Finance Trust Units represented by proxies will be voted in accordance with the instructions of the holder thereof at the Finance Trust Meeting. If the holder specifies a choice with respect to any matter to be acted upon at the Finance Trust Meeting, such holder's Finance Trust Units represented by properly executed proxies will be voted accordingly.

With respect to the Finance Trust Arrangement Resolution, Finance Trust Unitholders have the option of voting their Finance Trust Units either IN FAVOUR OF or AGAINST such resolutions. If no specification is made to vote the said Finance Trust Units AGAINST such resolutions, a proxyholder will vote such Finance Trust Units IN FAVOUR OF these resolutions.

Q: What if amendments are made to these matters or other matters are brought before the Meetings?

A: The form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Joint Notice and with respect to such other matters as may properly come before the Meetings or any adjournment thereof. At the date of this Circular, management of the Trusts are not aware of any amendments or other matters to come before the Meetings other than the matters referred to in the Joint Notice. With respect to amendments to matters identified in the Joint Notice or other matters that may come before the Meetings, Stapled Units and Special Voting Units will be voted by the persons so designated in their discretion.

Q: How many Stapled Units and Special Voting Units are entitled to vote?

A: As of the Record Date, October 26, 2017, there were 290,662,821 Stapled Units outstanding and 9,500,000 Special Voting Units outstanding. Each holder of Stapled Units and/or Special Voting Units has one vote for each Stapled Unit and/or Special Voting Unit held at the close of business on the Record Date at the REIT Meeting and each holder of Stapled Units has one vote for each Stapled Unit held at the close of business on the Record Date at the Finance Trust Meeting.

Q: What if ownership of Stapled Units or Special Voting Units has been transferred after the Record Date?

A: The Declarations of Trust provide that only a holder of Stapled Units or Special Voting Units of record at the close of business on the Record Date is entitled to vote at the applicable Meeting, even where such Unitholder has since that date disposed of his or her Stapled Units or Special Voting Units, and no Unitholder becoming such after the Record Date will be entitled to receive notice of and vote at the applicable Meeting or any adjournment thereof.

Q: How will the votes be counted?

A: The Trusts' registrar and Transfer Agent, AST Trust Company (Canada), will serve as independent scrutineer at the Meetings, and will tabulate all votes at the Meetings.

Q: If I need to contact the Transfer Agent, how do I reach it?

A: You can contact the Transfer Agent by mail at:

AST Trust Company (Canada)
P.O. Box 700
Station B
Montreal, QC
H3B 3K3
or by telephone: (416) 682-3860
or toll-free throughout North America: 1-800-387-0825
or by email: inquiries@astfinancial.com

Q: If my Stapled Units are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Stapled Units?

A: Generally, Non-Registered Holders who have not waived the right to receive meeting materials will be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through the Internet at www.proxyvote.com.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Stapled Units or Special Voting Units they beneficially own. Should a Non-Registered Holder who receives a voting instruction form wish to attend and vote at the Meetings in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should follow the corresponding instructions on the voting instruction form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies. Please refer to "Proxy Matters – Non-Registered Holders" above in this Circular.

PRINCIPAL HOLDERS OF UNITS

To the knowledge of the trustees and officers of the REIT and Finance Trust, no person or company beneficially owns, or controls or directs, directly or indirectly, REIT Units or Finance Trust Units carrying 10% or more of the votes attached to the outstanding REIT Units or Finance Trust Units. CRAL Class B Limited, an affiliate of Canadian Realty Advisors Limited (formerly H&R Property Management Ltd.) beneficially owns 9,500,000 Special Voting Units, representing 100% of the Special Voting Units, or 3.2% of the total combined REIT Units and Special Voting Units eligible to vote at the REIT Meeting.

PLAN OF ARRANGEMENT

In accordance with the Interim Order, (a) REIT Unitholders and Special Voting Unitholders are being asked to consider and, if thought fit, to pass, with or without variation, the REIT Arrangement Resolution, substantially in the form attached as Schedule A to this Circular, authorizing and approving the Plan of Arrangement, and (b) Finance Trust Unitholders are being asked to consider and, if thought fit, to pass, with or without variation, the Finance Trust Arrangement Resolution, substantially in the form attached as Schedule B to this Circular, authorizing and approving the Plan of Arrangement. If the Arrangement Resolutions are passed without variation, and the Plan of Arrangement is implemented, it would result in the completion of certain transactions in the course of which the following would occur:

(i) the establishment of F17 Trust pursuant to the F17 Trust Declaration of Trust;

(ii) all of the outstanding Finance Trust Units held by Unitholders will be disposed of and each former holder of Finance Trust Units will acquire an equal number of F17 Trust Units, such that each Unitholder will hold one F17 Trust Unit for each issued and outstanding REIT Unit held and each REIT Unit would thereafter trade together with one F17 Trust Unit as a "New Stapled Unit", as further described below;

(iii) the U.S. Holdco Notes held by Finance Trust will be acquired by the REIT and Finance Trust will be wound up and cease to exist;

(iv) the existing U.S. Holdco Notes and a portion of the existing debt owed by U.S. Holdco to the REIT will be replaced by Amended U.S Holdco Notes and the Amended U.S Holdco Notes (the total principal amount of which will be materially greater than the total principal amount of the currently outstanding U.S. Holdco Notes) will be acquired by F17 Trust;

(v) the amendment and restatement of the REIT Declaration of Trust as may be necessary or desirable to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement, or as otherwise contemplated in this Circular;

(vi) the amendment and restatement of each of the Unit Option Plan, the Incentive Unit Plan, the DRIP and the Unitholder Rights Plan, in each case as may be necessary or desirable to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement, or as otherwise contemplated in this Circular; and

(vii) a simplification of the REIT's structure by eliminating Benco and a related trust and limited partnership through which the REIT indirectly holds its interest in U.S. Holdco.

Following completion of these transactions, Unitholders who previously held Stapled Units will hold New Stapled Units (each consisting of one REIT Unit and one F17 Trust Unit) and will receive distributions from both the REIT and F17 Trust (instead of the REIT and Finance Trust). F17 Trust's sole activity will be to hold debt issued by U.S. Holdco, an indirect wholly-owned U.S. subsidiary of the REIT through which the REIT holds its U.S. interests (as described in more detail below), which is the same as Finance Trust's current sole activity. Subject to cash flow requirements, F17 Trust (as is currently the case for Finance Trust) intends to distribute to its unitholders all of its cash flow, consisting primarily of interest paid by U.S. Holdco, less administration and other expenses.

Following completion of the Plan of Arrangement, Unitholders' investments will be held through the REIT and F17 Trust, instead of the REIT and Finance Trust. Units of these two trusts will trade together as New Stapled Units in lieu of Stapled Units. Although the Plan of Arrangement will not result in any substantive changes to Unitholders' proportional combined ownership interests, the steps of the Plan of Arrangement are highly technical and require approval by REIT Unitholders and Special Voting Unitholders, and Finance Trust Unitholders, pursuant to the REIT Declaration of Trust and Finance Trust Declaration of Trust, respectively.

The REIT and Finance Trust have applied for an advance income tax ruling (the "**CRA Ruling**") from the CRA in connection with the Arrangement. The REIT and Finance Trust will not complete the Arrangement without receiving a favourable CRA Ruling. Provided that a favourable CRA Ruling is obtained, the REIT and Finance Trust believe that the Arrangement will occur on substantially a tax deferred basis to Unitholders resident in Canada.

The text of the REIT Arrangement Resolution is found at Schedule A to this Circular. The REIT Arrangement Resolution must be approved by at least two-thirds of the votes cast by holders of REIT Units and Special Voting Units, voting together, present in person or by proxy at the REIT Meeting. **Unless the REIT Unitholder or Special Voting Unitholder, as applicable, specifies in the applicable form of proxy that persons named therein are to vote against the REIT Arrangement Resolution, such persons intend to vote IN FAVOUR OF the REIT Arrangement Resolution authorizing the Plan of Arrangement. The REIT Trustees unanimously recommend, with Thomas Hofstedter, as an officer and trustee of Finance Trust abstaining pursuant to Section 3.07 of the REIT Declaration of Trust, that REIT Unitholders and Special Voting Unitholders vote IN FAVOUR OF the REIT Arrangement Resolution authorizing the Plan of Arrangement.**

The text of the Finance Trust Arrangement Resolution is found at Schedule B to this Circular. The Finance Trust Arrangement Resolution must be approved by at least two-thirds of the votes cast by holders of Finance Trust Units present in person or by proxy at the Finance Trust Meeting. **Unless the Finance Trust Unitholder specifies in the applicable form of proxy that persons named therein are to vote against the Finance Trust Arrangement Resolution, such persons intend to vote IN FAVOUR OF the Finance Trust Arrangement Resolution authorizing the Plan of Arrangement. The Finance Trust Trustees unanimously recommend, with Thomas Hofstedter, as an officer and trustee of the REIT abstaining pursuant to Section 3.08 of the Finance Trust Declaration of Trust, that Finance Trust Unitholders vote IN FAVOUR OF the Finance Trust Arrangement Resolution authorizing the Plan of Arrangement.**

The foregoing is a summary only of the Plan of Arrangement. The summary is qualified in its entirety by the full text of the Plan of Arrangement, which is set forth in Exhibit A to the Arrangement Agreement found at Schedule C to this Circular.

Reasons for the Plan of Arrangement

In the course of their consideration of the REIT's U.S. business, the existing debt owed by U.S. Holdco to Finance Trust and their evaluation of the Plan of Arrangement, the REIT Trustees consulted with the REIT's senior management, Canadian and U.S. legal counsel and financial and tax advisors, and considered a number of factors including, among others, those described below.

The REIT's reasons for effecting the Arrangement are influenced by certain conditions in the commercial real estate and capital markets in the U.S. and Canada as discussed below.

The REIT, indirectly, holds 100% of the outstanding shares of U.S. Holdco, a corporation formed under the laws of Delaware. All of the REIT's U.S. properties are held indirectly by U.S. Holdco. U.S. Holdco has historically financed its U.S. property acquisitions with a combination of equity from the REIT and debt from both U.S. lenders and the REIT.

In 2008, the REIT undertook a reorganization to create Finance Trust and the Stapled Unit structure the purpose of which was to enable U.S. Holdco to replace all of its debt held by the REIT at the time with new debt beneficially held by the REIT's unitholders through Finance Trust.

Further, recognizing opportunities in the U.S. since the 2008-09 market crisis, the REIT, through U.S. Holdco, has made numerous acquisitions in the U.S. over the past few years including Two Gotham Center in Long Island City, NY, Hess Tower in Houston, TX, a 33.6% interest in ECHO Realty LP, a 50% interest in a luxury residential rental development in Long Island City, NY and numerous residential properties through the REIT's Lantower Residential segment. As at June 30, 2017, the REIT's U.S. properties represent approximately 33% of the fair value of all of the REIT's properties. The REIT also anticipates further accretive acquisition opportunities in the U.S. The REIT has had to use substantially more of its own capital (lent to U.S. Holdco) than funds borrowed by U.S. Holdco from third parties to fund U.S. acquisitions. As a result, the REIT is currently owed approximately US$800 million by U.S. Holdco.

The U.S. Holdco Notes are currently redeemable by U.S. Holdco at a redemption price equal to the outstanding principal amount of such notes plus all accrued and unpaid interest on such principal amount through the redemption date. Interest rates have declined since 2008 and the interest rate on the U.S. Holdco Notes is now higher than the rate that could be obtained from third party lenders. As a result, the REIT Trustees believed that in the absence of a transaction, such as the Arrangement, the U.S. Holdco Notes would need to be refinanced and replaced with debt bearing a lower (market) interest rate. The REIT Trustees also determined that it would be in the best interests of the REIT to refinance the existing loans made by the REIT to U.S. Holdco. Rather than borrowing from other third party lenders or through a public offering of debt securities, the REIT Trustees have determined that it would be in the best interests of the REIT to proceed with a transaction, the Arrangement, which provides Unitholders with the opportunity to have an interest (indirectly through F17 Trust) in an

enhanced principal amount of debt securities of U.S. Holdco.

Lending by the REIT to U.S. Holdco to finance acquisitions has adverse tax consequences, in that the deductibility for U.S. income tax purposes of interest paid by U.S. Holdco to the REIT is subject to certain limitations (referred to as the earnings stripping rules) which defer a tax deduction for a portion of the interest paid by U.S. Holdco to the REIT. To the extent of such deferral, taxable income of U.S. Holdco will not be reduced to reflect its interest expense. Under Canadian tax rules, the REIT must nonetheless include all such interest in its income, which ultimately is payable to REIT Unitholders and included in their income. On a consolidated basis, therefore, it is tax inefficient for interest to be paid by U.S. Holdco to the REIT in circumstances where the earnings stripping rules apply.

In addition, while U.S. Holdco is not currently taxable as a result of its use of net operating losses from prior years, once those net operating losses are exhausted, it is expected that U.S. Holdco would be required to pay U.S. income taxes, thereby reducing cash available for distribution to Unitholders.

By implementing the Arrangement, both the existing U.S. Holdco Notes, and a substantial amount of other existing debt owed by U.S. Holdco to the REIT, would effectively be replaced with indebtedness of U.S. Holdco to a new trust, F17 Trust, under the Amended U.S. Holdco Notes. It is anticipated that the replacement of such other existing debt with Amended U.S. Holdco Notes will give rise to a capital gain for the REIT for Canadian tax purposes. The REIT currently expects that such capital gain will be a material portion of the capital gains of the REIT for 2017. The exact amount of the capital gain will depend on the Canadian dollar-U.S. dollar exchange rate on the Effective Date, as well as other factors, so no precise estimate can be given. However, the REIT expects that, even including such capital gain, the total capital gains of the REIT made payable to Unitholders in 2017 will not exceed the capital gains of the REIT made payable to Unitholders in 2016. The U.S. earnings stripping rules should not apply to interest paid by U.S. Holdco to F17 Trust and therefore, the interest payable by U.S. Holdco to F17 Trust under the Amended U.S. Holdco Notes should be fully deductible for U.S. income tax purposes. The F17 Trust Units would be held by REIT Unitholders in a new "stapled unit" structure similar to the current one. As a result, the REIT believes that by implementing the Arrangement, it would be able to significantly delay the date on which U.S. Holdco will become obligated to pay U.S. income taxes which will ultimately be to the long-term benefit of the REIT and holders of New Stapled Units. As a result of these tax savings, management of the REIT believes that the future combined FFO of the REIT and F17 Trust will exceed the combined FFO of the REIT and Finance Trust in the absence of implementing the Plan of Arrangement.

Further, the Finance Trust Declaration of Trust severely restricts the permitted undertakings of Finance Trust. In particular, Finance Trust is prohibited from making any investment, taking any action or failing to take any action that would disqualify Finance Trust from being an investment trust classified as a grantor trust under the Code and the applicable U.S. Treasury regulations. The exchange of U.S. Holdco Notes for Amended U.S. Holdco Notes described above, among other steps contemplated by the Plan of Arrangement, would be prohibited actions for this purpose. As a result, in order to facilitate the Plan of Arrangement, F17 Trust will be created to hold the Amended U.S. Holdco Notes and Finance Trust will be terminated.

The REIT Trustees considered the possible adverse tax consequences of the Arrangement to Unitholders. Provided that a favourable CRA Ruling is obtained, the REIT and Finance Trust believe that the Arrangement will occur on substantially a tax deferred basis to Unitholders resident in Canada. For U.S. federal income tax purposes, the transfer described in Step 21 of the Plan of Arrangement to F17 Trust of Amended U.S. Holdco Notes that exceed the principal amount of U.S. Holdco Notes held by Finance Trust (the "**Excess Notes**"), including the Amended U.S. Holdco Notes which will replace the U.S. Holdco Notes formerly held by Portfolio LP, and the Repayment Amended U.S. Holdco Notes (the principal amount of the Excess Notes being up to approximately US$800 million in the aggregate and to be determined on the Effective Date and disclosed by the REIT in a press release at or about that time) will be treated as a distribution of such Excess Notes by the REIT to U.S. Holders of Stapled Units. Subject to the PFIC rules: (a) such distribution paid to a U.S. Holder generally will be treated as dividend income to such U.S. Holder to the extent paid out of current or accumulated earnings and profits (as determined under U.S. principles) of the REIT; and (b) to the extent this distribution exceeds earnings and profits, it will be treated first as a return of capital to the extent of the adjusted basis in REIT Units, and then as gain from the sale of a capital asset. While the REIT has historically made annual distributions exceeding its profits (as determined under Canadian tax principles), the REIT does not calculate its earnings and profits under U.S. federal income tax principles and, as a result, this distribution may be treated as a dividend. See "Certain U.S. Federal Income Tax Consequences".

If the REIT were treated as a PFIC for U.S. federal income tax purposes in any taxable year during the U.S. Holder's holding period of REIT Units, absent certain U.S. tax elections being in effect with respect to the U.S. Holder's REIT Units, this distribution may be treated as an "excess distribution". For U.S. federal income tax purposes "excess distributions" are

allocated rateably over the U.S. Holder's holding period for REIT Units, subject to the highest rate of income tax applicable to each such year, and subject to an interest charge. See "Certain U.S. Federal Income Tax Consequences – Tax Consequences to U.S. Holders – Passive Foreign Investment Company Rules".

In addition, Non-Resident Holders who are residents of the U.S. may face an increased average rate of Canadian withholding tax on their New Stapled Unit distributions following implementation of the Arrangement. This is because it is expected that a higher proportion of total distributions will be comprised of distributions from F17 Trust (as compared to the proportion of total distributions historically comprised of distributions from Finance Trust). As is currently the case with distributions made by Finance Trust, it is anticipated that Canadian withholding tax of 25% of the gross amount of F17 Trust distributions to a Non-Resident Holder that is a resident of the U.S. will be withheld and remitted on account of non-resident withholding tax.

After considering all of the foregoing, the REIT Trustees (with Mr. Hofstedter abstaining) have determined that the Arrangement is in the best interests of the REIT and have approved the Arrangement and recommend (with Mr. Hofstedter abstaining) that REIT Unitholders and Special Voting Unitholders vote in favour of the REIT Arrangement Resolution. The Finance Trust Trustees considered the same factors considered by the REIT Trustees described above and have determined (with Mr. Hofstedter abstaining) that the Arrangement is in the best interests of Finance Trust, and have approved the Arrangement and recommend (with Mr. Hofstedter abstaining) that Finance Trust Unitholders vote in favour of the Finance Trust Arrangement Resolution. The foregoing summary of the information and factors considered by the REIT Trustees and the Finance Trust Trustees is not, and is not intended to be, exhaustive. The REIT Trustees and the Finance Trust Trustees did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching their conclusions and recommendations. In addition, individual REIT Trustees and Finance Trust Trustees may have assigned different weights to different factors.

Steps Effecting the Arrangement

The Arrangement will result in REIT Units and F17 Trust Units being "stapled" on a one-for-one basis so that they may be listed and posted for trading together on the TSX as New Stapled Units, just as REIT Units and Finance Trust Units are currently listed and posted for trading together on the TSX as Stapled Units. Apart from provisions necessary to achieve such stapling, each REIT Unit and F17 Trust Unit will retain its own separate identity and will be separately listed (but not posted for trading) on the TSX (unless there is a New Stapled Unit Event of Uncoupling, in which case the F17 Trust Units will cease to be listed on the TSX), just as each REIT Unit and Finance Trust Unit currently retains its own separate identity and is separately listed (but not posted for trading) on the TSX.

The steps effecting the Plan of Arrangement are as follows:

1. U.S. Holdco will pay to the REIT all accrued and unpaid interest owing on the Existing Loans up to the Effective Date;

2. The REIT will transfer the Transferred Portion of the Existing Loans to Holdings LP as an additional capital contribution;

3. Holdings LP will transfer the Transferred Portion of the Existing Loans to U.S. Portfolio LP as an additional capital contribution;

4. The terms and conditions of the Transferred Portion of the Existing Loans held by U.S. Portfolio LP will be amended, without novation, repayment or replacement, to provide that the aggregate principal amount thereof may, at the option of the payee upon notice to U.S. Holdco, be converted into common shares of U.S. Holdco at the Conversion Amount per share (the "**Exchange Right**");

5. U.S. Portfolio LP will exercise the Exchange Right and will convert the Transferred Portion of the Existing Loans into 999 common shares of U.S. Holdco and U.S. Holdco will issue such common shares to U.S. Portfolio LP, and, for the avoidance of doubt, the Transferred Portion of the Existing Loans will thereupon be repaid and satisfied in full;

6. The REIT will establish F17 Trust pursuant to the F17 Trust Declaration of Trust and will subscribe for that number of F17 Trust Units as is equal to the number of issued and outstanding REIT Units at the Effective Time (excluding for greater certainty any REIT Units held by Dissenting Unitholders, if any, immediately prior to the Effective Time) for an aggregate subscription price of $1,000;

7. U.S. Holdco will pay all accrued and unpaid interest owing on the U.S. Holdco Notes up to the Effective Date to Finance Trust and Portfolio LP, the sole holders of the U.S. Holdco Notes;

8. The U.S. Holdco Notes held by Portfolio LP will be distributed by Portfolio LP to Portfolio LP Trust, the sole limited partner of Portfolio LP, as a return of capital on the outstanding Class A limited partnership units of Portfolio LP;

9. The U.S. Holdco Notes acquired by Portfolio LP Trust in the step set out in Step 8, above, will be distributed by Portfolio LP Trust to the REIT, the sole beneficiary of Portfolio LP Trust, as a return of capital on the outstanding trust units of Portfolio LP Trust;

10. Finance Trust will pay out, as a cash distribution on the Finance Trust Units, the amount, if any, that is determined by it prior to the Effective Time to be equal to its *bona fide* best estimate of the amount, if any, of its undistributed taxable income for the taxation year of Finance Trust that will end as a result of the termination of Finance Trust as provided for in the Arrangement (taking into account any deductions under subsection 104(6) of the Tax Act in respect of any prior distributions during that taxation year); provided that, for greater certainty, the amount of distributions under this Step 10 may be zero;

11. Finance Trust will pay (or make arrangements for payment of) all outstanding accounts payable and accrued liabilities owed by it (which arrangements, for greater certainty, (i) will include the assumption by the REIT of any obligations of Finance Trust to Dissenting Unitholders under the Finance Trust Declaration of Trust and any obligations of Finance Trust to pay any previously declared, but unpaid, distributions on the Finance Trust Units to Registered Unitholders as of a record date preceding the Effective Date, pursuant to the step set out in Step 18, and (ii) may include setting aside funds for future payment or arranging for another party (including the REIT) to assume payment obligations) and will use any remaining cash, if any, other than $1,000 which will be retained by Finance Trust, to subscribe for additional U.S. Holdco Notes at a subscription price equal to the fair market value of such U.S. Holdco Notes, as agreed by Finance Trust and U.S. Holdco;

12. An Existing Stapled Unit Event of Uncoupling will occur;

13. Concurrently with the step set out in Step 12, above, the Existing Support Agreement will be terminated in accordance with its terms;

14. Pursuant to and in accordance with Section 107.4 of the Tax Act, Finance Trust will transfer all of the U.S. Holdco Notes held by it to the REIT for no consideration by way of a "qualifying disposition" (as defined in subsection 107.4(1) of the Tax Act);

15. The REIT Declaration of Trust and the Finance Trust Declaration of Trust will be amended and restated to make such amendments as are necessary or desirable to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement or otherwise as contemplated in this Circular, including in the case of the REIT Declaration of Trust to accommodate the New Stapled Unit structure;

16. The holders of Finance Trust Units (for greater certainty, excluding Dissenting Unitholders, if any) will transfer all of their Finance Trust Units to the REIT in consideration for an aggregate purchase price of $1,000; such aggregate purchase price to be delivered to, and held by, the Depositary as agent for and on behalf of such former holders of Finance Trust Units *pro rata* based on the number of Finance Trust Units held by such former holders immediately before such purchase;

17. The former holders of Finance Trust Units who transferred their Finance Trust Units to the REIT pursuant to the step set out in Step 16 will purchase and acquire, and the REIT will sell and transfer to such former holders of Finance Trust Units, on a *pro rata* basis to each such former holder of Finance Trust Units in proportion to their respective holdings of Finance Trust Units immediately prior to the step set out in Step 16, all of the F17 Trust Units held by the REIT in return for an aggregate purchase price of $1,000, such that each such former holder of Finance Trust Units will hold one F17 Trust Unit for each Finance Trust Unit previously held by it immediately before the step set out in Step 16; such aggregate purchase price to be delivered to the REIT from the funds held by the Depositary as agent for and on behalf of the former holders of Finance Trust Units as a result of the step set out in Step 16;

18. Finance Trust will redeem all the issued and outstanding Finance Trust Units (excluding for greater certainty any Finance Trust Units held by Dissenting Unitholders, if any) for an aggregate redemption price of $1,000 (being all of the remaining property of Finance Trust), whereupon the REIT will assume any liabilities and obligations of Finance Trust not otherwise provided for and indemnify the Finance Trust Trustees with respect thereto, including any obligations of Finance Trust to Dissenting Unitholders under the Finance Trust Declaration of Trust and any obligations of Finance Trust to pay any previously declared, but unpaid, distributions on the Finance Trust Units to Registered Unitholders as of a record date preceding the Effective Date, and Finance Trust will be terminated and cease to exist in accordance with the Finance Trust Declaration of Trust (as amended pursuant hereto);

19. The U.S. Holdco Note Indenture will be amended, without novation, repayment or replacement, with the approval by special resolution of the REIT, as the sole holder of the U.S. Holdco Notes, pursuant to the U.S. Holdco Note Indenture, to adjust the interest rate to a rate determined by the REIT and U.S. Holdco to be an arm's length rate of interest for such debt and to make such other amendments as may be agreed by the REIT and U.S. Holdco; from and after such amendments, the amended notes issued under the U.S. Holdco Note Indenture, as so amended, are referred to as "**Amended U.S. Holdco Notes**";

20. U.S. Holdco will repay in full the Repaid Portion of the Existing Loans by issuing and delivering to the REIT additional Amended U.S. Holdco Notes having an aggregate principal amount equal to the Repaid Portion of the Existing Loans (such additional Amended U.S. Holdco Notes, the "**Repayment Amended U.S. Holdco Notes**");

21. Pursuant to and in accordance with Section 107.4 of the Tax Act, the REIT will transfer all of the outstanding Amended U.S. Holdco Notes (for greater certainty, consisting of the Amended U.S Holdco Notes that were acquired (as U.S. Holdco Notes) by the REIT in the steps set out in Steps 9 and 14 and the Repayment Amended U.S. Holdco Notes) to F17 Trust for no consideration by way of a "qualifying disposition" (as defined in subsection 107.4(1) of the Tax Act).

    Concurrently with such transfer, the Unitholder Rights Plan, the DRIP, the Unit Option Plan and the Incentive Unit Plan will be amended and restated in each case as may be necessary or desirable to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement or otherwise as contemplated in this Circular, including to accommodate the New Stapled Unit structure;

22. The REIT and F17 Trust will enter into the New Support Agreement and the REIT Units and the F17 Trust Units will thereafter, until a New Stapled Unit Event of Uncoupling, trade together as New Stapled Units as contemplated and provided for in the amended and restated REIT Declaration of Trust and the F17 Trust Declaration of Trust;

23. All of the property and liabilities of Holdings GP Trust (such property including the general partner interest in Holdings LP) will be distributed to, and assumed by, Benco as the sole beneficiary of Holdings GP Trust, whereupon Holdings GP Trust will be dissolved and cease to exist and, upon filing of a declaration of change under the *Limited Partnerships Act* (Ontario), Benco shall become the general partner of Holdings LP; and

24. Upon confirmation of the filing under the *Limited Partnership Act* (Ontario) contemplated in Step 23, Benco will be liquidated and the remaining property and liabilities of Benco (such property including the general partner interest in Holdings LP) will be distributed to, and assumed by, the REIT, the sole shareholder of Benco, on the liquidation of Benco and, upon filing of articles of dissolution and issuance of a certificate of dissolution by the Registrar under the ABCA (which, for greater certainty, may occur on a date after the Effective Date), Benco will be dissolved; as a result of such liquidation and distribution of property by Benco, Holdings LP will no longer have two or more partners and will therefore cease to exist and the REIT will become the owner of the former partnership property of Holdings LP and will continue to carry on alone the activities that were formerly the activities of Holdings LP, as contemplated by subsection 98(5) of the Tax Act.

The foregoing summary is qualified in its entirety by the full text of the Plan of Arrangement, which is set forth in Exhibit A to the Arrangement Agreement found at Schedule C to this Circular.

F17 Trust – Initial Trustees and Auditors

Pursuant to the F17 Trust Declaration of Trust, F17 Trust will be governed by a board of trustees consisting of four individuals, all of whom are residents of Canada, and who conduct and manage, or supervise the management of, the affairs of F17 Trust in accordance with and subject to the terms of the F17 Trust Declaration of Trust. As settlor of F17 Trust, the REIT will retain the right to appoint one of the F17 Trust Trustees. The remaining F17 Trust Trustees will be elected by the

unitholders of F17 Trust, and such trustees will not be trustees of the REIT and will be independent of management of F17 Trust and the REIT. F17 Trust will have at least two executive officers, a Chief Executive Officer and a Chief Financial Officer, and it is anticipated that the officers initially employed in such capacities by F17 Trust will be the same persons as are employed in such capacities by the REIT and Finance Trust.

It is expected that the initial trustees of F17 Trust will be Larry Froom, Michoel Klugmann, Marvin Rubner and Shmuel Zimmerman. The name, province and country of residence and principal occupation of each proposed initial F17 Trust Trustee are as follows:

Name, Province and Country of Residence	Principal Occupation
Larry Froom Ontario, Canada	Chief Financial Officer, H&R Real Estate Investment Trust
Michoel Klugmann Ontario, Canada	Lindvest Properties Limited, Principal and Vice President
Marvin Rubner Ontario, Canada	YAD Investments Limited, Manager and Founder
Shmuel Zimmerman Ontario, Canada	Dov Capital Corporation, Co-Founder

Larry Froom – Larry Froom is the Chief Financial Officer of the REIT, Canada's largest diversified real estate investment trust with total assets of $14 billion. Mr. Froom is responsible for overseeing all transactions, corporate finance and financial reporting. Prior to H&R, Mr. Froom was at Ernst & Young LLP where he serviced clients in the real estate industry.

Michoel Klugmann – Michoel Klugmann is a Principal and Vice President of Lindvest Properties Limited, a private real estate company in Toronto, Ontario that develops, builds and sells low, mid and high-rise residential homes and mixed-use properties in the Greater Toronto Area.

Marvin Rubner – Marvin Rubner is the Manager and founder of YAD Investments Limited, a private investment corporation located in Toronto, Ontario which invests in, manages and develops commercial, retail, and residential apartment buildings primarily in the Greater Toronto Area.

Shmuel Zimmerman - Shmuel Zimmerman is Co-Founder of Dov Capital Corporation, a real estate development and management company. Dov Capital specializes in commercial and retail properties, with a focus on evaluation, negotiation, strategy, development or re-development. At Dov Capital, Mr. Zimmerman is in charge of acquisitions, as well as investor and tenant relations. Mr. Zimmerman is also Vice President of Lindvest Properties Limited. He is a member of the Board of Directors of Satin Finish Hardwood Flooring, one of Canada's largest flooring companies. Mr. Zimmerman holds a Master of Business Administration from Bar Ilan University.

The initial auditors of F17 Trust will be KPMG LLP.

F17 Trust

The F17 Trust Declaration of Trust will be substantially similar to the Finance Trust Declaration of Trust. The Finance Trust Declaration of Trust is publicly available on Finance Trust's profile page on SEDAR at www.sedar.com.

Under the F17 Trust Declaration of Trust, the undertaking of F17 Trust will be restricted to:

(a) engaging in the transactions proposed under the Plan of Arrangement and investing in Amended U.S Holdco Notes;

(b) making temporary investments held in cash, term deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or money market instruments (including banker's acceptances) of, or guaranteed by, a Schedule 1 Canadian

bank ("**Cash Equivalents**"), but only if each of the following conditions is satisfied: (i) if the Cash Equivalents have a maturity date, the Cash Equivalents must be held until maturity; (ii) the Cash Equivalents are required to fund expenses of F17 Trust, a redemption of F17 Trust Units, or distributions to F17 Trust Unitholders, in each case before the next Distribution Date; and (iii) the purpose of holding the Cash Equivalents is to prevent funds from being non-productive, and not to take advantage of market fluctuations;

(c) repurchasing and redeeming F17 Trust Units;

(d) issuing additional F17 Trust Units for cash or Amended U.S. Holdco Notes; and

(e) undertaking such other usual and customary actions necessary for the conduct of the activities of F17 Trust in the ordinary course, as shall be approved by its trustees from time to time.

The F17 Trust Declaration of Trust will provide that F17 Trust shall not make any investment, take any action or omit to take any action where such investment, action or omission, as the case may be, (a) would result in F17 Trust Units not being units of a "mutual fund trust" within the meaning of the Tax Act, (b) would result in F17 Trust Units not being qualified investments under the Tax Act for Plans, (c) would result in F17 Trust being liable to pay tax under the registered investment provisions of the Tax Act imposed for exceeding certain investment limits, or (d) would disqualify F17 Trust from being an investment trust classified as a trust under the Code and the applicable regulations (a "**fixed investment trust**"). In order to qualify as a "fixed investment trust", F17 Trust generally may not acquire assets other than the Amended U.S. Holdco Notes or certain investments in cash or cash equivalents.

The F17 Trust Declaration of Trust will provide that F17 Trust shall not invest in any joint venture arrangement, or enter into any partnership.

The F17 Trust Declaration of Trust will provide that at no time may non-residents and/or partnerships that are not "Canadian partnerships" within the meaning of the Tax Act be the beneficial owners of more than 49% of the F17 Trust Units and it will contain customary provisions to ensure that this limit is not exceeded.

Pursuant to the F17 Trust Declaration of Trust, a holder of F17 Trust Units will have the right to redeem its F17 Trust Units at any time on demand in consideration for a price per unit equal to the Canadian dollar equivalent of the principal amount of Amended U.S. Holdco Notes held by F17 Trust on the redemption date, divided by the number of outstanding F17 Trust Units immediately prior to the redemption date, subject only to the requirement that, unless a New Stapled Unit Event of Uncoupling has occurred, a holder of F17 Trust Units who tenders a particular number of F17 Trust Units to F17 Trust for redemption shall be required to also tender, at the same time, the same number of REIT Units to the REIT for redemption. The F17 Trust redemption price payable by F17 Trust in respect of any F17 Trust Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment no later than the last day of the month following the month in which the F17 Trust Units were tendered for redemption, except that the entitlement of a holder of F17 Trust Units to receive cash upon the redemption of F17 Trust Units is not applicable if the total amount payable by F17 Trust in respect of such F17 Trust Units and all other F17 Trust Units tendered for redemption prior thereto in the same calendar month exceeds a monthly limit which may be waived by the F17 Trust Trustees, in their sole discretion.

If a holder of F17 Trust Units is not entitled to receive cash upon the redemption of F17 Trust Units as a result of the foregoing limitation, the F17 Trust redemption price for each F17 Trust Unit tendered for redemption will be the fair market value thereof as determined by the F17 Trust Trustees and, subject to any applicable regulatory approvals, shall be paid out and satisfied by way of delivery of Amended U.S. Holdco Notes, the fair market value of which per F17 Trust Unit as expressed in lawful money of Canada shall equal the F17 Trust Unit redemption price. The Amended U.S. Holdco Notes will be issued pursuant to the U.S. Holdco Note Indenture, as amended pursuant to the Plan of Arrangement. In the discretion of the F17 Trust Trustees, no Amended U.S. Holdco Notes in integral multiples of less than US$10 (or such other lower amount as the F17 Trust Trustees may establish from time to time) will be delivered to a redeeming holder of F17 Trust Units and, where the amount of Amended U.S. Holdco Notes to be received by a redeeming unitholder includes a fraction or a multiple of less than US$10, or such other amount determined by the F17 Trust Trustees, that number shall be rounded to the next lowest whole number or integral multiple of US$10.

Where F17 Trust delivers Amended U.S. Holdco Notes on the redemption of F17 Trust Units to a Unitholder, F17 Trust may allocate to that Unitholder any capital gain or income realized by F17 Trust on or in connection with such delivery.

Amended U.S. Holdco Notes

The Amended U.S. Holdco Notes will be substantially similar in many respects to the U.S. Holdco Notes currently held by Finance Trust. The interest rate payable in respect of the Amended U.S. Holdco Notes, which will be an arm's-length rate determined in the context of current market conditions, is expected to be lower than that payable in respect of the U.S. Holdco Notes. The Amended U.S. Holdco Notes will be governed by the U.S Holdco Note Indenture, as amended pursuant to the Plan of Arrangement.

The Amended U.S. Holdco Notes will mature on the tenth anniversary of the Effective Date, subject to U.S. Holdco's right to extend the maturity date one time for a ten-year period. U.S. Holdco's extension right is conditioned upon no event of default having occurred and still continuing when the right is exercised and U.S. Holdco's achieving certain financial thresholds, including the consolidated interest coverage ratio test described below and a loan-to-value test. The Amended U.S. Holdco Notes will bear interest payable monthly at a floating rate adjusted monthly equal to the annual interest rate for ten-year U.S. treasury notes, determined as at the immediately preceding interest payment date, plus a fixed % per annum spread.

The Amended U.S. Holdco Notes will be *pari passu* with each other note of the same series and are subordinated in right of payment to all present and future senior indebtedness of U.S. Holdco. The U.S. Holdco Note Indenture, as amended, will provide, however, that U.S. Holdco may only issue additional indebtedness thereunder if, after giving effect to such issuance (and application of the proceeds thereof), U.S. Holdco's consolidated interest coverage ratio would have been at least 1.3:1.0 for the immediately preceding calendar year.

The Amended U.S. Holdco Notes will, in certain circumstances, be redeemable by U.S. Holdco. Redemption of the Amended U.S. Holdco Notes will generally be subject to an applicable redemption premium.

F17 Trust will have a limited right to put Amended U.S. Holdco Notes to U.S. Holdco for repayment in cash prior to the maturity date, which put right may only be exercised by F17 Trust where a holder of F17 Trust Units has surrendered F17 Trust Units for redemption in order to permit F17 Trust to satisfy the redemption price for such units, or has exercised dissent rights, to satisfy a claim for fair value of such holder's F17 Trust Units.

The terms of the Amended U.S. Holdco Notes will also provide that, subject to the approval of the holders of not less than 66⅔% of the principal amount of Amended U.S. Holdco Notes, U.S. Holdco will not (a) pay any amounts or transfer any other value to its stockholders if an event of default or pending event of default has occurred and is continuing or would occur as a result of such payment, and (b) enter into any material transaction with any "affiliate" (as defined in the U.S Holdco Note Indenture) unless the transaction is entered into in the ordinary course of business and on arm's length terms, or the transaction is with a wholly-owned subsidiary or wholly-owned subsidiaries of U.S. Holdco or the transaction is an equity contribution by U.S. Holdco (other than certain equity contributions made on a non-*pro rata* basis).

F17 Trust's sole activity will be to hold debt issued by U.S. Holdco. Since any distributions to holders of F17 Trust Units from F17 Trust consist primarily of interest paid by U.S. Holdco, F17 Trust's ability to make distributions to holders of F17 Trust Units and pay its operating expenses will depend upon receipt of sufficient funds from U.S. Holdco. The likelihood that holders of F17 Trust Units will receive distributions from F17 Trust will be dependent upon the financial position and creditworthiness of U.S. Holdco.

New Stapled Units

Pursuant to the Plan of Arrangement, the REIT Declaration of Trust, as amended and restated, and the F17 Trust Declaration of Trust will contain provisions to achieve the "stapling" of the REIT Units and the F17 Trust Units. Provided that a New Stapled Unit Event of Uncoupling has not occurred, the REIT Declaration of Trust will provide that: (a) each REIT Unit may be transferred only together with an F17 Trust Unit, (b) no REIT Unit may be issued by the REIT to any person unless (i) an F17 Trust Unit is simultaneously issued by F17 Trust to such person, or (ii) the REIT has arranged that REIT Units will be consolidated (subject to any applicable regulatory approval) immediately after such issuance, such that each REIT Unitholder will hold an equal number of REIT Units and F17 Trust Units immediately following such consolidation, and (c) a holder of New Stapled Units may require the REIT to redeem any particular number of REIT Units only if it also requires, at the same time, and in accordance with the provisions of the F17 Trust Declaration of Trust, F17 Trust to redeem that same number of F17 Trust Units. Equivalent provisions will be included in the F17 Trust Declaration of Trust.

Provided that a New Stapled Unit Event of Uncoupling has not occurred, in certain circumstances the REIT or F17 Trust (subject to any applicable regulatory approval) will be required to cause a corresponding change to simultaneously be made to, or in, the rights of holders of REIT Units or F17 Trust Units, as the case may be, if there is a subdivision, combination, consolidation, reclassification, or similar such change in the rights of holders of interests of the REIT or F17 Trust, that would otherwise be inconsistent with the stapling.

New Support Agreement

Due to the requirement that at all times each REIT Unit be "stapled" to an F17 Trust Unit (and that each F17 Trust Unit be "stapled" to a REIT Unit), as part of the Plan of Arrangement, the REIT and F17 Trust will enter into the New Support Agreement which will be substantially similar to the Existing Support Agreement. The New Support Agreement will provide, among other things, for the co-ordination of the declaration and payment of all distributions so as to provide for simultaneous record dates and payment dates; for co-ordination so as to permit the REIT to perform its obligations pursuant to the REIT Declaration of Trust, Unit Option Plan, Incentive Unit Plan, DRIP, and Unitholder Rights Plan; for F17 Trust to take all such actions and do all such things as are necessary or desirable to enable and permit the REIT to perform its obligations arising under any security issued by the REIT (including securities convertible into, or exercisable or exchangeable for, New Stapled Units); for F17 Trust to take all such actions and do all such things as are necessary or desirable to enable the REIT to perform its obligations or exercise its rights under the 2020 Convertible Debentures; and for F17 Trust to take all such actions and do all such things as are necessary or desirable to issue F17 Trust Units simultaneously (or as close to simultaneously as possible) with the issue of REIT Units and to otherwise ensure at all times that each holder of a particular number of REIT Units holds an equal number of F17 Trust Units, including participating in and cooperating with any public or private distribution of New Stapled Units by, among other things, signing prospectuses or other offering documents.

In the event that the REIT issues additional REIT Units, pursuant to the New Support Agreement, the REIT and F17 Trust will co-ordinate so as to ensure that each subscriber receives both REIT Units and F17 Trust Units, trading together as New Stapled Units. Prior to such event, the REIT shall provide notice to F17 Trust to cause F17 Trust to issue and deliver the requisite number of F17 Trust Units to be received by and issued to, or to the order of, each subscriber as the REIT directs. In consideration of the issuance and delivery of each such F17 Trust Unit, the REIT or the purchaser, as the case may be, shall pay (or arrange for the payment of) a purchase price equal to the fair market value (as determined by F17 Trust in consultation with the REIT) of each such F17 Trust Unit at the time of such issuance. The remainder of the subscription price for New Stapled Units shall be allocated to the issuance of REIT Units by the REIT. The proceeds received by F17 Trust from any such issuance shall be invested in additional Amended U.S. Holdco Notes or distributed to holders of F17 Trust Units.

Canadian Securities Law and Stock Exchange Considerations

The F17 Trust Units to be issued and delivered pursuant to the Plan of Arrangement will be issued in reliance on exemptions from the prospectus requirements of applicable Canadian securities laws and the F17 Trust Units will generally be "freely tradeable" (other than pursuant to certain "control distributions") under applicable Canadian securities laws, subject to the stapling of REIT Units to F17 Trust Units as described above under "– New Stapled Units".

The REIT has applied to the local securities regulatory authority or regulator in each of the provinces of Canada for an order which provides the REIT and F17 Trust with exemptive relief similar to the exemptive relief received by the REIT and Finance Trust in respect of, among other things: (i) F17 Trust becoming a reporting issuer (where applicable) in certain of the provinces of Canada, (ii) certain continuous disclosure requirements normally associated with being a reporting issuer on condition that F17 Trust will rely on the continuous disclosure documents prepared and filed by the REIT as required under applicable securities laws, in each case subject to certain conditions, (iii) the requirement for the REIT and F17 Trust to file separate financial statements, subject to certain conditions including that the REIT files financial statements of the REIT and F17 Trust on a combined basis, and (iv) certain requirements with respect to qualification to file a shelf prospectus, subject to certain conditions.

Stapled Units are currently listed on the TSX under the symbol "HR.UN". The TSX has conditionally approved the listing (but not posting for trading) of the F17 Trust Units to be issued pursuant to the Plan of Arrangement and the listing and posting for trading of the New Stapled Units which will result from the Plan of Arrangement, subject to the satisfaction of the customary listing requirements of the TSX. The REIT Units will remain listed (but not posted for trading) on the TSX. The New Stapled Units will be listed and posted for trading on the TSX under the same symbol as the Stapled Units, "HR.UN".

U.S. Securities Law Considerations

Issuance of the F17 Trust Units pursuant to the Plan of Arrangement is exempt from the registration requirements of the U.S. Securities Act. F17 Trust Units issued pursuant to the Plan of Arrangement to persons that are not affiliates of the REIT or F17 Trust will be "freely tradeable" under the U.S. Securities Act, subject to the stapling of REIT Units to F17 Trust Units as described above under "– New Stapled Units".

Accounting Considerations

Following completion of the Plan of Arrangement, the REIT and F17 Trust intend to file combined financial statements in the same manner as the REIT and Finance Trust currently file with the effect of the Amended U.S. Holdco Notes continuing to be eliminated as a result of the combined reporting. An application for exemption from the local securities regulatory authority or regulator in each of the provinces of Canada for such reporting (among other things) has been filed by the REIT. See above under "– Canadian Securities Law and Stock Exchange Considerations".

Effect of the Arrangement on Unitholders

Under the Arrangement, each Unitholder (other than a Dissenting Unitholder) would ultimately receive a number of F17 Trust Units equal to the number of Finance Trust Units held at the Effective Time. Each issued and outstanding REIT Unit would thereafter trade together with an F17 Trust Unit as a New Stapled Unit, until a New Stapled Unit Event of Uncoupling.

Effect of the Arrangement on Distributions

The REIT and Finance Trust currently pay cash distributions on a monthly basis of $0.115 per Stapled Unit, or $1.38 per annum. It is anticipated that, following the Effective Time, the REIT and F17 Trust will initially continue to declare distributions of $0.115 per New Stapled Unit on a monthly basis, or $1.38 per New Stapled Unit per annum. As all distributions will remain subject to declaration by the REIT Trustees and F17 Trust Trustees, respectively, there is no assurance that the actual distributions declared will be as currently anticipated.

Effect of the Arrangement on DRIP

In connection with the Arrangement, the DRIP will be amended and restated to reflect and give effect to the Plan of Arrangement. Specifically, following the Effective Time, participants will become permitted to elect to have the cash distributions of the REIT automatically reinvested in additional New Stapled Units at a price per New Stapled Unit calculated by reference to the weighted average price of New Stapled Units on the TSX for the five trading days immediately preceding the relevant distribution date. In addition, participating holders of New Stapled Units will be entitled to receive an additional distribution, which is reinvested in additional New Stapled Units, equal to 3% of each cash distribution reinvested pursuant to the DRIP. Participants currently have the ability to have the cash distributions of the REIT reinvested in Stapled Units in the same manner.

In connection with the Arrangement, the Unit Purchase Plan component of the DRIP will also be amended and restated to permit participants, following the Effective Time, to elect to make additional, monthly cash payments for investment in additional New Stapled Units at the weighted average price of New Stapled Units on the TSX for the five trading days immediately preceding the last business day of each calendar month. Purchases by each participant under the Unit Purchase Plan are subject to a monthly minimum of $250 and an annual maximum of $13,500. Participants currently have the ability to make purchases of Stapled Units in the same manner.

Finance Trust Units issued to participants under the DRIP are issued for a subscription price equal to their fair market value on the effective date of issuance and the remainder of the aggregate subscription price is allocated to the subscription for REIT Units. F17 Trust Units issued to participants under the amended and restated DRIP will be issued for a subscription price equal to their fair market value on the effective date of issuance and the remainder of the aggregate subscription price will be allocated to the subscription for REIT Units.

No commissions, service charges or brokerage fees will be payable in connection with the purchase of New Stapled Units under the amended and restated DRIP and all administrative costs will be borne by the REIT. The DRIP will continue to be available to registered holders of New Stapled Units resident in Canada for purposes of the Tax Act. Upon ceasing to be a resident of Canada, participating holders of New Stapled Units will be required to terminate their participation in the DRIP.

Effect of the Arrangement on Unit Option Plan and Incentive Unit Plan

In connection with the Arrangement, the Unit Option Plan and Incentive Unit Plan will be amended and restated to provide that, following the Effective Time, New Stapled Units will be issued to holders of options under the Unit Option Plan and holders of Incentive Units under the Incentive Unit Plan in lieu of Stapled Units.

Effect of the Arrangement on 2020 Convertible Debentures

In connection with the Arrangement, and pursuant to the terms of the indenture governing the 2020 Convertible Debentures, each 2020 Convertible Debenture will, following the Effective Time, become convertible into New Stapled Units upon the same terms and at the same conversion price per New Stapled Unit as is currently the case with respect to Stapled Units.

Effect of the Arrangement on Exchangeable Units

In connection with the Arrangement, the agreements governing the terms and exchange rights of the HRLP Exchangeable Units, the HRRMSLP Exchangeable Units and the Primaris Exchangeable Units will be amended and restated to provide that each outstanding Exchangeable Unit will, following the Effective Time, be entitled to cash distributions based on those paid on a New Stapled Unit in lieu of a Stapled Unit and be exchangeable for New Stapled Units in lieu of Stapled Units, in each case at the same rates as are currently applicable with respect to Stapled Units.

Risk Factors Relating to the Arrangement

Conditions Precedent and Consents, Exemptions and Approvals

The completion of the Arrangement in the form contemplated by the Arrangement Agreement is subject to a number of conditions precedent, some of which are outside the control of the REIT and Finance Trust, including, without limitation, receipt of Unitholder approval at the Meetings, certain regulatory and third party consents, exemptions and approvals, the CRA Ruling, approval of the TSX for the listing of the F17 Trust Units and New Stapled Units and the granting of the Final Order by the Court. There can be no certainty, nor can the REIT or Finance Trust provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. Failure to obtain the Final Order on terms acceptable to the REIT Trustees and Finance Trust Trustees would likely result in the decision being made not to proceed with the Arrangement. If any consents, exemptions or approvals cannot be obtained on terms satisfactory to the REIT Trustees and Finance Trust Trustees or at all, the Plan of Arrangement may have to be amended in order to mitigate against the negative consequence of the failure to obtain any such consent, exemption or approval, and accordingly, the anticipated benefits available to Unitholders resulting from the Arrangement may be reduced. Alternatively, in the event that the Plan of Arrangement cannot be amended so as to mitigate against the negative consequences of the failure to obtain a consent, exemption or approval, the Arrangement may not proceed at all.

Passive Foreign Investment Company Status of the REIT

The REIT is classified as a foreign corporation for U.S. federal income tax purposes. A foreign corporation will be classified as a PFIC, for U.S. federal income tax purposes if either (i) 75% or more of its gross income is passive income or (ii) on average for the taxable year, 50% or more of its assets (by value) produce or are held for the production of passive income. The properties of the REIT are managed by subsidiaries of the REIT rather than directly by its own employees. Although the REIT's officers and employees oversee the activities of the managers, it is unclear whether the REIT will be characterized as a PFIC for U.S. federal income tax purposes. If the REIT were treated as a PFIC, then in the absence of certain elections being made by a U.S. Holder with respect to such U.S. Holder's REIT Units, any distributions in respect of REIT Units, including the distribution of the Excess Notes pursuant to the Plan of Arrangement, which are treated as an "excess distribution" under the applicable rules and any gain on a sale or other disposition of REIT Units would be treated as ordinary income and would be subject to special tax rules, including an interest charge. In addition, if the REIT were treated as a PFIC, then distributions paid on REIT Units will not qualify for the reduced U.S. federal income tax rate applicable to certain qualifying dividends received by non-corporate taxpayers.

The foregoing adverse consequences of PFIC characterization can be mitigated by making certain elections. U.S. Unitholders should consult with their own tax advisors regarding the implications of these rules and the advisability of making one of the applicable PFIC elections, taking into account their particular circumstances. See "Certain U.S. Federal Income Tax Consequences – Passive Foreign Investment Company Rules".

Post-Effective Time Procedures

On or after the Effective Date, subject to the conditions as described herein, the REIT shall deliver or arrange to be delivered to the Depositary certificates representing the New Stapled Units required pursuant to the Plan of Arrangement. Such certificates shall be held by the Depositary for delivery to Registered Unitholders in accordance with the terms of the Plan of Arrangement. Registered Unitholders shall be entitled to receive delivery of the certificates representing New Stapled Units to which they are entitled upon sending to the Depositary a duly completed letter of transmittal together with the certificate(s) representing such holder's Stapled Units in accordance with the instructions contained in the letter of transmittal, in accordance with the provisions of the Plan of Arrangement.

Non-Registered Holders are not required to complete a letter of transmittal and no action is required by Non-Registered Holders to receive their New Stapled Units. Non-Registered Holders should have their New Stapled Units credited to their account with their bank, broker or other intermediary. However, Non-Registered Holders should contact their intermediary if they have any questions regarding this process.

The letter of transmittal may be found on SEDAR at www.sedar.com or obtained by contacting AST Trust Company (Canada) toll free at 1-888-433-6443 or via e-mail to fulfilment@astfinancial.com.

Unitholder Approval of the Plan of Arrangement

The approval of the REIT Arrangement Resolution authorizing the Plan of Arrangement will require the affirmative vote of at least two-thirds of the votes cast by REIT Unitholders and Special Voting Unitholders, voting together, present in person or by proxy at the REIT Meeting. The approval of the Finance Trust Arrangement Resolution authorizing the Plan of Arrangement will require the affirmative vote of at least two-thirds of the votes cast by Finance Trust Unitholders present in person or by proxy at the Finance Trust Meeting.

The complete text of the REIT Arrangement Resolution to be presented to the REIT Meeting and the Finance Trust Arrangement Resolution to be presented to the Finance Trust Meeting is set forth in Schedules A and B, respectively, to this Circular.

Court Approval of the Plan of Arrangement

An arrangement under the ABCA requires Court approval. Prior to the completion of this Circular, the REIT and Finance Trust obtained the Interim Order, which provides for the calling and holding of the Meetings, and other procedural matters. A copy of the Interim Order is attached as Schedule D to this Circular.

Subject to approval of the Arrangement Resolutions by REIT Unitholders and Special Voting Unitholders, and Finance Trust Unitholders, at the Meetings, the hearing in respect of the Final Order is currently scheduled to take place on December 12, 2017 at 11:00 a.m. (Calgary time) at the Calgary Courts Centre, 601-5th Street S.W., Calgary, Alberta or as soon thereafter as is reasonably practicable. Any REIT or Finance Trust securityholder or other person who wishes to appear, or to be represented, and to present evidence or arguments at that hearing may do so, subject to serving and filing a Notice of Appearance as set out in the notice of originating application for the Final Order and satisfying any other requirements of the Court. The Court will consider, among other things, the fairness and reasonableness of the Plan of Arrangement. The Court may approve the Plan of Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. In the event that the hearing is postponed, adjourned or rescheduled then, subject to further order of the Court, only those persons having previously served a Notice of Appearance in compliance with the application and the Interim Order will be given notice of the postponement, adjournment or rescheduled date.

The Court's approval is required for the Plan of Arrangement to become effective and the Court has been informed that approval, if obtained, will constitute the basis for an exemption under Section 3(a)(10) of the U.S. Securities Act with respect to the F17 Trust Units to be issued and delivered pursuant to the Plan of Arrangement.

Timing of Completing the Plan of Arrangement

Subject to satisfaction or waiver of all conditions precedent to completing the Plan of Arrangement and any applicable TSX requirements, the REIT and Finance Trust currently anticipate that the Plan of Arrangement will be effected

at the end of December 2017. The REIT Trustees and/or the Finance Trust Trustees may, in their sole discretion, decide not to proceed with the Plan of Arrangement.

Arrangement Agreement

The Arrangement is being effected pursuant to the Arrangement Agreement. The Arrangement Agreement contains covenants of and from the REIT, Finance Trust, Benco and the other parties, and conditions precedent to completion of the Arrangement. The Arrangement Agreement is attached as Schedule C to this Circular and reference is made to that Schedule for the full text of the Arrangement Agreement.

Conditions Precedent to Completing the Plan of Arrangement

The conditions precedent in the Arrangement Agreement include, without limitation:

(a) the Interim Order shall have been granted in form and substance satisfactory to the REIT, Finance Trust and Benco, acting reasonably, not later than November 1**,** 2017 or such later date as the REIT, Finance Trust and Benco may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

(b) the REIT Arrangement Resolution shall have been approved by the requisite number of votes cast by the holders of REIT Units and Special Voting Units at the REIT Meeting, and the Finance Trust Arrangement Resolution shall have been approved by the requisite number of votes cast by the holders of Finance Trust Units at the Finance Trust Meeting, in accordance with the provisions of the Interim Order, the REIT Declaration of Trust, the Finance Trust Declaration of Trust and any applicable regulatory requirements;

(c) the Final Order shall have been granted in form and substance satisfactory to the REIT, Finance Trust and Benco, acting reasonably, not later than December 31, 2017 or such later date as the REIT, Finance Trust and Benco may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

(d) AST Trust Company (Canada), or such other person chosen by the REIT to act as depositary for the Arrangement, shall have been retained and agreed to act as depositary for the Arrangement;

(e) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the REIT, Finance Trust and Benco, acting reasonably, shall have been accepted for filing by the Registrar together with the Final Order in accordance with Section 193 of the ABCA;

(f) the CRA Ruling shall have been issued in form and substance satisfactory to the REIT and Finance Trust, acting reasonably;

(g) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated, announced, proposed or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

(i) makes or seeks to make illegal or otherwise directly or indirectly restrains, enjoins or prohibits, or seeks to restrain, enjoin or prohibit the Arrangement or any other transactions contemplated in the Arrangement Agreement or in the Plan of Arrangement;

(ii) prohibits or ceases trading in, or imposes material limitations on the trading of, REIT Units, Finance Trust Units, Stapled Units, F17 Trust Units or New Stapled Units, or seeks to do any of the foregoing (other than, for greater certainty, with respect to provisions regarding the "stapling" and trading together of REIT Units and Finance Trust Units as Stapled Units (unless an Existing Stapled Unit Event of Uncoupling occurs), and of REIT Units and F17 Trust Units as New Stapled Units upon completion of the Arrangement (unless a New Stapled Unit Event of Uncoupling occurs); or

(iii) results in or seeks a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated in the Arrangement Agreement or in the Plan of Arrangement;

(h) there shall not have occurred any change or proposed change in the income tax laws of Canada or the U.S. or any other jurisdiction, or the interpretation or administration thereof, which change would, as a consequence of the completion of the Arrangement, be material and adverse to the REIT, Finance Trust or F17 Trust (on a combined and consolidated basis, as applicable) or their respective unitholders;

(i) no breach or default or event of default will result under material debt contracts or indentures or other material agreements of the REIT or Finance Trust or any of their respective subsidiary entities directly or indirectly relating to or as a result of the transactions contemplated in the Arrangement Agreement or in the Plan of Arrangement;

(j) all material regulatory consents, exemptions and approvals considered necessary or desirable by the parties with respect to the transactions contemplated under the Arrangement shall have been completed or obtained including consents, exemptions and approvals from applicable securities regulatory authorities with respect to the REIT, F17 Trust and the New Stapled Unit structure and from the TSX;

(k) all material third party consents, waivers, exemptions and approvals and/or agreements or amendments or supplements to agreements or indentures, considered necessary or desirable by the parties with respect to the transactions contemplated under the Arrangement, including with respect to outstanding securities that are convertible into, or exercisable or exchangeable for, Stapled Units, shall have been entered into, completed or obtained prior to implementation of the Arrangement or will be entered into, completed or obtained concurrently with implementation of the Arrangement;

(l) Dissent Rights in respect of the Arrangement shall have been validly exercised and not withdrawn by holders of not more than 2% of the outstanding Stapled Units; and

(m) the REIT Units shall remain listed on the TSX and the TSX shall have conditionally approved the listing of the F17 Trust Units, and the listing or the substitutional listing and posting for trading of the New Stapled Units, subject only to customary conditions acceptable to the REIT and Finance Trust, acting reasonably.

In addition to the foregoing mutual conditions, the obligation of the REIT to complete the transactions contemplated by the Arrangement Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by it without prejudice to its right to rely on any other condition:

(a) each of the covenants, acts and undertakings of Finance Trust and Benco to be performed or complied with on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed or complied with; and

(b) the REIT Trustees shall not have determined, in their sole and absolute discretion, not to proceed with the Arrangement.

In addition to the foregoing mutual conditions, the obligation of Finance Trust to complete the transactions contemplated by the Arrangement Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by it without prejudice to its right to rely on any other condition:

(a) each of the covenants, acts and undertakings of the REIT and Benco to be performed or complied with on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed or complied with; and

(b) the Finance Trust Trustees shall not have determined, in their sole and absolute discretion, not to proceed with the Arrangement.

In addition to the foregoing mutual conditions, the obligation of Benco to complete the transactions contemplated by the Arrangement Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by it without prejudice to its right to rely on any other condition:

(a) each of the covenants, acts and undertakings of the REIT and Finance Trust to be performed or complied with on or before the Effective Date pursuant to the terms of the Arrangement Agreement shall have been duly performed or complied with; and

(b) the directors of Benco shall not have determined, in their sole and absolute discretion, not to proceed with the Arrangement.

Dissent Rights

The following is a summary only of the Dissent Rights under the Declarations of Trust for Registered Unitholders as of the Record Date for the Meetings in the event the Arrangement is approved and implemented. This summary is qualified in its entirety by the Dissent Right provisions in Section 15.01 of each of the REIT Declaration of Trust and the Finance Trust Declaration of Trust. Registered Unitholders wishing to dissent should refer to these sections for a complete description of these rights and the necessary steps and procedures that must be complied with to validly exercise Dissent Rights.

Registered Unitholders as of the Record Date will have Dissent Rights with respect to the Arrangement under the REIT Declaration of Trust and the Finance Trust Declaration of Trust. **Only Registered Unitholders as of the Record Date for the Meetings may exercise Dissent Rights.** Any Registered Unitholder as of the Record Date who properly exercises Dissent Rights with respect to the Arrangement pursuant to Section 15.01 of each of the REIT Declaration of Trust and the Finance Trust Declaration of Trust will be entitled, in the event that the Arrangement becomes effective, to be paid the fair value of the REIT Units and Finance Trust Units (comprising the Stapled Units) held by that Dissenting Unitholder determined as of the close of business on the day before the Arrangement Resolutions are approved and adopted. A Registered Unitholder may only claim Dissent Rights with respect to all the Stapled Units held by the dissenting Registered Unitholder on behalf of itself or any one beneficial owner and registered in the name of the dissenting Registered Unitholder. For greater certainty, a Registered Unitholder wishing to exercise Dissent Rights with respect to REIT Units must also exercise Dissent Rights with respect to the accompanying Finance Trust Units, and vice versa.

A Registered Unitholder as of the Record Date who wishes to exercise Dissent Rights must send a written objection contemplated by the REIT Declaration of Trust and the Finance Trust Declaration of Trust (a "**Notice of Objection**") to each of the REIT and Finance Trust at or before the Meetings. The address for notice to the REIT and Finance Trust for such purposes is Suite 500, 3625 Dufferin Street, Toronto, Ontario M3K 1N4. The Notice of Objection should set out:

(a) the name and address of the Registered Unitholder in whose name Stapled Units are registered;

(b) the full number of Stapled Units held by the Registered Unitholder; and

(c) if the Registered Unitholder is acting on the instruction of a Non-Registered Holder, the identity of the Non-Registered Holder who intends to exercise Dissent Rights and the number of such Stapled Units.

The giving of a Notice of Objection does not deprive a Dissenting Unitholder of the right to vote the Stapled Units for which such notice was given. A vote either in person or by proxy against the Arrangement Resolutions does not constitute a Notice of Objection.

If the Arrangement Resolutions are approved at the Meetings, the REIT and Finance Trust must give notice of such approval to any Dissenting Unitholders within 10 days. If the Arrangement Resolutions are approved, the REIT and Finance Trust intend to give such notice promptly following the Meetings. Under the REIT Declaration of Trust and the Finance Trust Declaration of Trust, Dissenting Unitholders will then have a 20-day period after such notice to send the REIT and Finance Trust a written notice (the "**Notice of Dissent**") containing:

(a) the name and address of the Registered Unitholder;

(b) the number of Stapled Units in respect of which the Registered Unitholder dissents; and

(c) a demand for payment of the fair value of such Stapled Units.

On sending a Notice of Dissent, the Dissenting Unitholder ceases to have any rights as a Unitholder other than the right to be paid the fair value of its Stapled Units as determined pursuant to the REIT Declaration of Trust and the Finance Trust Declaration of Trust except where:

(a) the Dissenting Unitholder withdraws that notice before the REIT or Finance Trust makes an offer to pay fair value for the Dissenting Unitholder's Stapled Units as provided in the REIT Declaration of Trust and the Finance Trust Declaration of Trust;

(b) the REIT or Finance Trust fails to make such an offer and the Dissenting Unitholder withdraws its Notice of Dissent; or

(c) the REIT Trustees and Finance Trust Trustees revoke the Arrangement Resolutions, and to the extent applicable, terminate the related agreements.

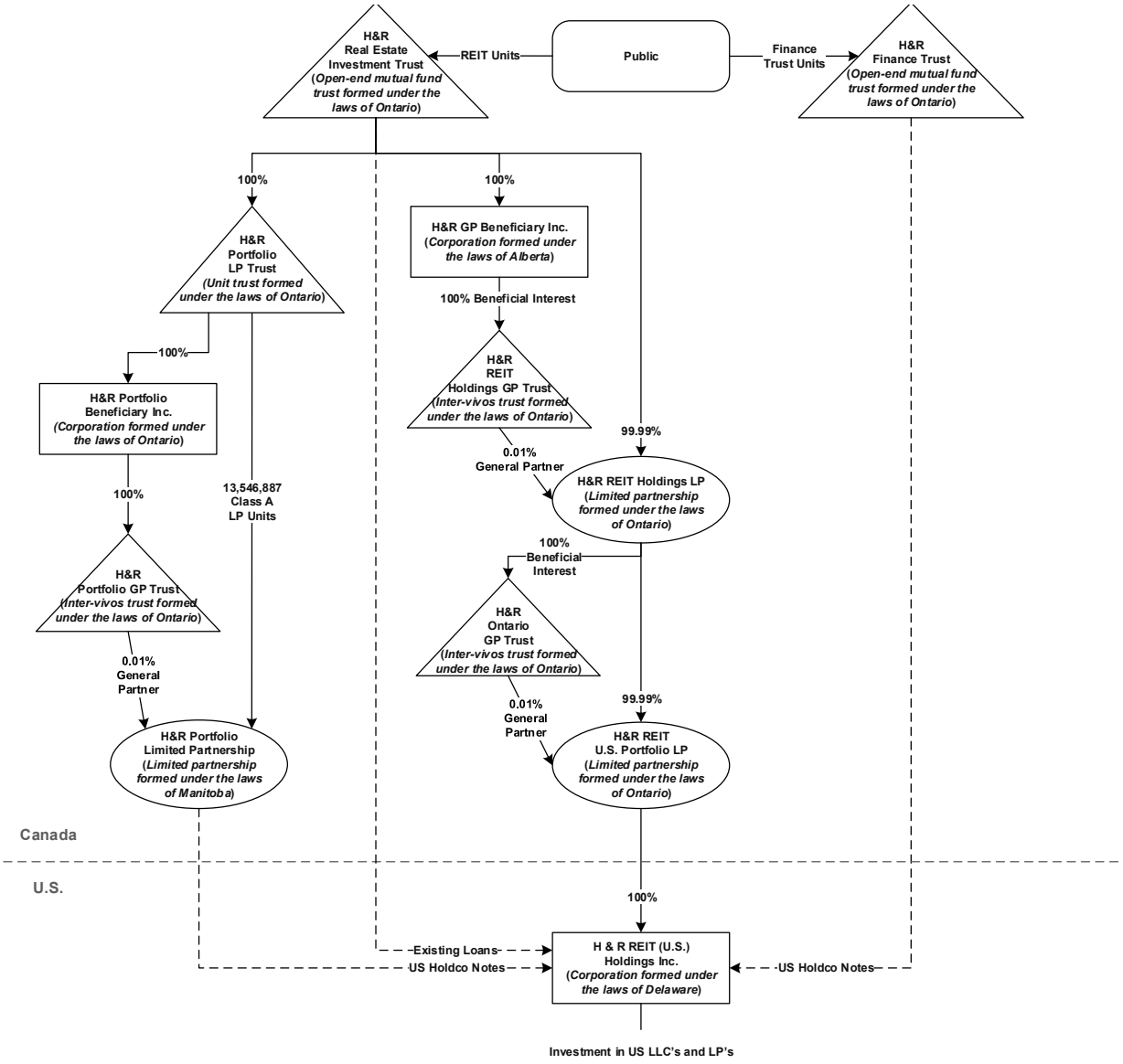
Accordingly, once the REIT and Finance Trust have made an offer of fair value to Dissenting Unitholders, the Dissenting Unitholders may not withdraw any Notice of Dissent and be restored to rights as Unitholders unless the Arrangement Resolutions are revoked and the Arrangement does not proceed. Within 30 days of sending a Notice of Dissent, a Dissenting Unitholder must send the certificates representing its Stapled Units to the REIT and Finance Trust, or their Transfer Agent, for endorsement of the dissent thereon.

Every offer of fair value must be made on the same terms to all Dissenting Unitholders. An offer of fair value lapses if it is not accepted within 30 days of being made. If an offer by the REIT and Finance Trust is not accepted, the REIT Declaration of Trust and the Finance Trust Declaration of Trust provide for a process whereby application is to be made to a court having jurisdiction in the place where the REIT and Finance Trust have their registered offices (namely, the province of Ontario) to fix a fair value for the Stapled Units that are the subject of valid Dissent Notices. Reference is made to the full text of the Dissent Rights set forth in the REIT Declaration of Trust and the Finance Trust Declaration of Trust, each of which may be found on SEDAR at www.sedar.com for the full particulars of this process and the rights and obligations of the parties thereunder.

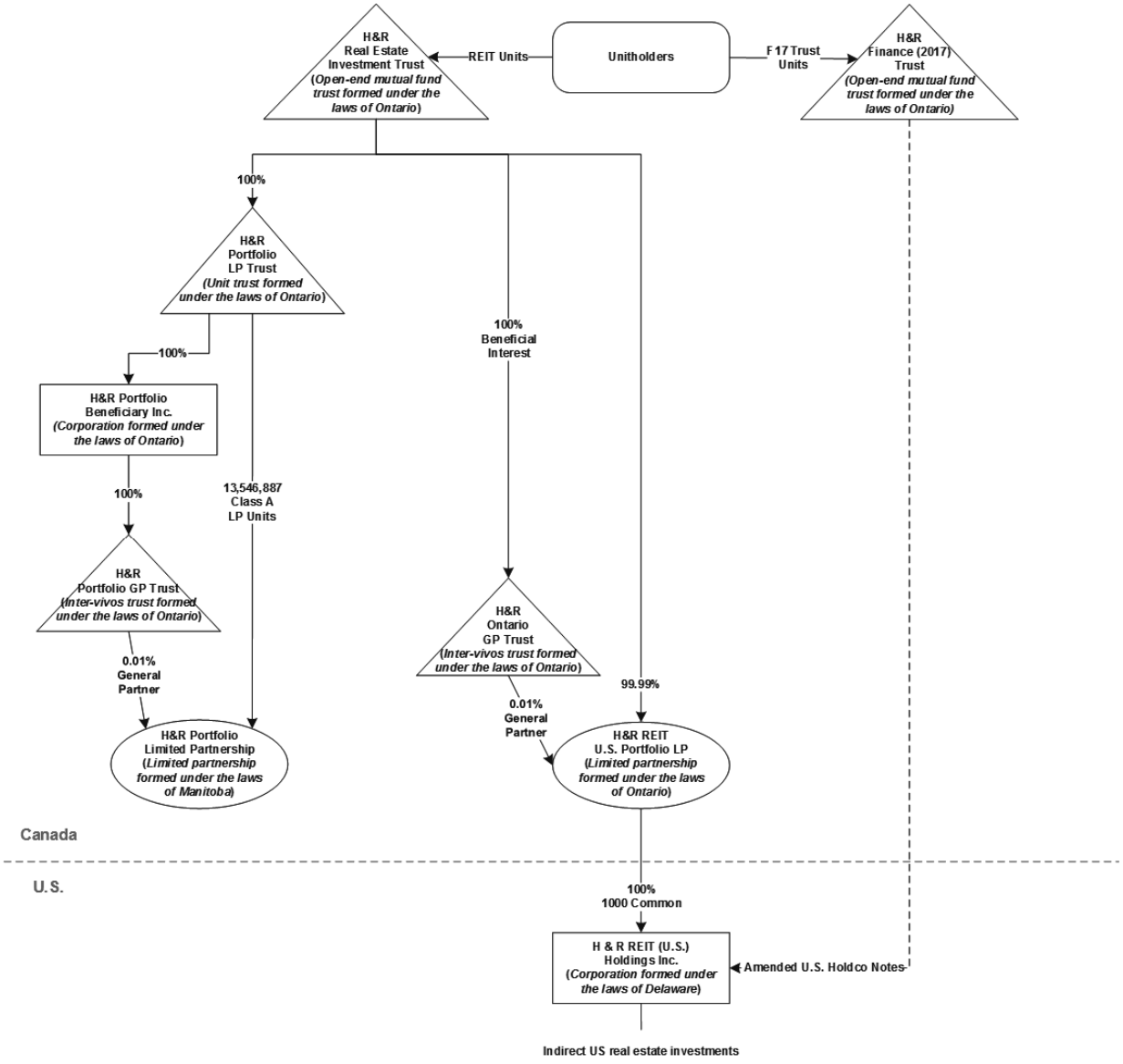
If the Arrangement is not implemented for any reason, Dissenting Unitholders will not be entitled to be paid the fair value for their Stapled Units under the Dissent Rights, and their Stapled Units will remain outstanding.

Organizational Structure Before and After the Plan of Arrangement

The following diagram sets out the current simplified organizational structure of the REIT and Finance Trust and entities related to the Arrangement:



The following diagram sets out the simplified organizational structure of the REIT and F17 Trust and entities related to the Arrangement after giving effect to the Plan of Arrangement:



Letter of Transmittal

A letter of transmittal is being sent or made available to Registered Unitholders for the purpose of the surrender of Stapled Unit certificates. The details for the surrender of Stapled Unit certificates to the Depositary and the addresses of the Depositary are set out in the letter of transmittal. Provided that a Registered Unitholder has delivered and surrendered to the Depositary all Stapled Unit certificates, together with a letter of transmittal properly completed and executed in accordance with the instructions of such letter of transmittal, and any additional documents as the Depositary may reasonably require, the Registered Unitholder will be entitled to receive, and the REIT will cause the Depositary to deliver, a certificate representing the number of New Stapled Units issuable or deliverable to such Registered Unitholder pursuant to the Arrangement.

Non-Registered Holders are not required to complete a letter of transmittal and no action is required by Non-Registered Holders to receive their New Stapled Units. Non-Registered Holders should have their New Stapled Units credited to their account with their bank, broker or other intermediary. However, Non-Registered Holders should contact their intermediary if they have any questions regarding this process.

The letter of transmittal may be found on SEDAR at www.sedar.com or obtained by contacting AST Trust Company (Canada) toll free at 1-888-433-6443 or via e-mail to fulfilment@astfinancial.com.

Lost Certificates

A Registered Unitholder who has lost or misplaced its Stapled Unit certificate should complete the letter of transmittal as fully as possible and forward it, together with a letter explaining the loss or misplacement to the Depositary. The Depositary will assist in making arrangements for the necessary affidavit (which may include an indemnity and/or a bonding requirement) for delivery of the New Stapled Unit certificate in accordance with the Arrangement.

Delivery Requirements

The method of delivery of Stapled Unit certificates, the letter of transmittal and all other required documents is at the option and risk of the Unitholder surrendering them. The REIT and Finance Trust recommend that such documents be delivered by hand to the Depositary, at the office noted in the letters of transmittal, and a receipt obtained therefor or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. Unitholders holding Stapled Units which are registered in the name of an Intermediary (such as a bank, trust company, securities dealer or broker, or the trustee or administrator of a self-administered RRSP, RESP or similar plan) must contact such Intermediary to arrange for the surrender of their Stapled Unit certificates.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the REIT, subject to the restrictions, limitations and assumptions set out under the heading "Certain Canadian Federal Income Tax Considerations", provided that the REIT Units and the F17 Trust Units are listed on a designated stock exchange in Canada (which currently includes the TSX) on the date of the Arrangement, the REIT Units and the F17 Trust Units will be, on that date, qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans ("**DPSPs**"), registered education savings plans ("**RESPs**"), registered disability savings plans ("**RDSPs**") and tax-free savings accounts ("**TFSAs**" and, together with RRSPs, RRIFs, DPSPs, RESPs and RDSPs, "**Plans**").

Notwithstanding the foregoing, if REIT Units or F17 Trust Units are a "prohibited investment" for the purposes of a TFSA, an RRSP or a RRIF, the holder of such TFSA or the annuitant of such RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. Provided that the holder of a TFSA or the annuitant of an RRSP or RRIF (i) deals at arm's length with the REIT and F17 Trust within the meaning of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the REIT or F17 Trust, the REIT Units and F17 Trust Units will not be a prohibited investment for a trust governed by such TFSA, RRSP or RRIF. In addition, the REIT Units and F17 Trust Units will generally not be a "prohibited investment" if such units are "excluded property" (as defined in the Tax Act). Pursuant to proposals to amend the Tax Act, to be effective after March 22, 2017, the rules in respect of "prohibited investments" are also proposed to apply to (i) RDSPs and the holders thereof and (ii) RESPs and the subscribers thereof. Holders of a TFSA or RDSP, annuitants of an RRSP or RRIF and subscribers of an RESP should consult their own tax advisors with respect to whether the REIT Units and F17 Trust Units would be prohibited investments in their particular circumstances.

The Amended U.S. Holdco Notes which may be received in connection with an *in specie* redemption of F17 Trust Units (and notes of a subsidiary trust of the REIT on an *in specie* redemption of REIT Units), respectively, may not be qualified investments for trusts governed by Plans. Accordingly, Plans that own New Stapled Units should consult with their own tax advisors before deciding to exercise redemption rights in connection therewith.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the REIT, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the Arrangement for a holder of Stapled Units (and following completion of the Plan of Arrangement, New Stapled Units) who, at all relevant times and for purposes of the Tax Act, deals at arm's length with the REIT, Finance Trust and F17 Trust, and is not affiliated with the REIT, Finance Trust or F17 Trust (a "**Holder**").

This summary is not applicable to a Holder (i) that is a "financial institution" as defined in the Tax Act for the purposes of the mark-to-market rules; (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iv) that reports its "Canadian tax results" (as defined in the Tax Act), in a currency other than Canadian currency; (v) that has entered or will enter into a "derivative forward agreement"

(as defined in the Tax Act) with respect to REIT Units, Finance Trust Units or F17 Trust Units; or (vi) that, at any relevant time, holds REIT Units (including REIT Units held as part of Stapled Units or New Stapled Units) acquired upon the exercise of rights to acquire such REIT Units which were granted or otherwise received in respect of, in the course of, or by virtue of employment with the REIT or any corporation or mutual fund trust not dealing at arm's length with the REIT for purposes of the Tax Act. Such Holders are urged to consult their own tax advisors. In addition, this summary does not address the deductibility of interest expense or other expenses incurred by a Holder in connection with debt incurred in respect of the acquisition or holding of Stapled Units.

This summary is based on the assumptions that:

(a) REIT Units, Finance Trust Units and F17 Trust Units will be listed on the TSX at all relevant times while they are outstanding;

(b) each of the REIT, Finance Trust and F17 Trust has complied and will comply with the investment objectives and restrictions set forth in its respective Declaration of Trust;

(c) any Existing Loans, U.S. Holdco Notes, Amended U.S. Holdco Notes, Finance Trust Units, F17 Trust Units, units of Portfolio LP Trust, units of Portfolio LP, shares of Benco, interests in Holdings GP Trust, or interests in Holdings LP that are held, or will be held as a result of the Arrangement, by any of the REIT, Finance Trust, F17 Trust, or any of their respective subsidiaries will be held as capital property for purposes of the Tax Act by such holders; and

(d) separate and apart from any distributions to Unitholders contemplated as part of the Plan of Arrangement (but including any distribution paid by Finance Trust pursuant to Step 10 of the Plan of Arrangement), Finance Trust will distribute to the Unitholders the full amount of its income for purposes of the Tax Act for its taxation year that includes the Effective Time.

This summary does not describe the Canadian federal income tax considerations generally associated with holding New Stapled Units following completion of the Arrangement. The tax considerations associated with holding New Stapled Units will generally be the same as the tax considerations associated with holding Stapled Units except to the extent otherwise described herein.

This summary is of a general nature only and is based upon the facts and assumptions set out in this Circular. The summary relies upon a certificate of an officer of the REIT and a certificate of an officer of Finance Trust as to certain factual matters. The summary is based upon the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and counsel's understanding of the current administrative policies and assessing practices of the CRA made publicly available prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as proposed, but no assurance can be given that this will be the case. Modification or amendment of the Tax Act or the Tax Proposals could significantly alter the tax status of the REIT, Finance Trust or F17 Trust or the tax consequences of the Arrangement or of holding New Stapled Units. This summary does not take into account the draft legislation and discussion paper seeking input on possible approaches to address certain perceived tax advantages of investing passively through a private corporation released, for consultation, by the Minister of Finance (Canada) on July 18, 2017.

The REIT and Finance Trust have applied to the CRA for the CRA Ruling in connection with the Plan of Arrangement, to confirm, among other things, that each of the REIT Disposition and the Finance Trust Disposition will constitute a "qualifying disposition" within the meaning of the Tax Act. Receipt of the CRA Ruling in form and substance acceptable to the REIT and Finance Trust is a precondition to the implementation of the Plan of Arrangement. There can be no assurance that the CRA will issue the CRA Ruling or that the CRA Ruling, if issued, will be in a form acceptable to the REIT and Finance Trust. The balance of this summary assumes that the CRA Ruling will be granted in substantially the form requested by the REIT and Finance Trust, and that the Finance Trust Disposition and the REIT Disposition will each constitute a qualifying disposition for the purposes of the Tax Act.

THIS SUMMARY IS NOT EXHAUSTIVE OF ALL POSSIBLE CANADIAN FEDERAL INCOME TAX CONSEQUENCES AND, EXCEPT FOR THE TAX PROPOSALS, DOES NOT TAKE INTO ACCOUNT OR ANTICIPATE ANY CHANGES IN LAW, WHETHER BY LEGISLATIVE, GOVERNMENTAL, ADMINISTRATIVE OR JUDICIAL ACTION, NOR DOES IT TAKE INTO ACCOUNT OTHER FEDERAL OR ANY PROVINCIAL OR FOREIGN TAX LEGISLATION OR CONSIDERATIONS, WHICH MAY DIFFER FROM THE CANADIAN FEDERAL INCOME TAX CONSIDERATIONS DESCRIBED HEREIN. THIS SUMMARY IS

NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR UNITHOLDERS. ACCORDINGLY, UNITHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF THE ARRANGEMENT TO THEM HAVING REGARD TO THEIR OWN PARTICULAR CIRCUMSTANCES.

Currency

The Tax Act generally requires taxpayers to compute their "Canadian tax results" (as defined in the Tax Act) in Canadian currency. Where an amount that is relevant in computing a taxpayer's Canadian tax results is expressed in a currency other than Canadian currency, such amount must generally be converted to Canadian currency based on the exchange rate quoted by the Bank of Canada on the date such amount arises or such other rate of exchange as is acceptable to the Minister of National Revenue (Canada). Accordingly, in certain circumstances where a taxpayer disposes of capital property denominated in a foreign currency such as, for example, the Existing Loans, U.S. Holdco Notes, or Amended U.S. Holdco Notes, and where no specific relieving provision (such as the rules applicable to qualifying dispositions) applies, such taxpayer may realize income or taxable capital gain by virtue of currency fluctuations.

Status of the REIT, Finance Trust, F17 Trust and Subsidiaries

Qualification as Mutual Fund Trusts

This summary assumes that each of the REIT and Finance Trust qualifies, and will continue to qualify at all relevant times, and that F17 Trust will qualify at all relevant times, as a "mutual fund trust" for purposes of the Tax Act. This summary further assumes that F17 Trust will file an election under subsection 132(6.1) of the Tax Act to be deemed to have been a mutual fund trust from the time of its establishment. To qualify as a mutual fund trust, a trust must be a "unit trust" as defined in the Tax Act, must be resident in Canada, must not be established or maintained primarily for the benefit of non-residents (unless all or substantially all of the trust's property is not "taxable Canadian property" as defined in the Tax Act), and must restrict its undertaking to: (i) the investing of its funds in property (other than real property or an interest in real property or an immovable or a real right in an immovable); (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the trust; or (iii) any combination of the activities described in (i) and (ii). In addition, the trust must have at least 150 unitholders, each holding not less than one "block of units" of a class which have an aggregate fair market value of not less than $500. It must also generally be the case that either (a) units of such class are qualified for distribution to the public (within the meaning of the Tax Act), or (b) in the case of a trust created after 1999, there has been a lawful distribution in a province to the public of units of such class, and under the laws of that province, no prospectus, registration statement or similar document is required to be filed in respect of such distribution. It is understood that REIT Units and the Finance Trust Units are currently qualified for distribution to the public and it is expected that, upon consummation of the Arrangement, F17 Trust will meet the condition in (b) above.

If the REIT, Finance Trust or F17 Trust were not to qualify as a mutual fund trust at any relevant time, the Canadian federal income tax considerations described herein would, in some respects, be materially different.

SIFT Rules

The Tax Act includes rules (the "**SIFT Rules**") that effectively tax certain income of a publicly-traded trust that is distributed to its investors and certain income of a publicly-traded partnership on the same basis as would have applied had the income been earned through a taxable Canadian corporation and distributed by way of dividend to its shareholders. These rules apply only in respect of "SIFT trusts" and "SIFT partnerships" (each as defined in the Tax Act). The SIFT Rules do not apply in a taxation year to a partnership or trust that does not hold any "non-portfolio property" at any time in that year. The Finance Trust Declaration of Trust and the F17 Trust Declaration of Trust each prohibit or will prohibit the corresponding trust from owning any non-portfolio property. Provided that each of Finance Trust and F17 Trust complies with such prohibitions, neither of such trusts will be a SIFT Trust and accordingly neither of such trusts will be subject to the SIFT Rules.

A Trust that qualifies as a "real estate investment trust" for purposes of the Tax Act is not subject to the SIFT Rules under the "**REIT Exception**". In order to qualify for the REIT Exception for a particular taxation year, a trust must satisfy a number of detailed quantitative tests with respect to the nature of its investments and the character of its income. Based on its review of the REIT's assets and revenues, management of the REIT expects that the REIT will qualify for the REIT Exception for the current taxation year. In addition, management of the REIT intends to conduct the affairs of the REIT so that the REIT will qualify for the REIT Exception at all future times. However, there can be no assurance that the REIT will

qualify for the REIT Exception for its current taxation year or any future year.

The SIFT Rules do not apply to a partnership or trust that is an "excluded subsidiary entity" for the year. A partnership or trust will qualify as an excluded subsidiary entity for a taxation year if none of the partnership's or trust's equity is at any time in the year either (a) listed or traded on a stock exchange or other public market or (b) held by any person other than a real estate investment trust, a taxable Canadian corporation, a SIFT trust or SIFT partnership or an entity that is itself an excluded subsidiary entity.

The balance of this summary assumes that (a) the REIT will qualify at all relevant times for the REIT Exception; (b) that each of the partnerships and trusts through which the REIT derives income will qualify, at all relevant times, as an excluded subsidiary entity; and (c) that neither Finance Trust nor F17 Trust will at any time hold any non-portfolio property. If any of such assumptions is not accurate, certain income tax consequences described below would, in some respects, be materially and adversely different.

Taxation of Holders Resident in Canada

The following portion of this summary applies to a Holder who, at all relevant times and for purposes of the Tax Act, is resident in Canada and holds REIT Units, Finance Trust Units, and F17 Trust Units as capital property (a "**Resident Holder**"). Provided a Holder does not hold REIT Units, Finance Trust Units or F17 Trust Units in the course of carrying on a business or as an adventure or concern in the nature of trade, such units generally will be considered to be capital property to such Holder. Certain Holders resident in Canada who might not otherwise be considered to hold their REIT Units, Finance Trust Units or F17 Trust Units as capital property may in certain circumstances be entitled to have such units, along with all other "Canadian securities" (as defined in the Tax Act) held by such Holders, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

Finance Trust Disposition

A Resident Holder will not realize any taxable income or gain solely as a result of the Finance Trust Disposition.

Immediately after the Finance Trust Disposition, and in accordance with the detailed rules in the Tax Act applicable to qualifying dispositions, the adjusted cost base of a Resident Holder's Finance Trust Units will be decreased by an amount equal to the Finance Trust Transfer Percentage multiplied by the adjusted cost base of the Resident Holder's Finance Trust Units immediately before the Finance Trust Disposition. The adjusted cost base of a Resident Holder's REIT Units will be increased by the same amount immediately after the Finance Trust Disposition.

It is expected that the fair market value of each Finance Trust Unit will be reduced to a nominal amount as a consequence of the Finance Trust Disposition, such that an amount approximately equal to the full amount of the adjusted cost base of a Resident Holder's Finance Trust Units will be added to the adjusted cost base otherwise determined of the Resident Holder's REIT Units in computing the adjusted cost base of such REIT Units immediately after the Finance Trust Disposition.

Disposition of Finance Trust Units and Purchase of F17 Trust Units

By virtue of the FT Unit Acquisition, a Resident Holder will dispose of all of the Resident Holder's Finance Trust Units for aggregate proceeds of disposition equal to the number of Finance Trust Units held by the Resident Holder multiplied by the FT Price Per Unit. As a result, the Resident Holder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Finance Trust Units to the Resident Holder (as reduced in connection with the Finance Trust Disposition, as described above under "– Finance Trust Disposition") and any reasonable costs of disposition. Management expects that any such gain or loss will be nominal. Any such capital gain (or capital loss) will be subject to the treatment described below under "– Taxation of Capital Gains and Capital Losses".

As a result of the F17 Trust Unit Sale, a Resident Holder will acquire a number of F17 Trust Units equal to the number of Finance Trust Units formerly held by such Resident Holder immediately before the FT Unit Acquisition. The cost, and initial adjusted cost base, to the Resident Holder of each such F17 Trust Unit will generally be equal to the FT Price Per Unit.

REIT Disposition

A Resident Holder will not realize any taxable income or gain solely as a result of the REIT Disposition.

Immediately after the REIT Disposition, and in accordance with the detailed rules in the Tax Act applicable to qualifying dispositions, the adjusted cost base of a Resident Holder's REIT Units will be decreased by an amount equal to the REIT Transfer Percentage multiplied by the adjusted cost base of the Resident Holder's REIT Units immediately before the Finance Trust Disposition (as increased in connection with the Finance Trust Disposition, as described above under "– Finance Trust Disposition"). Immediately after the REIT Disposition, the adjusted cost base of a Resident Holder's F17 Trust Units will be increased by the same amount, except to the extent that the Resident Holder's loss, if any, from a disposition of the REIT Units immediately before the REIT Disposition would have been denied under the "dividend stop-loss rules" in the Tax Act. Management expects that the adjusted cost base of F17 Trust Units will not be materially reduced for any Resident Holders as a result of the dividend stop-loss rules.

Provided that the expectations of management described above are correct, the net effect of such adjustments, and the adjustments described above and under "– Finance Trust Disposition", to the adjusted cost bases of a Resident Holder's REIT Units and F17 Trust Units will generally be that the aggregate adjusted cost base of New Stapled Units to a Resident Holder following the REIT Disposition will be approximately equal to the aggregate adjusted cost base of Stapled Units to the Resident Holder immediately before the Finance Trust Disposition but the percentage of such aggregate adjusted cost base attributable to the F17 Trust Units constituting part of the Resident Holder's New Stapled Units will generally be approximately equal to the REIT Transfer Percentage.

Income or Gains Realized by the REIT and Finance Trust as a Consequence of the Plan of Arrangement

To the extent that the REIT or Finance Trust realizes income or gains (whether directly or through its subsidiaries) as a consequence of the Plan of Arrangement, it is expected that the amount of such income or gains will be made payable to REIT Unitholders and Finance Trust Unitholders and will therefore be required to be included in the income of Resident Holders in respect of their REIT Units or Finance Trust Units in accordance with the detailed rules in the Tax Act. Accordingly, to the extent that the Plan of Arrangement gives rise to material income or gain recognition by the REIT, Finance Trust, or their subsidiaries, the amount of REIT and Finance Trust distributions that will be treated as distributions of income would be increased. The tax treatment to Resident Holders of distributions from the REIT and Finance Trust will generally be determined in a manner similar to that applicable to other distributions that have been paid or payable by the REIT or Finance Trust to Resident Holders in the past. See below under "– Taxation of the REIT and Finance Trust" for more information regarding the implications of the Arrangement for the REIT and Finance Trust.

Additional Distribution from Finance Trust

If, based on *bona fide* estimates, Finance Trust determines that its undistributed taxable income for its final taxation year ending as a result of the Arrangement exceeds prior distributions made to Unitholders in that period, Finance Trust will, as part of the Arrangement, make a special distribution to Unitholders to ensure that Finance Trust will not be liable for tax under Part I of the Tax Act for such taxation year. The tax treatment to Resident Holders of such special distribution, if any, will generally be determined in a manner similar to that applicable to other distributions that have been paid or payable by Finance Trust to Resident Holders in the past.

As a consequence, certain Resident Holders with non-calendar taxation years may be required to include an amount in income in respect of amounts paid or payable by Finance Trust in an earlier taxation year than would have been required if the Arrangement did not take place. Such Resident Holders should consult with their own tax advisors in this regard.

Exercise of Dissent Rights

A Resident Holder who dissents in respect of the Arrangement (a "**Resident Dissenting Holder**") will be considered to have disposed of such Resident Dissenting Holder's REIT Units to the REIT and Finance Trust Units to Finance Trust and will have a right, in each case, to be paid the fair value of such REIT Units and Finance Trust Units, as determined in accordance with the REIT Declaration of Trust and the Finance Trust Declaration of Trust. Each such disposition will result in a capital gain (or a capital loss) to the Resident Dissenting Holder equal to the amount, if any, by which the proceeds of disposition of the REIT Units or Finance Trust Units, as the case may be, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such REIT Units or Finance Trust Units, as the case may be, to the Resident Dissenting Holder immediately prior to the disposition. For this purpose, proceeds of disposition will not include any amount made payable by the REIT or Finance Trust, as the case may be, to the Resident Dissenting Holder that is

otherwise required to be included in the Resident Dissenting Holder's income. Any such capital gain (or capital loss) will be subject to the treatment described below under "– Taxation of Capital Gains and Capital Losses".

Taxation of Holders Not Resident in Canada

The following portion of this summary applies to a Holder who, at all relevant times and for purposes of the Tax Act, is not resident or deemed to be resident in Canada for purposes of the Tax Act, and does not use or hold REIT Units, Finance Trust Units or F17 Trust Units in a business carried on in Canada, and whose REIT Units, Finance Trust Units and F17 Trust Units, at all relevant times, are not "taxable Canadian property" within the meaning of the Tax Act (a "**Non-Resident Holder**"). Generally, units of a trust that is a mutual fund trust (such as the REIT, Finance Trust and F17 Trust) will not constitute taxable Canadian property to a Non-Resident Holder at a particular time provided that at no time during the 60-month period immediately preceding that time were 25% or more of the issued units of the trust owned by one or any combination of (i) the Non-Resident Holder; (ii) persons with whom the Non-Resident Holder does not deal at arm's length for the purposes of the Tax Act; and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships. Special rules which apply to non-resident insurers carrying on business in Canada and elsewhere are not discussed in this summary.

Finance Trust Disposition, Disposition of Finance Trust Units, Purchase of F17 Trust Units, and REIT Disposition

A Non-Resident Holder will not be subject to more than a negligible amount of tax under the Tax Act solely as a result of the Finance Trust Disposition, the FT Unit Acquisition, the F17 Trust Unit Sale, or the REIT Disposition.

In general terms, the adjusted cost bases of REIT Units, Finance Trust Units and F17 Trust Units to a Non-Resident Holder will be adjusted as a result of the Arrangement in the manner described above for a Resident Holder under "– Taxation of Holders Resident in Canada – Finance Trust Disposition" and "– Taxation of Holders Resident in Canada – REIT Disposition". Such adjustments are not expected to have material consequences for Non-Resident Holders.

Income or Gains Realized by the REIT as a Consequence of the Plan of Arrangement

To the extent that the REIT or Finance Trust realizes income or gains (whether directly or through its subsidiaries) as a consequence of the Plan of Arrangement, it is expected that the amount of such income or gains will be made payable to holders of REIT Units and Finance Trust Units and will therefore be required to be included in the income of Non-Resident Holders in respect of their REIT Units or Finance Trust Units, as the case may be, in accordance with the detailed rules in the Tax Act. Accordingly, to the extent that the Plan of Arrangement gives rise to material income or gain recognition by the REIT, Finance Trust, or their subsidiaries, the amount of REIT and Finance Trust distributions that will be treated as distributions of income would be increased. In the case of Finance Trust, such an increase may increase the amount of Finance Trust distributions that are subject to Canadian withholding tax. The tax treatment to Non-Resident Holders of distributions from the REIT and Finance Trust will generally be determined in a manner similar to that applicable to other distributions that have been paid or payable by the REIT or Finance Trust to Non-Resident Holders in the past. See below under "– Taxation of the REIT and Finance Trust" for more information regarding the implications of the Arrangement for the REIT and Finance Trust.

In addition, to the extent that the Arrangement results in a higher proportion of total distributions on New Stapled Units representing interest income earned by F17 Trust on Amended U.S. Holdco Notes (as compared to the proportion of distributions on Stapled Units that represented interest income earned by Finance Trust on U.S. Holdco Notes in the existing structure), the degree to which withholding is reduced under the Canada-U.S. Tax Convention may be reduced for Holders resident in the U.S. As a result, such Holders may face an increased average rate of withholding tax on their aggregate distributions on New Stapled Units following implementation of the Arrangement. As is currently the case with distributions made by Finance Trust, it is anticipated that withholding tax of 25% of the gross amount of distributions of income by F17 Trust to a Holder resident in the U.S. will be withheld and remitted on account of non-resident withholding tax.

Additional Distribution from Finance Trust

If, based on *bona fide* estimates, Finance Trust determines that its undistributed taxable income for its final taxation year ending as a result of the Arrangement exceeds prior distributions made to Unitholders in that period, Finance Trust will, as part of the Arrangement, pay a special distribution to Unitholders to ensure that Finance Trust will not be liable for tax under Part I of the Tax Act for such taxation year. The tax treatment to Non-Resident Holders of such special distribution, if any, will generally be determined in a manner similar to that applicable to other distributions that have been paid or payable by Finance Trust to Non-Resident Holders in the past.

Exercise of Dissent Rights

As described in greater detail below, in effect the entire amount paid to a Non-Resident Holder who dissents in respect of the Arrangement (a "**Non-Resident Dissenting Holder**") in payment of the fair value of a REIT Unit (but not a Finance Trust Unit) will be subject to Canadian withholding tax (though a portion of such withholding tax may be refundable in some cases, as described below).

A Non-Resident Dissenting Holder whose REIT Units and Finance Trust Units are cancelled in consideration for the right to be paid the fair value thereof by the REIT and Finance Trust, respectively, will be subject to Canadian non-resident withholding tax under Part XIII of the Tax Act at a rate of 25% on the portion of the income (excluding, for greater certainty, taxable capital gains designated in respect of the Non-Resident Dissenting Holder) of the REIT or Finance Trust, as applicable, that is paid or credited, or deemed to be paid or credited, in respect of such REIT Units or Finance Trust Units to the Non-Resident Dissenting Holder in connection with the cancellation of the REIT Units or Finance Trust Units.

To the extent that the REIT designates an amount paid or credited, or deemed to be paid or credited, to the Non-Resident Dissenting Holder as a taxable capital gain of such Non-Resident Dissenting Holder, one-half of the lesser of (i) twice the amount so designated in respect of such Non-Resident Dissenting Holder and (ii) such Non-Resident Dissenting Holder's *pro rata* portion of the "TCP gains balance" (within the meaning of the Tax Act) of the REIT for the taxation year will be subject to Canadian non-resident withholding tax under Part XIII of the Tax Act at the rate of 25% if more than 5% of the amounts so designated by the REIT for the taxation year ending on the effective date of the Arrangement are designated in respect of Unitholders that are either "non-resident persons" or partnerships which are not "Canadian partnerships" (each as defined in the Tax Act). A trust's TCP gains balance generally includes all capital gains (less all capital losses) realized by the trust from the disposition of taxable Canadian property, less amounts deemed to be taxable Canadian property gains distributions in previous taxation years. In some cases, the 25% rate of withholding tax under Part XIII of the Tax Act may be subject to reduction under the terms of an applicable income tax treaty or convention.

A Non-Resident Dissenting Holder will generally be subject to Canadian withholding tax under Part XIII.2 of the Tax Act at a rate of 15% (the "**Mutual Fund Withholding Tax**") on any distribution in respect of a unit of a "mutual fund trust" that is a "Canadian property mutual fund investment" that is not otherwise subject to Canadian income tax under Part I of the Tax Act or Canadian withholding tax under Part XIII of the Tax Act. A REIT Unit will be a "Canadian property mutual fund investment". Consequently, Mutual Fund Withholding Tax will apply to the amount by which the payment made by the REIT to the Non-Resident Dissenting Holder for fair value of the REIT Unit exceeds the aggregate of the Non-Resident Dissenting Holder's share of the (i) income and (ii) capital gains which are subject to Canadian withholding tax under Part XIII of the Tax Act, as described above. A Non-Resident Dissenting Holder may be able to obtain a refund in respect of its Mutual Fund Withholding Tax payable to the extent that the Non-Resident Dissenting Holder has "Canadian property mutual fund losses" (within the meaning of the Tax Act). A Non-Resident Dissenting Holder must file a Canadian federal return of income in prescribed form within the prescribed time in order to obtain such a refund.

Non-Resident Holders should consult their own tax advisors for advice having regard to their particular circumstances, including with respect to the tax consequences of the exercise of Dissent Rights and whether an income tax convention applies to reduce the domestic withholding tax rates described above.

Information to be Provided to Holders

The REIT intends to advise Holders, through a posting on the website of the REIT, shortly following the completion of the Plan of Arrangement, of the FT Price Per Unit and of the REIT's estimate of the Finance Trust Transfer Percentage and the REIT Transfer Percentage. Although the REIT intends for the information it provides to be reasonable estimates of the Finance Trust Transfer Percentage and the REIT Transfer Percentage, such estimates will not be binding upon the CRA or on any particular Holder, and counsel can express no opinion on factual matters such as these. A successful challenge by the CRA of such estimates would affect the tax consequences of the Arrangement for Holders, including the allocation of adjusted cost base between the REIT Units and F17 Trust Units constituting New Stapled Units.

Taxation of the REIT and Finance Trust

Recapitalization of Portion of the Existing Loans

The REIT has advised counsel that appropriate elections will be made on a timely basis under subsection 97(2) of the Tax Act such that no taxable income or gain will be realized solely as a result of the transfer of the Transferred Portion of the Existing Loans by the REIT to Holdings LP or by Holdings LP to U.S. Portfolio LP pursuant to Steps 2 and 3 of the Plan

of Arrangement, respectively. Provided that such elections are so filed, and the appropriate "agreed amount" is specified in such elections, the REIT will not realize taxable income or gain solely as a result of such transfers.

The REIT will not realize any taxable income or gain, either directly or indirectly through Holdings LP and U.S. Portfolio LP, solely by virtue of the amendment of the terms and conditions of the Existing Loans to add the Exchange Right, or the conversion of the Transferred Portion of the Existing Loans into additional common shares of U.S. Holdco pursuant to the Exchange Right.

Distribution of U.S. Holdco Notes from Portfolio LP

Pursuant to Steps 8 and 9 of the Plan of Arrangement, Portfolio LP will distribute the U.S. Holdco Notes held by Portfolio LP (the "**PLP U.S. Holdco Notes**") to Portfolio LP Trust as a return of capital (the "**Portfolio LP Distribution**") and Portfolio LP Trust will subsequently distribute the PLP U.S. Holdco Notes to the REIT as a return of capital (the "**Portfolio LP Trust Distribution**" and, collectively with the Portfolio LP Distribution, the "**U.S. Holdco Note Distributions**").

On the Portfolio LP Distribution, Portfolio LP will be considered to have disposed of the PLP U.S. Holdco Notes for proceeds of disposition equal to the fair market value of such U.S. Holdco Notes. As a result, Portfolio LP will realize a capital gain (or a capital loss) to the extent that such proceeds of disposition exceed (or are less than) the adjusted cost base of such U.S. Holdco Notes to Portfolio LP immediately before the distribution. The REIT has advised counsel that Portfolio LP, Portfolio LP Trust, and the REIT will make appropriate allocations, distributions and designations such that one-half of the portion of any such capital gain realized by Portfolio LP on the Portfolio LP Distribution that is allocated to Portfolio LP Trust will effectively be treated as a taxable capital gain realized by Unitholders.

On the Portfolio LP Trust Distribution, the REIT will be considered to acquire the PHP U.S. Holdco Notes at a cost equal to their fair market value.

Except as described above, no income or gains are expected to be realized by the REIT or its subsidiaries as a result of the U.S. Holdco Note Distributions.

Subscription for Additional U.S. Holdco Notes by Finance Trust

The adjusted cost base of additional U.S. Holdco Notes acquired by Finance Trust pursuant to Step 11 of the Plan of Arrangement will be determined by averaging the cost of such U.S. Holdco Notes with the adjusted cost base of all other U.S. Holdco Notes owned by Finance Trust.

Finance Trust Disposition

As a result of the Finance Trust Disposition, Finance Trust will, in accordance with the rules in the Tax Act applicable to qualifying dispositions, be deemed to have disposed of its U.S. Holdco Notes for proceeds of disposition equal to the adjusted cost base of such notes to Finance Trust immediately before the Finance Trust Disposition. Consequently, no gain or loss will be realized by Finance Trust as a consequence of the Finance Trust Disposition.

The U.S. Holdco Notes received by the REIT from Finance Trust as a result of the Finance Trust Disposition will, in accordance with the rules in the Tax Act applicable to qualifying dispositions, be acquired by the REIT at a deemed cost equal to the adjusted cost base of such U.S. Holdco Notes to Finance Trust immediately before the Finance Trust Disposition. The adjusted cost base of U.S. Holdco Notes to the REIT following the Finance Trust Disposition will be determined by averaging the cost of the U.S. Holdco Notes received pursuant to the Finance Trust Disposition with the adjusted cost base of all other U.S. Holdco Notes held by the REIT at that time.

Amendments of the Declarations of Trust

Neither the REIT nor Finance Trust will realize any taxable income or gain solely by virtue of the amendment of the Declarations of Trust pursuant to Step 15 of the Plan of Arrangement.

Purchase of Finance Trust Units, Wind-up of Finance Trust, Formation of F17 Trust and Sale of F17 Trust Units

No taxable income or gain will be realized by the REIT solely as a result of the FT Unit Acquisition, the wind-up of

Finance Trust following the FT Unit Acquisition, the settlement of F17 Trust, or the F17 Trust Unit Sale.

Amendment of the U.S. Holdco Notes

The REIT should not realize any taxable income or gain solely by virtue of the amendment of the terms and conditions of the U.S. Holdco Notes pursuant to Step 19 of the Plan of Arrangement.

Repayment of Remaining Existing Loans

Pursuant to Step 20 of the Plan of Arrangement, the Repaid Portion of the Existing Loans will be repaid by U.S. Holdco by the delivery of the Repayment Amended U.S. Holdco Notes, which will have an aggregate principal amount equal to the aggregate principal amount of the Repaid Portion of the Existing Loans.

The REIT will be considered to have disposed of the Repaid Portion of the Existing Loans upon the repayment of the Repaid Portion by U.S. Holdco. Provided that the fair market value of the Repayment Amended U.S. Holdco Notes does not exceed the principal amount of the Repaid Portion of the Existing Loans, the REIT will be considered to have received proceeds of disposition in respect of such disposition equal to the fair market value of the Repayment Amended U.S. Holdco Notes. Although it is expected by the REIT that the fair market value of the Repayment Amended U.S. Holdco Notes will be equal to the principal amount of the Repaid Portion of the Existing Loans, the proceeds of disposition of the Repaid Portion of the Existing Loans may nonetheless be greater or less than the adjusted cost base of such loans to the REIT as a result of fluctuations in the Canadian dollar-US dollar exchange rate since the time that the loans were made. In general, the REIT will realize a capital gain (or a capital loss) if and to the extent that such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Repaid Portion of the Existing Loans to the REIT immediately before the disposition. The REIT has advised counsel that the REIT will make appropriate distributions and designations such that one-half of any such capital gain realized by the REIT will effectively be treated as a taxable capital gain realized by Unitholders. Any such capital loss realized by the REIT cannot be allocated to Unitholders but may be deducted by the REIT in the current or future years to the extent permitted by the Tax Act.

The adjusted cost base of Amended U.S. Holdco Notes to the REIT following such repayment will be determined by averaging the cost of each Repayment Amended U.S. Holdco Note with the adjusted cost base of all other identical Amended U.S. Holdco Notes held by the REIT at that time.

REIT Disposition

As a result of the REIT Disposition the REIT will, in accordance with the rules in the Tax Act applicable to qualifying dispositions, be deemed to dispose of the Amended U.S. Holdco Notes for proceeds of disposition equal to the adjusted cost base of such notes to the REIT immediately before the REIT Disposition. Consequently, no gain or loss will be realized by the REIT in connection with the REIT Disposition.

Termination of Holdings GP Trust, Benco and Holdings LP

The dissolutions of Holdings GP Trust, Benco and Holdings LP pursuant to Steps 23 and 24 of the Plan of Arrangement are not anticipated to result in any material taxable income or gain for the REIT. In particular, the dissolution of Holdings LP is intended to be governed by the provisions of subsection 98(5) of the Tax Act such that the transfer of the assets of Holdings LP to the REIT will occur on a substantially tax deferred basis.

Taxation of Capital Gains and Capital Losses

Generally one-half of any capital gain realized by a Holder for the purposes of the Tax Act on the disposition of property (including REIT Units, Finance Trust Units and F17 Trust Units) and the amount of any net taxable capital gains designated by a trust, in respect of such Holder will be required to be included by the Holder in computing income as a taxable capital gain under the Tax Act. One-half of any capital loss realized for the purposes of the Tax Act on a disposition of a property generally must be deducted from taxable capital gains of such a Holder in the year of disposition, and any excess of one-half of such capital losses over taxable capital gains realized by the taxpayer in the year of disposition may generally be deducted in the three preceding taxation years or in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

In the opinion of Goulston & Storrs, P.C., U.S. tax counsel to the REIT, the following is a summary of the principal U.S. federal income tax consequences of the Plan of Arrangement and of the ownership and disposition of New Stapled Units acquired under the Plan of Arrangement by U.S. Holders and Non-U.S. Holders (as defined below). This summary does not address any U.S. state or local income tax matters. Also, except where noted, the following discussion deals only with REIT Units, Stapled Units (and following the Plan of Arrangement, New Stapled Units) held as capital assets and does not deal with special situations, such as those of:

- dealers in securities or currencies,
- financial institutions,
- regulated investment companies,
- real estate investment trusts,
- tax-exempt entities,
- insurance companies,
- persons holding REIT Units, Stapled Units or New Stapled Units as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle,
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings,
- persons that actually or constructively own 10% or more of the total combined voting power of all classes of REIT Units entitled to vote,
- persons liable for alternative minimum tax,
- investors in pass-through entities,
- U.S. Holders of REIT Units, Stapled Units or New Stapled Units whose "functional currency" is not the U.S. dollar,
- Non-U.S. Holders engaged in a trade or business in the United States, or
- Non-U.S. Holders that are subject to the special rules applicable to former citizens and long-term residents of the United States.

This summary is of a general nature only and is based upon the facts and assumptions set out in this Circular. Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), the U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as available and in effect on the date hereof, and such authorities may be repealed, revoked, modified or subject to differing interpretations, possibly on a retroactive basis, so as to result in U.S. federal income tax consequences different from those discussed below.

A "**U.S. Holder**" means a holder of a Stapled Unit, New Stapled Unit, REIT Unit, Finance Trust Unit or F17 Trust Unit that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States,
- a corporation, or other entity treated as corporation, created or organized in or under the laws of the United States or any political subdivision thereof or otherwise treated as a domestic corporation,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or

- a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A "**Non-U.S. Holder**" is a holder of a Stapled Unit, New Stapled Unit, REIT Unit, Finance Trust Unit or F17 Trust Unit, other than an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes, that is not a U.S. Holder.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds REIT Units, Stapled Units or New Stapled Units, the tax treatment of a partner as such a holder will generally depend upon the status of the partner and the activities of the partnership, though the status of the partnership and activities of the partner may be relevant for certain purposes. Partners of a partnership holding Stapled Units are urged to consult their own tax advisors.

No statutory, administrative or judicial authority directly addresses the treatment of New Stapled Units or instruments similar to New Stapled Units for U.S. federal income tax purposes. As a result, the REIT cannot assure Unitholders that the Internal Revenue Service (the "**IRS**") or the courts will agree with the tax consequences described herein. A different treatment from that assumed below could adversely affect the amount, timing and character of income, gain or loss of Unitholders, and, in the case of Non-U.S. Holders, could subject such holders to U.S. federal withholding or estate taxes with regard to the New Stapled Units.

Tax Treatment of Finance Trust and F17 Trust

Classification of Finance Trust and F17 Trust

Finance Trust is treated as, and F17 Trust is intended to qualify as, an investment trust that is classified as a grantor trust for U.S. federal income tax purposes under U.S. Treasury regulation section 301.7701-4(c) (hereinafter, a "**Fixed Investment Trust**") and Section 671 of the Code. In general, an investment trust will qualify as a Fixed Investment Trust if: (i) the trust has a single class of ownership interests, representing undivided beneficial interests in the assets of the trust and (ii) there is no power under the trust agreement to vary the investment of the holders. If Finance Trust and F17 Trust are Fixed Investment Trusts, then they generally will be disregarded for U.S. federal income tax purposes, with the result that the holders of Finance Trust Units or F17 Trust Units will be treated as owning directly their *pro rata* shares of all of the Finance Trust assets or F17 Trust assets, respectively (i.e., the U.S. Holdco Notes or Amended U.S. Holdco Notes, respectively). Moreover, all payments made on the U.S. Holdco Notes or Amended U.S. Holdco Notes will be treated as payments made directly to the holders of the Finance Trust Units or F17 Trust Units, as applicable, in proportion to their interest in Finance Trust and F17 Trust, respectively.

There are limited legal authorities and precedents regarding Fixed Investment Trusts, and there is no authoritative legal guidance with respect to the qualification of an investment trust with investments and terms similar to F17 Trust as a Fixed Investment Trust. Although there is no legal authority directly addressing the issue, the REIT believes that any subsequent acquisition by F17 Trust of additional notes of the same series as the Amended U.S. Holdco Notes, whether or not such notes are issued at a discount or premium, should not constitute a power to vary the investment of the holders of F17 Trust Units. Accordingly, the REIT believes that F17 Trust should be treated as a Fixed Investment Trust. There is no assurance, however, that the IRS could not successfully challenge this conclusion. If F17 Trust is not treated as a Fixed Investment Trust, it will be treated as either a partnership or a corporation for U.S. federal income tax purposes, which could materially adversely affect the tax treatment of holders of F17 Trust Units, as discussed below. In addition, F17 Trust, as either a corporation or a partnership, would be treated as being "related" to U.S. Holdco, and the application of Section 163(j) of the Code potentially could reduce U.S. Holdco's allowable interest deductions and thus, reduce the amount of funds available for distribution by the REIT to the Unitholders. The remaining discussion assumes that F17 Trust will be classified as a Fixed Investment Trust.

Since F17 Trust should qualify as a Fixed Investment Trust, any gain or loss realized by F17 Trust from a sale, exchange, retirement or other disposition of the Amended U.S. Holdco Notes and any gain recognized by holders of F17 Trust Units from a disposition of F17 Trust Units should be treated as having been realized by the holders of the F17 Trust Units directly from a disposition of their undivided interests in the Amended U.S. Holdco Notes. See below under "– Tax Consequences to U.S. Holders – Sale or Disposition of New Stapled Units" and "– Tax Consequences to Non-U.S. Holders – Sale or Disposition of New Stapled Units". Further, payments of principal and interest on the Amended U.S. Holdco Notes should be treated as payments directly to the holders of F17 Trust Units. See below under "– Tax Consequences to U.S.

Holders – Interest" and "– Tax Consequences to Non-U.S. Holders – Interest". Any distributions made by F17 Trust to holders of F17 Trust Units should be disregarded for U.S. federal income tax purposes.

Tax Treatment of the REIT

Classification of the REIT

The REIT is not a Fixed Investment Trust and therefore should qualify as a business entity for U.S. federal income tax purposes. A business entity that has more than one owner can be classified as either a partnership or an association taxable as a corporation. The rules that govern the classification of business entities for U.S. federal tax purposes were substantially revised effective January 1, 1997. If the classification of an entity for U.S. federal tax purposes was relevant for any reason before January 1, 1997, then the entity is generally classified under the entity classification rules in effect before that date. Otherwise, the classification of the entity is determined under the rules that came into effect on January 1, 1997. It is uncertain whether the REIT had any U.S. Unitholders prior to January 1, 1997, and it is therefore uncertain whether the classification of the REIT was relevant before that date. As discussed below, however, the REIT should be classified as a corporation regardless of when its classification for U.S. federal tax purposes became relevant.

If the classification of the REIT were relevant before January 1, 1997, then the REIT's classification would be determined under a four-factor test where the following corporate characteristics would be considered: (i) continuity of life; (ii) centralization of management; (iii) limited liability; and (iv) free transferability of ownership interests. An entity that possessed at least three of the foregoing characteristics is classified as a corporation under the four-factor test. The REIT should be treated as possessing each of these four corporate characteristics prior to January 1, 1997, and should be classified as a corporation under the four-factor test.

If, on the other hand, the REIT's classification for U.S. federal tax purposes became relevant only after January 1, 1997, then the REIT's classification would be determined under the new rules that came into effect on that date. Under such rules, a non-U.S. entity that has more than one owner and that does not elect to be treated as a partnership is generally classified for U.S. federal income tax purposes as a corporation if all of its members have limited liability. A member of a non-U.S. entity is considered to have limited liability if no member has personal liability for the debts of or claims against the entity by reason of being a member of the entity. A member has personal liability if the creditors may seek satisfaction of any of the claims against the entity from the member as such. In 2004, Ontario revised the laws governing trusts like the REIT to clarify explicitly that unitholders of such a trust are not liable for debts of the trust. The REIT should be treated as having had limited liability for U.S. federal tax purposes even under the Ontario law in effect prior to the 2004 amendments. Accordingly, since the REIT did not file an election to change its default classification, the REIT should also be classified as a corporation under the U.S. federal tax entity classification rules that came into effect on January 1, 1997.

Characterization of the Stapled Units and New Stapled Units

The Finance Trust Units and the REIT Units comprising the Stapled Units should be treated as two separate instruments traded together and likewise the F17 Trust Units and the REIT Units comprising the New Stapled Units should be treated as two separate instruments traded together.

Although the REIT Units and the F17 Trust Units will trade together as New Stapled Units, the New Stapled Units will be separated into the separate components of which they are comprised if a New Stapled Unit Event of Uncoupling occurs. Since the New Stapled Units consist of interests in two separate entities (each of which has significant assets) and can be separated (i) by a vote of the Unitholders or (ii) in the event of a bankruptcy, insolvency or similar event of the REIT or U.S. Holdco in which case the economic interests of the holders of F17 Trust Units would be expected to diverge from their interests as holders of REIT Units, the REIT Units and the F17 Trust Units should be treated for U.S. federal income tax purposes as two separate instruments, rather than as a single instrument. However, there is a limited amount of legal authority addressing the characterization of stapled financial instruments and, accordingly, there can be no assurance that the IRS will agree with this conclusion or that this position would prevail if the IRS were to challenge this conclusion. Assuming that the REIT Units and the F17 Trust Units are treated as separate financial instruments and that F17 Trust is classified as a Fixed Investment Trust, as described above under "– Tax Treatment of Finance Trust and F17 Trust", a holder's interest in the F17 Trust Units included in a New Stapled Unit should be treated as direct ownership of an undivided interest in the Amended U.S. Holdco Notes held by F17 Trust. If the IRS were to assert successfully that the New Stapled Units are properly treated as a single integrated instrument for U.S. federal income tax purposes, then the Unitholders might not be treated as the owners of Amended U.S. Holdco Notes or the Amended U.S. Holdco Notes might be characterized as equity and some or all of the conclusions described below regarding the U.S. tax treatment of the Amended U.S. Holdco Notes would be incorrect. The remainder of this discussion assumes that the New Stapled Units will be treated as two separate instruments.

The Finance Trust Units and the REIT Units currently trading together as Stapled Units can likewise be separated into the separate components of which they are comprised in the same manner as the New Stapled Units can be separated. Accordingly, the foregoing considerations regarding the characterization of the New Stapled Units as separate instruments traded together should also apply to the Stapled Units and the remainder of this discussion assumes that the Stapled Units will be treated as two separate instruments.

Separation of the New Stapled Units

If a New Stapled Unit Event of Uncoupling occurs, holders should not recognize gain or loss upon the separation of the New Stapled Units into their separate components. Holders should continue to take into account items of income or deduction otherwise includible or deductible, respectively, with respect to the REIT Units and the F17 Trust Units and holders' tax basis in their REIT Units and the Amended U.S. Holdco Notes underlying the F17 Trust Units should not be affected by the separation.

Tax Treatment of the Amended U.S. Holdco Notes

The REIT believes that for U.S. federal income tax purposes the Amended U.S. Holdco Notes should be treated as debt. The determination of whether an instrument is treated as debt or equity for U.S. federal income tax purposes is based on all of the facts and circumstances. There is no clear statutory definition of debt and, in particular, there is no authority that directly addresses the tax treatment of securities with terms substantially similar to the Amended U.S. Holdco Notes or offered under circumstances such as described in this Circular (i.e., offered as a unit which represents "stapled" trust units). Instead, the characterization of an instrument as debt or equity is governed by principles developed in case law, which analyzes numerous factors that are generally intended to identify the economic substance of the investor's interest in the corporation. Generally, no single factor is controlling and the weight given to any factor depends upon all the facts and circumstances. Principal factors often cited include: (i) whether the instrument in question is an unconditional obligation to pay a sum certain; (ii) whether the instrument has significant equity-like characteristics (e.g., convertibility into the stock of the corporation, participation rights, voting power, subordination to other creditors); (iii) whether the issuer is thinly capitalized, taking into account the issuer's debt to equity ratio; and (iv) whether there is an identity of interest between the holder of the instrument and stockholders of the issuer.

The characterization of the Amended U.S. Holdco Notes as debt is supported by a number of factors: (i) the Amended U.S. Holdco Notes are labelled as debt and the parties have agreed to treat the Amended U.S. Holdco Notes as debt for all tax, financial accounting and other purposes; (ii) interest on the Amended U.S. Holdco Notes is required to be paid monthly at a floating rate adjusted monthly equal to the annual interest rate for ten-year U.S. treasury notes, determined as at the immediately preceding interest payment date, plus a fixed % per annum spread; (iii) the Amended U.S. Holdco Notes will not be convertible into common shares or other equity of U.S. Holdco (or of the REIT); (iv) the Amended U.S. Holdco Notes will not have any voting rights in U.S. Holdco; (v) the obligation to pay the interest and to repay the principal amount of the Amended U.S. Holdco Notes is unconditional; (vi) the Amended U.S. Holdco Notes will mature on the tenth anniversary of their initial issue date, subject to a limited option of U.S. Holdco to extend the term by another ten years if certain conditions are satisfied, which is not unduly far in the future; (vii) F17 Trust will have normal creditor protections, such as one requiring an acceleration of the due date in the event of certain dispositions of material assets by U.S. Holdco; (viii) F17 Trust will have normal creditor remedies in the case of a default on payment of interest or principal; and (ix) following the issuance of the Amended U.S. Holdco Notes, the ratio of (A) the sum of (I) the principal amount of the Amended U.S. Holdco Notes, and (II) the principal amount of senior debt of U.S. Holdco and its subsidiaries to (B) the fair market value of U.S. Holdco's equity is expected to be within a reasonable range and similar to that of comparable companies in the industry. On the other hand, the Amended U.S. Holdco Notes will be subordinated in right of payment to all present and future Senior Indebtedness of U.S. Holdco. In addition, as a result of the New Stapled Unit structure, the indirect owners of U.S Holdco (that is, the Unitholders) will be identical to the indirect owners of the Amended U.S. Holdco Notes. However, the significance of this potentially adverse factor is mitigated by the fact that in a situation in which the interests of the Unitholders and the holders of the F17 Trust Units would be expected to diverge, namely if U.S. Holdco were to become insolvent, then there would be a New Stapled Unit Event of Uncoupling and the F17 Trust Units would begin to trade separately from the REIT Units, and the ownership of the debt and equity would be likely to diverge. In addition, numerous cases have respected the character of a loan as debt notwithstanding the fact that the creditors and shareholders are identical. On balance, the factors supporting debt characterization should outweigh the factors supporting equity characterization.

Further, KPMG Corporate Finance Inc. ("**KPMG CF**") has been retained by the REIT to complete an analysis of U.S. Holdco and the Amended U.S. Holdco Notes and to make certain financial determinations. As of the date hereof, KPMG CF has made financial determinations substantially to the following effect that: (i) the issue price, interest rate, term

to maturity, security, limitations on the incurrence of future additional indebtedness, and other material provisions of the Amended U.S. Holdco Notes, when taken together and considered as a whole, are commercially reasonable under the circumstances, defined as substantially similar to those terms to which both an issuer and an unrelated third party subordinated debt lender (not owning equity in U.S. Holdco or its affiliates) bargaining at arm's length, and intending to create a debtor/creditor relationship, could reasonably agree based on the underlying business operations; and (ii) as at the date of issuance of the Amended U.S. Holdco Notes, the ratio of (a) the sum of (I) the principal amount of the Amended U.S. Holdco Notes and, (II) the amount of all other indebtedness for borrowed money of U.S. Holdco and its subsidiaries, to (b) the market value of the equity of U.S. Holdco is commercially reasonable under the circumstances, and is reasonably comparable to similarly situated debt issuers in similarly situated industries.

The report of KPMG CF describing its financial determinations also describe the ratio of (A) the sum of (I) the principal amount of the Amended U.S. Holdco Notes, and (II) the principal amount of senior debt of U.S. Holdco and its subsidiaries to (B) the fair market value of U.S. Holdco's equity and will confirm that such ratio is within a reasonable range and similar to that of comparable companies in the industry.

Taking into account the factors supporting debt characterization mentioned above and based on the assumption that the determinations of KPMG CF will be provided in substantially the form agreed to by the REIT and KPMG CF prior to the issuance of the Amended U.S. Holdco Notes, the REIT believes that the Amended U.S. Holdco Notes should be treated as debt for U.S. federal income tax purposes. However, no ruling on this issue has been requested from the IRS. If some or all of the Amended U.S. Holdco Notes were to be treated for U.S. federal income tax purposes as equity rather than debt, otherwise deductible interest on the Amended U.S. Holdco Notes would instead be treated as non-deductible distributions by U.S. Holdco to F17 Trust. In that event, U.S. Holdco's inability to deduct interest on the Amended U.S. Holdco Notes may increase its taxable income and hence its U.S. federal income tax liability. In that event as well, as discussed below under "– Tax Consequences to Non-U.S. Holders – Interest", Non-U.S. Holders could be subject to withholding taxes with regard to payments made on the Amended U.S. Holdco Notes. Both the denial of the deduction and the characterization of the interest payment as a dividend could reduce the amount of distributions available to be made to F17 Trust, and by F17 Trust to the Unitholders. In addition, the Amended U.S. Holdco Notes could be treated as U.S. real property interests ("**USRPIs**") for U.S. federal income tax purposes, and distributions by U.S. Holdco to F17 Trust could be subject to U.S. withholding tax under the *Foreign Investment in Real Property Tax Act of 1980* ("**FIRPTA**").

The U.S. Treasury and the IRS have recently issued final and temporary regulations under section 385 of the Code (the "**Section 385 Regulations**") that could potentially apply to recharacterize as equity certain related party indebtedness issued after April 4, 2016. Generally, the Section 385 Regulations (i) establish threshold documentation requirements that must be satisfied for related party indebtedness issued after January 1, 2018, in order for such related party indebtedness to be treated as debt for U.S. federal income tax purposes; (ii) treat related party indebtedness as equity for U.S. federal income tax purposes if such related party indebtedness was issued in certain transactions, including in exchange for stock of a related party or in a distribution; and (iii) recharacterize related party indebtedness as equity for U.S. federal income tax purposes in certain circumstances including where the debtor corporation pays a distribution after April 4, 2016, in excess of the accumulated earnings and profits for tax years ending after April 4, 2016, during which the debtor corporation is related to the holder of the debt. In general, the Section 385 Regulations only apply to related party indebtedness issued by U.S. corporations after April 4, 2016 and so the Amended U.S. Holdco Notes issued under the Plan of Arrangement should not be impacted by the Section 385 Regulations. In particular, the issuance by U.S. Holdco of Repayment Amended U.S. Holdco Notes to the REIT in exchange for the Repaid Portion of the Existing Loans pursuant to the Plan of Arrangement should not be impacted by the Section 385 Regulations to the extent such Existing Loans are properly treated as indebtedness for U.S. federal income tax purposes. The REIT believes that the Existing Loans should qualify as indebtedness of U.S. Holdco for U.S. federal income tax purposes. However, the Section 385 Regulations could apply to Amended U.S. Holdco Notes that are refinanced in the future and/or to any issuances of related party indebtedness issued after April 4, 2016, including any loans from the REIT or its affiliates to U.S. Holdco ("**U.S. Holdco Loans**") issued after this date. The REIT believes that the Section 385 Regulations should not apply to treat the existing U.S. Holdco Loans as equity as the U.S. Holdco Loans were not issued in exchange for stock of a related party or otherwise in a transaction described in the Section 385 Regulations and U.S. Holdco has not paid any distributions to the REIT since April 4, 2016 or engaged in any other transaction that would cause such loans to be recharacterized under the Section 385 Regulations. In addition, the REIT does not currently anticipate causing U.S. Holdco to pay distributions in excess of U.S. Holdco's earnings and profits accumulated in tax years ending after April 4, 2016 or engaging in any other transactions that will cause indebtedness of U.S. Holdco to be treated or recharacterized as equity. However, there can be no assurance that such a distribution or transaction will not occur in the future. In the event that any indebtedness of U.S. Holdco were recharacterized as equity, any interest paid or accrued on such indebtedness would not be deductible by U.S. Holdco and any payments made by U.S. Holdco thereon could be treated as dividends subject to U.S. withholding tax.

Even if the Amended U.S. Holdco Notes are treated as debt for U.S. federal income tax purposes, there can be no assurance that the IRS will not be able to successfully challenge the determination that the interest rate on the Amended U.S. Holdco Notes represents an arm's length rate and, if successful, any excess amount over an arm's length rate might not be deductible and might be recharacterized as a dividend payment to the REIT or Unitholders instead of an interest payment for U.S. federal income tax purposes.

The consequences to U.S. Holders and Non-U.S. Holders described below assume that the Amended U.S. Holdco Notes will be treated as debt for U.S. federal income tax purposes.

Section 163(j) of the Code Should Not Apply

Section 163(j) of the Code is another potential limiting factor on U.S. Holdco's ability to deduct interest on the Amended U.S. Holdco Notes. In general, Section 163(j) of the Code limits a corporation's interest expense deduction for interest paid to related foreign persons exempt from U.S. tax in years that: (i) the debt-to-equity ratio of the U.S. corporate taxpayer exceeds 1.5 to 1 (calculated based on tax basis of assets); and (ii) the corporation's net interest expense exceeds 50% of its "adjusted taxable income". Adjusted taxable income is generally defined as the corporation's taxable income before net interest expense, depreciation, and amortization. For this purpose, a corporation and a creditor of the corporation will generally be "related" if the creditor owns directly or indirectly more than 50% of the corporation. Interest disallowed under Section 163(j) of the Code can be carried forward to succeeding tax years. Additionally, if a corporation's net interest expense for a given year is less than 50% of adjusted taxable income, then the excess limitation can be carried forward for three succeeding years. Since F17 Trust should be treated as a Fixed Investment Trust, assuming no Non-U.S. Holder owns more than 50% directly, or by attribution, of U.S. Holdco's equity through ownership of F17 Trust Units or the REIT section 163(j) of the Code should not apply to limit U.S. Holdco's ability to deduct interest payments on the Amended U.S. Holdco Notes. See above under "– Tax Treatment of Finance Trust and F17 Trust – Classification of Finance Trust and F17 Trust".

Under a proposed U.S. Treasury regulation, an arrangement (including the use of a trust) entered into with a principal purpose of avoiding the rules of Section 163(j) of the Code is to be disregarded or recharacterized to the extent necessary to carry out the purposes of Section 163(j) of the Code. The proposed regulation (if finalized in its current form) should not result in the application of Section 163(j) of the Code to U.S. Holdco assuming F17 Trust is classified as a Fixed Investment Trust. However, there can be no assurance that such a position would be sustained if challenged by the IRS.

Tax Consequences of the Plan of Arrangement

Tax Treatment of the Exchange Transactions

The REIT believes that the transfer by Finance Trust of U.S. Holdco Notes to the REIT, the transfer by each Unitholder (through the Depository) of Finance Trust Units to the REIT in exchange for an aggregate purchase price of $1,000, the formation of F17 Trust by the REIT, the purchase by each Unitholder (through the Depository) from the REIT of F17 Trust Units in return for an aggregate purchase price of $1,000 and the transfer by the REIT of all outstanding Amended U.S. Holdco Notes (including Excess Notes) to F17 Trust for no additional consideration (collectively, the "**Exchange Transactions**") should be treated as a single integrated transaction for U.S. federal income tax purposes and that, therefore, the Unitholders should be treated as having received F17 Trust Units in exchange for their Finance Trust Units. Based on the conclusion that Finance Trust and F17 Trust should each qualify as a Fixed Investment Trust, for U.S. federal income tax purposes (see above under "– Tax Treatment of Finance Trust and F17 Trust"), the Unitholders should be treated as having received Amended U.S. Holdco Notes (other than Excess Notes, such non-excluded notes "**Exchange Notes**") in exchange for U.S. Holdco Notes. In addition, the receipt of Excess Notes by F17 Trust pursuant to the Plan of Arrangement should be treated for U.S. federal income tax purposes as the distribution by the REIT to the Unitholders of an undivided *pro rata* interest in the Excess Notes held by F17 Trust (the "**Excess Note Distribution**").

Although the matter is not free from doubt, the REIT believes that the exchange pursuant to the Plan of Arrangement by U.S. Holders of U.S. Holdco Notes for Amended U.S. Holdco Notes should be treated as a "significant modification" of the U.S. Holdco Notes for U.S. federal income tax purposes, and, therefore, a U.S. Holder should recognize gain or loss in full upon the exchange of U.S. Holdco Notes for Exchange Notes unless such exchange qualifies as a "recapitalization" within the meaning of Section 368(a)(1)(E) of the Code. In order for the exchange of U.S. Holdco Notes for Exchange Notes to qualify as a recapitalization, the U.S. Holdco Notes and Exchange Notes must both be treated as "securities" under the relevant provisions of the Code. Neither the Code nor the Treasury Regulations define the term security, and the term has not been clearly defined by judicial decisions. Whether a debt instrument is a security is based on all of the facts and circumstances, but most authorities have held that the term to maturity of the debt instrument is one of the most significant factors. In this regard, debt instruments with a term of ten years or more generally have qualified as

securities, whereas debt instruments with a term of less than five years generally have not qualified as securities. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. The REIT intends to take the position, and (except as otherwise noted) the remainder of the discussion below assumes, that the U.S. Holdco Notes and Exchange Notes should be treated as securities for purposes of the reorganization provisions of the Code.

Recapitalization Treatment

If the exchange of U.S. Holdco Notes for Exchange Notes were to qualify as a recapitalization, no gain or loss would be recognized on such exchange (except to the extent of any cash or other property received with respect to accrued and unpaid interest on the U.S. Holdco Notes). A U.S. Holder's basis in the Exchange Notes should generally equal the U.S. Holder's adjusted tax basis in the U.S. Holdco Notes, increased by any gain recognized on the exchange and decreased by any cash received (other than with respect to accrued and unpaid interest). A U.S. Holder's adjusted tax basis in the U.S. Holdco Notes exchanged will be equal to the amount paid therefor, increased by any accrued original issue discount ("**OID**") previously included in such holder's income and any market discount previously taken into income and reduced by any amortizable bond premium previously taken into account. The holding period of the Exchange Notes should include the holding period of the U.S. Holdco Notes.

Failure to Qualify as a Recapitalization

If the IRS successfully asserts that the exchange of U.S. Holdco Notes for Exchange Notes does not qualify as a recapitalization (whether by reason of a determination that the U.S. Holdco Notes or the Exchange Notes should not be treated as securities or otherwise), a U.S. Holder will recognize gain or loss equal to the difference between the amount realized on the exchange and the U.S. Holder's adjusted tax basis in the U.S. Holdco Notes (determined as described above) on the date of the exchange (except to the extent any recognized loss may be deferred under the "wash sale" rules of the Code). The amount realized on the exchange of a U.S. Holdco Note will equal the "issue price" (determined as described below under "– Issue Price of the Amended U.S. Holdco Notes") of the Exchange Notes received in exchange for such U.S. Holdco Note. The Exchange Notes will have a new holding period commencing on the day after the exchange. Any gain or loss recognized will generally be capital gain or loss (except, as described below, to the extent of any accrued market discount) and will be long-term capital gain or loss if the U.S. Holdco Notes have been held for more than one year. Long-term capital gain recognized by non-corporate U.S. Holders is generally eligible for a reduced rate of taxation. The deduction of capital losses is subject to significant limitations under the Code.

Tax Treatment of the Excess Note Distribution

As described above, the Excess Note Distribution should be treated as the distribution by the REIT to the Unitholders of an undivided *pro rata* interest in the Excess Notes held by F17 Trust. For the tax consequences of such a distribution generally, see below under "– Tax Consequences to U.S. Holders – Distributions" and "– Tax Consequences to Non-U.S. Holders – Distributions". If the REIT were treated as a PFIC, then, in the case of a U.S. Holder who failed to make a timely QEF Election (as defined below) for the first year in such U.S. Holder's holding period in which the REIT was a PFIC or a Mark-to-Market Election (as defined below), such distribution will result in an "excess distribution". See below under "– Tax Consequences to U.S. Holders – Passive Foreign Investment Company Rules" for the definition and treatment of an excess distribution.

Allocation of Basis

The basis of the REIT Units following the Plan of Arrangement will be equal to the historic basis of the REIT Units less the portion of the distribution by the REIT of Excess Notes that is treated as a return of capital for U.S. federal income tax purposes. Assuming the Exchange Transactions are integrated and treated, in part, as a recapitalization for U.S. federal income tax purposes, the basis of F17 Trust Units attributable to Exchange Notes received as part of such a recapitalization transaction should generally equal the U.S. Holder's adjusted tax basis in the U.S. Holdco Notes (i.e., the Finance Trust Units) exchanged, increased by any gain recognized on the exchange and decreased by any cash received (other than with respect to accrued and unpaid interest). The basis of the F17 Trust Units attributable to the Excess Notes received in the distribution described in the Plan of Arrangement should be equal to the fair market value of such portion of such units. The REIT believes that the fair market value of such portion of the F17 Trust Units should be equal to the face amount of the Excess Notes attributable to each F17 Trust Unit. If the fair market value of the Excess Notes were determined by the IRS to

be different from the face amount, then the market discount or amortizable bond premium rules could apply. See below under "– Tax Consequences to U.S. Holders – Market Discount" and "– Tax Consequences to U.S. Holders – Bond Premium".

The basis of the REIT Units and the Amended U.S. Holdco Notes underlying the F17 Trust Units in the hands of subsequent purchasers of New Stapled Units will be determined by allocating the purchase price of the New Stapled Units among the REIT Units and F17 Trust Units in proportion to their relative fair market values on the date of purchase.

Issue Price of the Amended U.S. Holdco Notes

The issue price of notes which are not publicly traded and which are issued for property that is not publicly traded is generally the stated principal amount of the notes if the notes have adequate stated interest. Neither the U.S. Holdco Notes nor the Amended U.S. Holdco Notes should be treated as publicly traded property for this purpose since they trade (or will trade) only as part of the Stapled Units or New Stapled Units, respectively, and do not have a separately listed price. Since the Amended U.S. Holdco Notes will have adequate stated interest, the issue price of the Amended U.S. Holdco Notes should be equal to the stated principal amount of the Amended U.S. Holdco Notes. If the IRS disagrees with the method described herein for determining the issue price, then the issue price would be equal to the fair market value of the Amended U.S. Holdco Notes. The REIT believes that the fair market value of the Amended U.S. Holdco Notes is equal to the face amount of such notes, but if the IRS were to successfully assert both that the issue price of the Amended U.S. Holdco Notes should be equal to the fair market value of the notes and that the fair market value is less than the face amount, then the difference would constitute OID. If the Amended U.S. Holdco Notes were determined to have more than a *de minimis* amount of OID, then U.S. Holders would be required to include the OID in income as it accrues, which may be before such U.S. Holders receive cash attributable to such income. The remainder of this discussion assumes that the issue price of the Amended U.S. Holdco Notes will be at least equal to the face amount and that the Amended U.S. Holdco Notes will not have any OID.

Tax Consequences to U.S. Holders

Interest

Provided that F17 Trust qualifies as a Fixed Investment Trust (as discussed above under "– Tax Treatment of Finance Trust and F17 Trust – Classification of Finance Trust and F17 Trust") and the Amended U.S. Holdco Notes are respected as debt for U.S. federal income tax purposes, payments of principal and interest on the Amended U.S. Holdco Notes that are attributable to U.S. Holders will be treated as payments directly to the U.S. Holders. Interest on the Amended U.S. Holdco Notes will generally be taxable to U.S. Holders as ordinary income at the time it is paid or accrued. If the Amended U.S. Holdco Notes were treated as equity rather than debt for U.S. federal income tax purposes, then the stated interest on the Amended U.S. Holdco Notes would be treated as a distribution with respect to stock. Additionally, there can be no assurance that the IRS will not challenge the determination that the interest rate on the U.S. Holdco Notes represents an arm's length rate (see above under "– Tax Treatment of Amended U.S. Holdco Notes").

A U.S. Holder that pays (whether directly or through withholding) non-U.S. income tax may be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such non-U.S. income tax paid. Subject to certain limitations, a credit generally will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all creditable non-U.S. taxes paid (whether directly or through withholding) by a U.S. Holder during a tax year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Provided that F17 Trust qualifies as a Fixed Investment Trust and the Amended U.S. Holdco Notes are respected as debt for U.S. federal income tax purposes, the withholding taxes imposed by Canada on distributions with respect to F17 Trust Units, should be treated for U.S. federal income tax purposes as amounts withheld on interest payments under the Amended U.S. Holdco Notes to the U.S. Holder. Such amounts generally would be treated as U.S. source interest for U.S. federal income tax purposes. However, although the matter is not free from doubt, the REIT believes that such amounts may, at the election of the U.S. Holder, be resourced as Canadian source payments under the Canada-U.S. Tax Convention for purposes of the U.S. foreign tax credit rules. If the resourcing rule in the Canada-U.S. Tax Convention did not apply to these payments, then such payments would be treated as having a U.S. source, potentially resulting in a reduced foreign tax credit allowance to a U.S. Holder. The Code imposes a number of limitations on the use of foreign tax credits (including limitations related to the resourcing rule under the Canada-U.S. Tax Convention), based on the particular facts and circumstances of each taxpayer.

U.S. Holders should consult their own tax advisors regarding the availability of the foreign tax credit.

Market Discount

As discussed above, under "– Tax Treatment of Finance Trust and F17 Trust", a holder of F17 Trust Units (or of New Stapled Units) should be treated as holding an undivided interest in the Amended U.S. Holdco Notes. If the basis of such holder is less than the stated principal amount of Amended U.S. Holdco Notes, then the difference between such basis and the stated principal amount will be treated as "market discount" unless it is less than a statutory minimum amount.

This market discount will generally be treated as accruing ratably on the Amended U.S. Holdco Notes during the period from the date of acquisition to the maturity date of the Amended U.S. Holdco Notes, unless a U.S. Holder makes an election (as discussed below) to accrue the market discount on a constant yield to maturity basis. A U.S. Holder generally will be required to treat any principal payment on, or any gain realized on the sale, exchange, retirement or other disposition of, the Amended U.S. Holdco Notes as ordinary income to the extent of the lesser of: (i) the amount of the payment on the gain; or (ii) the market discount which is treated as having accrued on the Amended U.S. Holdco Notes at the time of the payment or disposition and which has not previously been included in income.

In addition, U.S. Holders may be required to defer deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry an interest in the Amended U.S. Holdco Notes with market discount, until the maturity of the Amended U.S. Holdco Notes or their earlier disposition in a taxable transaction.

In the alternative, a U.S. Holder may elect to include market discount in income currently as it accrues on either a ratable or constant yield to maturity basis, in which case the rules described above will not apply. The election to include market discount in income as it accrues will apply to all market discount instruments acquired by a U.S. Holder on or after the first day of the taxable year to which the election applies and may not be revoked without the consent of the IRS. Currently included market discount is generally treated as ordinary interest for U.S. federal income tax purposes.

Bond Premium

As discussed above, under "– Tax Treatment of Finance Trust and F17 Trust", a holder of F17 Trust Units (or of New Stapled Units) will be treated as holding an undivided interest in the Amended U.S. Holdco Notes. If the basis of the Amended U.S. Holdco Notes is determined to be greater than their stated principal amount, the Amended U.S. Holdco Notes will be treated as having been acquired at a premium equal to such difference, which a U.S. Holder could generally elect to amortize over the term of the Amended U.S. Holdco Notes.

If bond premium is amortized, the amount of interest that must be included in income for each period ending on an interest payment date or at the stated maturity of the Amended U.S. Holdco Note, as the case may be, will be reduced. The reduction will be equal to the portion of premium allocable to such period based on the yield to maturity with respect to the Amended U.S. Holdco Notes as determined under the bond premium rules contained in the applicable provisions of the Code and U.S. Treasury regulations. If a U.S. Holder elects not to amortize bond premium, such U.S. Holder must include the full amount of each interest payment as ordinary income in accordance with such U.S. Holder's regular method of tax accounting. The U.S. Holder may receive a tax benefit (in the form of capital loss or reduced capital gain) from any unamortized premium in computing gain or loss upon the sale or disposition of the principal amount of the Amended U.S. Holdco Notes.

If a U.S. Holder makes an election to amortize bond premium for an Amended U.S. Holdco Note with bond premium, such election will result in a deemed election to amortize bond premium for all of such U.S. Holder's debt instruments with bond premium and may be revoked only with the permission of the IRS.

Tax Consequences of any Future Issuance of Additional Notes to F17 Trust

In the event of a future issuance of New Stapled Units, the proceeds received by F17 Trust from such issuance would be invested into additional Amended U.S. Holdco Notes of the same series ("**Additional Notes**"). Assuming the characterization of F17 Trust as a Fixed Investment Trust is respected for U.S. federal income tax purposes, each holder of F17 Trust Units will thereafter be treated as owning an undivided pro rata interest in both the old Amended U.S. Holdco Notes and the Additional Notes. Although there is no legal authority directly addressing the issue, the REIT believes that the issuance of Additional Notes, whether or not the notes are issued with OID, should not result in a taxable exchange of notes for U.S. federal income tax purposes, but there can be no assurance that the IRS will not assert that such a subsequent issuance of Additional Notes should be treated as a taxable exchange of a portion of such notes for a portion of the notes subsequently issued. In such case, U.S. Holders could recognize gain on the deemed exchange, but any loss realized would

likely be disallowed. The initial tax basis in the notes deemed to have been received in the exchange should be the fair market value of such notes on the date of the deemed exchange (adjusted to reflect any disallowed loss).

Following any subsequent issuance of notes with more than a *de minimis* amount of OID, regardless of whether such issuance is treated as a taxable exchange, U.S. Holders would be required to include the OID in income as it accrues, which may be before such U.S. Holders receive cash attributable to such income. OID must be included in income using the yield to maturity of the notes, which is computed based on a constant rate of interest and compounding at the end of each accrual period. The amount of OID so determined for each accrual period is then allocated on a ratable basis to each day in the accrual period that the U.S. Holder held its interest in the Amended U.S. Holdco Notes. The amount of OID, if any, would be reduced by a ratable amount of the U.S. Holder's acquisition premium (the excess of the U.S. Holder's initial basis in the Amended U.S. Holdco Notes over the adjusted issue price of the notes at the time of purchase), if any. Under these rules, a U.S. Holder will have to include in income increasingly greater amounts of OID in successive accrual periods, because the adjusted issue price of the Amended U.S. Holdco Notes will increase while the comparable yield will remain constant. Any OID included in income would increase U.S. Holders' tax basis in the Amended U.S. Holdco Notes and any payments (other than payments of stated interest) would not be separately taxable and would reduce such U.S. Holders' tax basis. U.S. Holdco will report any OID on the subsequently issued notes to F17 Trust, with F17 Trust issuing such information to U.S. Holders.

Distributions

Subject to the PFIC rules, the gross amount of any distributions paid to a U.S. Holder with respect to the REIT Units out of current or accumulated earnings and profits (as determined under U.S. tax principles) generally will be treated as foreign source dividend income to such U.S. Holder, even though the U.S. Holder generally receives only a portion of that amount (after giving effect to the Canadian withholding tax as reduced by the Canada-U.S. Income Tax Convention). To the extent a distribution exceeds earnings and profits, it will be treated first as a return of capital to the extent of the U.S. Holder's adjusted basis in REIT Units, and then as gain from the sale of a capital asset. While the REIT has historically made annual distributions exceeding its profits (as determined under Canadian tax principles), the REIT does not calculate its earnings and profits under U.S. federal income tax principles and, as a result, such a distribution may be treated as a dividend. United States corporations that are treated as holding the REIT Units generally will not be entitled to the dividends received deduction that applies to dividends received from United States corporations. Certain noncorporate U.S. Holders, including individual U.S. Holders, may be taxed on dividend payments at a special rate (the applicable capital gains rate) that is applicable to "qualified dividend income" provided that (1) the REIT is eligible for the benefits of a comprehensive income tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, (2) the REIT is not treated as a PFIC with respect to the U.S. Holder (as discussed below) for the REIT's taxable year in which the dividend was paid and the REIT was not a PFIC in the preceding taxable year, and (3) certain holding period requirements are met. Under Internal Revenue Service authority, the Canada-U.S. Income Tax Convention will be considered for the purpose of clause (1) above to be a comprehensive tax treaty, and the REIT believes it is eligible for the benefits of the Canada-U.S. Income Tax Convention. U.S. Holders should consult their own tax advisors regarding the availability of the lower rate for dividends paid with respect to REIT Units in their particular circumstances. If the REIT were treated as a PFIC for any taxable year during a U.S. Holder's holding period, distributions made in the current taxable year that exceed 125% of the average amount of distributions received during the three preceding taxable years could be treated as an "excess distribution" rather than as a dividend with respect to a U.S. Holder that has not made a QEF Election or Mark to Market Election. See below under "– Passive Foreign Investment Company Rules" below for the treatment of excess distributions.

For U.S. federal income tax purposes, the amount of any dividend paid in Canadian dollars will be the U.S. dollar value of the Canadian dollars at the exchange rate in effect on the date of receipt, whether or not the Canadian dollars are converted into U.S. dollars at that time. Gain or loss recognized by a U.S. Holder on a sale or exchange of the Canadian dollars will be U.S. source ordinary income or loss.

The withholding taxes imposed by Canada on distributions with respect to REIT Units, generally should be a creditable foreign tax for U.S. federal income tax purposes. Therefore, the U.S. Holder generally should be entitled to include the amount withheld as a foreign tax paid in computing a foreign tax credit (or in computing a deduction for foreign income taxes paid, if the U.S. Holder does not elect to use the foreign tax credit provisions of the Code). Individuals who do not claim itemized deductions, but instead utilize the standard deduction, may not claim a deduction for the amount of the Canadian income taxes withheld, but these individuals generally may still claim a credit against their U.S. federal income tax liability. The Code, however, imposes a number of limitations on the use of foreign tax credits, based on the particular facts and circumstances of each taxpayer. U.S. Holders should consult their tax advisors regarding the availability of the foreign tax credit.

Sale or Disposition of New Stapled Units

Upon the sale, exchange, retirement or other disposition of a New Stapled Unit, a U.S. Holder will be treated as having disposed of the REIT Unit component of the New Stapled Unit and will also be treated as having disposed of the underlying Amended U.S. Holdco Notes attributable to the F17 Trust Unit component of the New Stapled Unit. The U.S. Holder will generally recognize gain or loss equal to the difference between the portion of the proceeds (less an amount equal to any accrued and unpaid interest on the Amended U.S. Holdco Notes, which will be treated as a payment of interest for U.S. federal income tax purposes) allocable to each of the REIT Units and the Amended U.S. Holdco Notes, respectively, and their respective adjusted tax basis. The adjusted tax basis in the REIT Units will generally be equal to the purchase price allocable to the REIT Units reduced by the amount of any distribution treated as a return of capital. The adjusted tax basis in the Amended U.S. Holdco Notes will generally be equal to the U.S. Holder's initial tax basis in the Amended U.S. Holdco Notes increased by any OID or market discount taken into account and reduced by any bond premium amortized by the U.S. Holder and by any payments made on the Amended U.S. Holdco Notes other than qualified stated interest payments. See the discussion above under "– Tax Consequences of the Plan of Arrangement –Allocation of Basis". Subject to the PFIC rules, gain or loss recognized by a U.S. Holder on the sale or other disposition of the REIT Units will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between such U.S. Holder's adjusted basis in the REIT Units and the amount realized upon their disposition. However, if the REIT were a PFIC for any year during a U.S. Holder's holding period, gain recognized on the sale or other disposition of the REIT Units could be treated as an "excess distribution" with respect to a U.S. Holder that has not made a QEF Election or a Mark to Market Election. For additional information, see below under "– Passive Foreign Investment Company Rules". Subject to the market discount rules discussed under "– Tax Consequences to Unitholders – Tax Consequences to U.S. Holders – Market Discount", gain or loss recognized on the disposition of Amended U.S. Holdco Notes will generally be capital gain or loss. Capital gains of non-corporate holders derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations under the Code.

Capital gain or loss recognized by a U.S. Holder on the sale or other disposition of REIT Units or Amended U.S. Holdco Notes will be generally sourced in the United States.

Passive Foreign Investment Company Rules

A foreign corporation will be classified as a PFIC for U.S. federal income tax purposes if either (i) 75% or more of its gross income is passive income or (ii) on average for the taxable year, 50% or more of its assets (by value) produce or are held for the production of passive income. The properties of the REIT are managed by subsidiaries of the REIT rather than directly by its own employees. Although the REIT's officers and employees oversee the activities of the managers, it is unclear whether the REIT will be characterized as a PFIC for U.S. federal income tax purposes.

In general, if a timely QEF election for the first year in such U.S. Holder's holding period in which the REIT was a PFIC or a Mark-to-Market Election is not made by a U.S. Holder, any gain on a sale or other disposition of REIT Units by such a U.S. Holder will be treated as ordinary income and will be subject to special tax rules. Under these special tax rules, (i) the amount of any such gain will be allocated ratably over the U.S. Holder's holding period for the REIT Units, (ii) the amount of ordinary income allocated to years prior to the year of sale or other disposition will be subject to U.S. federal income tax at the highest statutory rate applicable to such U.S. Holder for each such year (determined without regard to other income, losses or deductions of the U.S. Holder for such years), and (iii) the tax for such prior years will be subject to an interest charge, computed at the rate applicable to underpayments of tax. Under proposed regulations, a "disposition" may include, under certain circumstances, transfers at death, gifts, pledges of shares and other transactions and events with respect to which gain is not ordinarily recognized. In addition, the adjustment ordinarily made to the tax basis of stock acquired from a decedent may not be available with respect to the REIT Units if a QEF Election has not been in effect for the deceased U.S. Holder's entire holding period. Rules similar to those applicable to dispositions generally will apply to distributions in respect of REIT Units which exceed 125% of the average amount of distributions in respect of such REIT Units during the preceding three years, or, if shorter, during the preceding years in the U.S. Holder's holding period ("**excess distributions**"). If the REIT were a PFIC during any taxable year included in a U.S. Holder's holding period and a timely QEF election for the first year in such U.S. Holder's holding period in which the REIT was a PFIC or a Mark-to-Market Election is not made by a U.S. Holder, the Excess Note Distribution that is expected to occur under the Plan of Arrangement is likely to result in an excess distribution during the current year. In addition, dividend distributions made to a U.S. Holder will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under "Distributions".

A U.S. shareholder of a corporation (or an entity like the REIT that is classified as a corporation for U.S. federal tax purposes) that is classified as a PFIC may elect (a "**QEF Election**"), provided the corporation complies with certain reporting requirements, to have the corporation treated as a "**qualified electing fund**", or "**QEF**", with respect to such shareholder, in

which case, for any taxable year the corporation is actually a PFIC, the QEF-electing U.S. shareholder will be required to include in gross income his proportionate share of the corporation's ordinary income and net capital gains, whether or not such amounts are actually distributed to him. Any amounts distributed by the corporation out of earnings previously included in the income of a QEF-electing U.S. shareholder generally are not taxable for U.S. federal income tax purposes. In addition, a QEF-electing U.S. shareholder is not subject to the special rules described above (which are applicable to non QEF-electing U.S. shareholder) when the U.S. shareholder disposes of shares in a PFIC. Accordingly, a U.S. Holder should not be required to recognize any gain under the PFIC rules with respect to a disposition of REIT Units, provided that a QEF Election with respect to such units has been in effect continuously from the first taxable year of the U.S. Holder's deemed holding period in which the REIT was classified as a PFIC. However, a U.S. Holder that fails to make the QEF Election with respect to its REIT Units, in the first taxable year during its holding period in which the REIT was classified as a PFIC will generally be subject to the special tax and deferral charge rules described above on gains on a disposition of such REIT Units and on excess distributions received from the REIT.

As an alternative to a QEF Election, a U.S. Holder may elect to mark its REIT Units to market (a "**Mark-to-Market Election**"). A U.S. Holder that makes a valid Mark-to-Market Election is required to include in its income the excess of the fair market value of the REIT Units as of the close of each taxable year over the U.S. Holder's adjusted basis therein. If the U.S. Holder's adjusted basis in the REIT Units is greater than the fair market value of the REIT Units as of the close of the taxable year, the U.S. Holder may deduct such excess, but only up to the aggregate amount of ordinary income previously included as a result of the Mark-to-Market Election, reduced by any previous deduction taken. The U.S. Holder's adjusted basis in its REIT Units will be increased by the amount of income or reduced by the amount of deductions resulting from the Mark-to-Market Election.

Under current U.S. law, U.S. Holders will be required to file an annual return on IRS Form 8621, which describes the income received (or deemed to be received pursuant to a QEF Election) from the REIT, any gain realized on a disposition of REIT Units and certain other information. The REIT plans to make available to U.S. Holders the information necessary to comply with such U.S. reporting requirements.

Exercise of Dissent Rights

A U.S. Holder that exercises Dissent Rights in the Arrangement and is paid cash in exchange for all of such U.S. Holder's Stapled Units generally will be treated as having disposed of the REIT Unit component of the Stapled Unit and will also be treated as having disposed of the underlying U.S. Holdco Notes attributable to the Finance Trust Unit component of the Stapled Unit. The U.S. Holder will generally recognize gain or loss equal to the difference between the portion of the proceeds (less an amount equal to any accrued and unpaid interest on the U.S. Holdco Notes, which will be treated as a payment of interest for U.S. federal income tax purposes) allocable to each of the REIT Units and the U.S. Holdco Notes, respectively, and their respective adjusted tax basis. The adjusted tax basis in the REIT Units will generally be equal to the purchase price allocable to the REIT Units reduced by the amount of any distribution treated as a return of capital. The adjusted tax basis in the U.S. Holdco Notes will generally be equal to the U.S. Holder's initial tax basis in the U.S. Holdco Notes increased by any OID or market discount taken into account and reduced by any bond premium amortized by the U.S. Holder and by any payments made on the U.S. Holdco Notes other than qualified stated interest payments.

Subject to the PFIC rules, gain or loss recognized by a U.S. Holder on the sale or other disposition of the REIT Units will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between such U.S. Holder's adjusted basis in the REIT Units and the amount realized upon their disposition. However, if the REIT were a PFIC for any year during a U.S. Holder's holding period, gain recognized on the sale or other disposition of the REIT Units could be treated as an "excess distribution" with respect to a U.S. Holder that has not made a QEF Election or a Mark to Market Election. For additional information, see below under "– Passive Foreign Investment Company Rules". Subject to the market discount rules, gain or loss recognized on the disposition of U.S. Holdco Notes will generally be capital gain or loss. Capital gains of non-corporate holders derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations under the Code.

U.S. Holders generally may use foreign tax credits to offset only the portion of U.S. federal income tax liability that is attributed to foreign source income. As described under "Certain Canadian Federal Income Tax Considerations – Taxation of Holders Not Resident in Canada – Exercise of Dissent Rights", amounts received by U.S. Holders in respect of REIT Units or U.S. Holdco Notes (through Finance Trust) upon the exercise of Dissent Rights may be subject to Canadian withholding taxes. Capital gain or loss recognized by a U.S. Holder on the sale or other disposition of REIT Units or U.S. Holdco Notes generally will be sourced in the United States for foreign tax credit limitation purposes. However, although the matter is not free from doubt, the REIT believes that such amounts may, at the election of the U.S. Holder, be resourced as Canadian source payments under the Canada-U.S. Tax Convention for purposes of the U.S. foreign tax credit rules. If the

resourcing rule in the Canada-U.S. Tax Convention did not apply to these payments, then such payments would be treated as having a U.S. source, potentially resulting in a reduced foreign tax credit allowance to a U.S. Holder. The Code imposes a number of limitations on the use of foreign tax credits (including limitations related to the resourcing rule under the Canada-U.S. Tax Convention), based on the particular facts and circumstances of each taxpayer. U.S. Holders should consult their own tax advisors regarding the availability of the foreign tax credit.

Medicare Tax

The Code generally imposes a 3.8% tax on a portion or all of the net investment income of certain individuals with a modified adjusted gross income of over US$200,000 (or US$250,000 in the case of joint filers or US$125,000 in the case of married individuals filing separately) and on the undistributed net investment income of certain estates and trusts. For these purposes, "net investment income" generally includes interest (including interest paid with respect to F17 Trust Units, dividends (including dividends paid with respect to REIT Units), annuities, royalties, rents, net gain attributable to the disposition of property not held in a trade or business (including net gain from the sale, exchange or other taxable disposition of a Stapled Unit or New Stapled Unit) and certain other income, reduced by any deductions properly allocable to such income or net gain. You are urged to consult your tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in Stapled Units or New Stapled Units.

Information Reporting, Backup Withholding and Withholding Tax

In general, information reporting requirements will apply to payments with respect to the REIT Units or the F17 Trust Units that are made to a U.S. Holder other than certain exempt recipients (such as corporations). A 28% backup withholding tax will apply to payments made by the REIT to a U.S. Holder that is not an exempt recipient if such U.S. Holder fails to provide a taxpayer number or fails to certify that (i) a correct taxpayer identification number has been provided, or (ii) such U.S. Holder has not been notified by the IRS that such U.S. Holder is subject to backup withholding as a result of a failure to report all interests or dividends or the IRS has notified that such U.S. Holder is no longer subject to backup withholding. A U.S. withholding tax of 30% will apply to interest payments made to a U.S. Holder that fails to submit a completed IRS Form W-9 to F17 Trust and is, as a result, presumed to be a Non-U.S. Holder. Such tax will be borne by the U.S. Holder that fails to provide such documentation. Other payments made by F17 Trust to a U.S. Holder that fails to provide a completed IRS Form W-9 may be subject to U.S. backup withholding tax.

Other Reporting Requirements

Certain U.S. Holders (including individuals) are required to report on IRS Form 8938 an interest in any "specified foreign financial asset". U.S. individuals are only required to make such reporting if the aggregate value of such assets owned by the U.S. individual exceeds US$50,000 (or such higher threshold as may apply to a particular taxpayer pursuant to the instructions to IRS Form 8938). New Stapled Units are treated as a specified foreign financial asset for this purpose.

U.S. Holders are required to file an information return on IRS Form 3520 to report their interest in F17 Trust and to include a copy of their Form 3520-A Foreign Grantor Trust Owner Statement, which will be provided by F17 Trust to its registered U.S. Holders. If you do not receive a Foreign Grantor Trust Owner Statement, pro forma information to prepare a Form 3520-A Foreign Grantor Trust Owner Statement will be available on our website. You should consult with your own tax advisor regarding the requirements of filing information returns.

Tax Consequences to Non-U.S. Holders

Interest

Based on the conclusion that F17 Trust should qualify as a Fixed Investment Trust and that the Amended U.S. Holdco Notes should be respected as debt for U.S. federal income tax purposes (see above under "– Tax Treatment of Finance Trust and F17 Trust" and "Tax Treatment of the Amended U.S. Holdco Notes"), payments of principal and interest on the Amended U.S. Holdco Notes that are attributable to Non-U.S. Holders will be treated as payments directly to the Non-U.S. Holders. Subject to the discussion below, interest payments on the Amended U.S. Holdco Notes to F17 Trust should qualify as "portfolio interest" under the Code and generally should not be subject to U.S. withholding tax provided that the following requirements are satisfied (the "**Portfolio Interest Exemption**"),

- the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of U.S. Holdco's stock entitled to vote within the meaning of Section 871(h)(3) of the Code and the regulations thereunder;

- the Non-U.S Holder is not a controlled foreign corporation that is related to U.S. Holdco through stock ownership;

- the Non-U.S. Holder is not a bank whose receipt of interest on the Amended U.S. Holdco Notes is described in Section 881(c)(3)(a) of the Code, and

- the Non-U.S. Holder satisfies the statement requirement set forth in section 871(a) and section 881(c) of the Code and the regulations thereunder, which requirement can generally be met by F17 Trust providing to U.S. Holdco a completed IRS Form W-8IMY to which is attached either: (a) a completed IRS Form W-8BEN or W-8BEN-E, as applicable, (or a suitable substitute or successor form) certifying under penalties of perjury that such non-U.S. Holder is not a U.S person; (b) a statement under penalties of perjury by a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business certifying that an applicable IRS Form W-8BEN or W-8BEN-E, as applicable, (or a suitable successor form) has been received by it from the Non-U.S. Holder along with a copy of such form; (c) an IRS Form W-8IMY from a "nonqualified intermediary" (as defined under IRS regulations) to which is attached a completed IRS Form W-8BEN or W-8BEN-E, as applicable, from the Non-U.S. Holder or the documentation described in clauses (b), (c) or (d) of this paragraph; or (d) a "qualified intermediary" (as defined under IRS regulations) provides an IRS Form W-8IMY certifying that the qualified intermediary received documentation upon which it can rely to treat the Non-U.S. Holder as a non-U.S. person. This certification requirement may be satisfied with other documentary evidence in the case of a F17 Trust Unit held in an offshore account.

F17 Trust intends to provide an IRS Form W-8IMY to U.S. Holdco and to attach any Forms W-8BEN, W-8BEN-E or Forms W-8IMY (and related attachments) that it receives with respect to holders of F17 Trust Units.

If a Non-U.S. Holder cannot satisfy the requirements of the Portfolio Interest Exemption, payments of interest (including OID) attributable to the Amended U.S. Holdco Notes that are allocable to such Non-U.S. Holder (or that are allocable to any U.S. Holder that fails to provide documentation and is consequently presumed to be a Non-U.S. Holder) will be subject to a 30% withholding tax unless such non-U.S. Holder provides F17 Trust with a properly executed IRS Form W-8BEN or W-8BEN-E, as applicable, claiming an exemption from or reduction in withholding under an applicable income tax treaty. In that case, F17 Trust may (i) reduce a subsequent distribution to such holder by the amount of such withholding tax, or (ii) demand reimbursement from such holder.

A Non-U.S. Holder that cannot satisfy the requirements above will be subject to tax under Section 871 of the Code. Such Non-U.S. Holder will be entitled to a credit based on amounts withheld.

It is recommended that Non-U.S. Holders consult their own tax advisor about the specific methods for satisfying these requirements. A claim for exemption will not be valid if the person receiving the applicable form has actual knowledge, or reason to know, that the statements on the form are false.

There can be no assurance that the IRS will not challenge the determination that the interest rate on the Amended U.S. Holdco Notes represents an arm's length rate and, if successful, any excess amount over arm's length would not be deductible by U.S. Holdco and could be recharacterized as a dividend payment instead of an interest payment for U.S. federal income tax purposes. Such amount would be subject to withholding of U.S. federal income tax at a 30% rate (or a lower rate pursuant to the Canada-U.S. Tax Convention or other applicable income tax treaty).

Distributions

Distributions received by a Non-U.S. Holder with respect to REIT Units should be treated as non-US source dividend income to the extent the amount of the distributions does not exceed the REIT's current or accumulated earnings and profits allocable to the distribution and should not be subject to any U.S. federal income or withholding tax. To the extent a distribution exceeds earnings and profits, it will be treated first as a return of capital to the extent of the adjusted basis in the REIT Units, and then as gain from the sale of a capital asset. Such gain would not be subject to tax under FIRPTA because the REIT should be treated as a foreign corporation for U.S. federal income tax purposes.

Sale or Disposition of New Stapled Units

Assuming the Amended U.S. Holdco Notes are treated as debt for U.S. federal income tax purposes, as discussed above under "– Tax Treatment of the Amended U.S. Holdco Notes", such Amended U.S. Holdco Notes should be considered an interest held by F17 Trust solely as a creditor. Consequently amounts received by F17 Trust on a disposition of the Amended U.S. Holdco Notes or on the repayment of principal on the Amended U.S. Holdco Notes should not give rise to tax under

FIRPTA and a Non-U.S. Holder should not be subject to U.S. federal income tax on any gain realized on the sale, exchange, or other disposition of a REIT Unit or a F17 Trust Unit (other than accrued and unpaid interest on the Amended U.S. Holdco Notes attributable to the F17 Trust Unit, which will be treated as interest for U.S. federal income tax purposes and may be eligible for the Portfolio Interest Exemption or an exemption or reduction in withholding under an applicable income tax treaty) unless: (i) the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (or, if a tax treaty applies, the gain is attributable to a U.S. permanent establishment maintained by such Non-U.S. Holder) and (ii) in the case of a Non-U.S. Holder that is an individual who is present in the United States for a period or periods aggregating 183 or more days in the taxable year of disposition and certain other conditions are met. If, however, the Amended U.S. Holdco Notes were successfully recharacterized by the IRS as equity, then the Amended U.S. Holdco Notes would generally be treated as USRPIs and any gain realized by such a holder upon a disposition of the F17 Trust Units held by such holder or upon a redemption of Amended U.S. Holdco Notes by F17 Trust would give rise to income tax under FIRPTA and would, absent a withholding certificate being obtained from the IRS, be subject to U.S. withholding tax. In such a case, any amounts withheld by the transferee of the Amended U.S. Holdco Notes or by U.S. Holdco may be credited against the holder's U.S. income tax liability and any excess amount withheld may be refunded.

Exercise of Dissent Rights

A Non-U.S. Holder that exercises Dissent Rights in the Arrangement and is paid cash in exchange for all of such Non-U.S. Holder's Stapled Units generally will be treated as having disposed of the REIT Unit component of the Stapled Unit and will also be treated as having disposed of the underlying U.S. Holdco Notes attributable to the Finance Trust Unit component of the Stapled Unit. Assuming the U.S. Holdco Notes are treated as debt for U.S. federal income tax purposes, such U.S. Holdco Notes should be considered an interest held by a Non-U.S. Holder (through Finance Trust) solely as a creditor. Consequently amounts received by a Non-U.S. Holder upon the sale or exchange of interests in Finance Trust (or amounts received by Finance Trust on a disposition of the U.S. Holdco Notes or on the repayment of principal on the U.S. Holdco Notes) should not give rise to tax under FIRPTA. As a result, a Non-U.S. Holder exercising Dissent Rights should not be subject to U.S. federal income tax on any gain realized upon such disposition of a REIT Unit or a Finance Trust Unit (other than accrued and unpaid interest on the U.S. Holdco Notes attributable to the Finance Trust Unit, which will be treated as U.S. source interest for U.S. federal income tax purposes and may be eligible for the Portfolio Interest Exemption or an exemption or reduction in withholding under an applicable income tax treaty) unless: (i) the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (or, if a tax treaty applies, the gain is attributable to a U.S. permanent establishment maintained by such Non-U.S. Holder) and (ii) in the case of a Non-U.S. Holder that is an individual who is present in the United States for a period or periods aggregating 183 or more days in the taxable year of disposition and certain other conditions are met. If, however, the U.S. Holdco Notes were successfully recharacterized by the IRS as equity, then the U.S. Holdco Notes would generally be treated as USRPIs and any gain realized by such a holder upon a disposition of the Finance Trust Units held by such holder would give rise to income tax under FIRPTA and would, absent a withholding certificate being obtained from the IRS, be subject to U.S. withholding tax. In such a case, any amounts withheld by the transferee of the U.S. Holdco Notes or by U.S. Holdco may be credited against the holder's U.S. income tax liability and any excess amount withheld may be refunded.

U.S. Federal Estate Tax

REIT Units held by a Non-U.S. Holder at the time of death will not be includible in the holder's gross estate for U.S. federal estate tax purposes. F17 Trust Units owned by a Non-U.S. Holder at the time of death should likewise not be subject to U.S. estate tax, provided that any payment of interest with respect the Amended U.S. Holdco Notes attributable to such F17 Trust Units would be eligible for the Portfolio Interest Exemption described above under "Interest" without regard to the Form W-8BEN or W-8BEN-E, as applicable, requirement described therein.

Information Reporting and Backup Withholding

The amount of interest payments to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to such payments will be reported annually to the IRS. Copies of the information returns reporting the interest payments and withholding may also be made available to the tax authorities in the country in which a non-U.S. Holder resides under the provisions of an applicable income tax treaty. Certain payments to U.S. persons are subject to a 28% U.S. backup withholding tax. Provided that a Non-U.S. Holder has complied with certain reporting procedures (usually satisfied by providing an IRS Form W-8BEN or W-8BEN-E, as applicable) or otherwise establishes an exemption, a Non-U.S. Holder generally will not be subject to U.S. backup withholding tax with respect to interest payments on, and the proceeds from disposition of a New Stapled Unit, unless the REIT or F17 Trust believe or have reason to believe that the holder is a United States person. Any amounts of backup withholding imposed on a payment to a Non-U.S. Holder will be allowed as a refund

or a credit against the Non-U.S. Holder's U.S federal income tax liability, provided the required information is furnished to the IRS.

Additional Withholding Requirements

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), a 30% U.S. federal withholding tax may apply to any interest paid on the Amended U.S. Holdco Notes underlying the F17 Trust Units, and, beginning on January 1, 2019, the gross proceeds, including principal payments, from a disposition or redemption of, the Amended U.S. Holdco Notes, paid to (i) a "foreign financial institution" (as specifically defined in the Code) that does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner that avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) that does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA or (y) adequate information regarding certain substantial U.S. beneficial owners of such entity (if any). These withholding obligations apply to interest payable on the Amended U.S. Holdco Notes, and will apply to gross proceeds from a disposition of the Amended U.S. Holdco Notes payable on and after January 1, 2019. If an interest payment is subject both to withholding under FATCA and to the withholding tax discussed above under "– Tax Consequences to Non-U.S. Holders – Interest", the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. You should consult your own tax advisor regarding these requirements and whether they may be relevant to your ownership and disposition of F17 Trust Units or New Stapled Units.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed in this Circular, none of the trustees or senior officers of the REIT or Finance Trust, none of the persons who have been trustees or senior officers of the REIT or Finance Trust since the commencement of the REIT's or Finance Trust's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meetings.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, no informed person of the REIT or Finance Trust, and no associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the REIT's or Finance Trust's financial year ended December 31, 2016 which has materially affected or would materially affect the REIT or Finance Trust or any of the REIT's subsidiaries.

AUDITOR

The auditors of the REIT and Finance Trust are KPMG LLP.

ADDITIONAL INFORMATION

Additional information relating to the Trusts may be found on SEDAR at www.sedar.com or obtained from AST Trust Company (Canada) at www.meetingdocuments.com/astca/hr. Additional financial information is provided in the Trusts' audited combined financial statements and management's discussion and analysis for their most recently completed financial year.

Copies of (i) the Trusts' audited combined financial statements and management's discussion and analysis for the financial year ended December 31, 2016, (ii) this Circular, and (iii) the REIT's most recent annual information form may be obtained by writing to the Chief Financial Officer of the REIT. However, (i) neither Finance Trust nor any of its trustees or officers, assumes any responsibility for the completeness of the information contained in the REIT's materials filed with the Canadian securities regulatory authorities or for any failure of the REIT or its trustees or officers to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information, and (ii) neither the REIT nor any of its trustees or officers, assumes any responsibility for the completeness of the information contained in Finance Trust's materials filed with the Canadian securities regulatory authorities or for any failure of Finance Trust or its trustees or officers to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information.

APPROVAL OF THE TRUSTEES

The contents of this Circular and the sending of it to holders of Stapled Units and Special Voting Units, to each REIT Trustee and Finance Trust Trustee, to the auditors of the REIT and Finance Trust and to the appropriate governmental and regulatory agencies have been approved by the REIT Trustees and the Finance Trust Trustees.

DATED as of October 31, 2017.

BY ORDER OF THE TRUSTEES OF
H&R REAL ESTATE INVESTMENT TRUST

LARRY FROOM
Chief Financial Officer
H&R Real Estate Investment Trust

BY ORDER OF THE TRUSTEES OF
H&R FINANCE TRUST

LARRY FROOM
Chief Financial Officer
H&R Finance Trust

SCHEDULE A

TEXT OF H&R REAL ESTATE INVESTMENT TRUST SPECIAL RESOLUTION

WHEREAS management has proposed to effect the plan of arrangement (the "**Plan of Arrangement**") as described in the joint management information circular of H&R Real Estate Investment Trust (the "**REIT**") and H&R Finance Trust dated October 31, 2017 (the "**Circular**") with respect to the special meeting of unitholders of the REIT held on December 7, 2017;

AND WHEREAS the trustees of the REIT have determined that it is in the best interests of the REIT to effect the Plan of Arrangement;

NOW THEREFORE BE IT RESOLVED THAT:

1. the Plan of Arrangement, the full text of which is set out as Exhibit A to the Arrangement Agreement contained in Schedule C to the Circular (as the Plan of Arrangement may be amended, modified or supplemented in accordance with its terms), is hereby ratified, authorized, confirmed, approved and adopted;

2. the Arrangement Agreement, the full text of which is set out in Schedule C to the Circular (as the Arrangement Agreement may be amended, modified or supplemented in accordance with its terms), is hereby ratified, authorized, confirmed, approved and adopted;

3. the trustees are hereby authorized to enter into an amended and restated REIT Declaration of Trust (as defined in the Circular), to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement and otherwise as contemplated in the Circular, together with such minor or clerical amendments to the REIT Declaration of Trust as they, in their sole discretion, approve;

4. the trustees are hereby authorized to enter into an amended and restated Unit Option Plan, Incentive Unit Plan, DRIP, and Unitholder Rights Plan (each, as defined in the Circular and collectively, the "**REIT Documents**") as amended, supplemented or amended and restated in each case as may be necessary or desirable to give effect to the Plan of Arrangement or as are otherwise described in the Circular and such REIT Documents are hereby ratified, authorized, confirmed, approved and adopted;

5. an Existing Stapled Unit Event of Uncoupling (as defined in the Circular) is approved to occur, and shall be deemed to have occurred, on the Effective Date at the time provided in the Plan of Arrangement;

6. any trustee or officer of the REIT is hereby authorized to enter into, to execute or cause to be executed on behalf of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, including an amended or restated REIT Declaration of Trust, the REIT Documents and any other documents, agreements and instruments involving the REIT, in each case as may be amended, supplemented or amended and restated, and to cause to be done all such other acts and things as such trustee or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing; and

7. notwithstanding that this resolution has been passed by the holders of units and special voting units of the REIT, or that the Plan of Arrangement has been approved by the Court (as defined in the Plan of Arrangement), the trustees of the REIT are hereby authorized and empowered without further notice to or approval of the holders of units and special voting units of the REIT to:

   (a) modify the specific steps involved in the Plan of Arrangement, to the extent permitted by the Plan of Arrangement;

   (b) determine the timing and arrange for the implementation of the Plan of Arrangement, or to otherwise amend, modify or supplement the Plan of Arrangement, to the extent permitted by the Plan of Arrangement;

   (c) decide not to proceed with the Plan of Arrangement;

(d) enter into or amend, both before and following the effective date of the Plan of Arrangement, any document, agreement or instrument (including the REIT Declaration of Trust and the REIT Documents) as is necessary or desirable to implement, effect, record, document, evidence or reflect the Plan Arrangement; and

(e) revoke this special resolution before it is acted on.

SCHEDULE B

TEXT OF H&R FINANCE TRUST SPECIAL RESOLUTION

WHEREAS management has proposed to effect the plan of arrangement (the "**Plan of Arrangement**") as described in the joint management information circular of H&R Real Estate Investment Trust and H&R Finance Trust ("**Finance Trust**") dated October 31, 2017 (the "**Circular**") with respect to the special meeting of unitholders of Finance Trust held on December 7, 2017;

AND WHEREAS the trustees of Finance Trust have determined that it is in the best interests of Finance Trust to effect the Plan of Arrangement;

NOW THEREFORE BE IT RESOLVED THAT:

1. the Plan of Arrangement, the full text of which is set out as Exhibit A to the Arrangement Agreement contained in Schedule C to the Circular (as the Plan of Arrangement may be amended, modified or supplemented in accordance with its terms), is hereby ratified, authorized, confirmed, approved and adopted;

2. the Arrangement Agreement, the full text of which is set out in Schedule C to the Circular (as the Arrangement Agreement may be amended, modified or supplemented in accordance with its terms), is hereby ratified, authorized, confirmed, approved and adopted;

3. the trustees are hereby authorized to enter into an amended and restated Finance Trust Declaration of Trust (as defined in the Circular), to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement and otherwise as contemplated in the Circular, together with such minor or clerical amendments to the Finance Trust Declaration of Trust as they, in their sole discretion, approve;

4. any trustee or officer of Finance Trust is hereby authorized to enter into, to execute or cause to be executed on behalf of Finance Trust or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, including an amended and restated Finance Trust Declaration of Trust and any other documents, agreements and instruments involving Finance Trust, in each case as may be amended, supplemented or amended and restated, and to cause to be done all such other acts and things as such trustee or officer shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing; and

5. notwithstanding that this resolution has been passed by the unitholders of Finance Trust, or that the Plan of Arrangement has been approved by the Court (as defined in the Plan of Arrangement), the trustees of Finance Trust are hereby authorized and empowered without further notice to or approval of the holders of units of Finance Trust:

   (a) modify the specific steps involved in the Plan of Arrangement, to the extent permitted by the Plan of Arrangement;

   (b) determine the timing and arrange for the implementation of the Plan of Arrangement, or to otherwise amend, modify or supplement the Plan of Arrangement, to the extent permitted by the Plan of Arrangement;

   (c) decide not to proceed with the Plan of Arrangement;

   (d) enter into or amend, both before and following the effective date of the Plan of Arrangement, any document, agreement or instrument (including the Finance Trust Declaration of Trust) as is necessary or desirable to implement, effect, record, document, evidence or reflect the Plan Arrangement; and

   (e) revoke this special resolution before it is acted on.

SCHEDULE C

ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made as of the 19th day of October, 2017 among:

H&R REAL ESTATE INVESTMENT TRUST,
H&R FINANCE TRUST,
H&R GP BENEFICIARY INC.,
H&R REIT (U.S.) HOLDINGS INC.,
H&R REIT U.S. PORTFOLIO LIMITED PARTNERSHIP,
H&R REIT HOLDINGS LIMITED PARTNERSHIP,
H&R REIT HOLDINGS GP TRUST,
H&R PORTFOLIO LIMITED PARTNERSHIP,
and
H&R PORTFOLIO LP TRUST

WHEREAS:

(a) The REIT, Finance Trust, Benco (each as defined herein), and the other parties hereto wish to undertake an arrangement involving, among other things, the holders of Finance Trust Units (as defined herein) (each Finance Trust Unit being a component of a Stapled Unit (as defined herein)), through a series of steps, disposing of their Finance Trust Units to the REIT and acquiring F17 Trust Units (as defined herein);

(b) the parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the *Business Corporations Act* (Alberta); and

(c) the parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder;

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedules and exhibits to this arrangement agreement) as amended, modified or supplemented from time to time, and not to any particular article, section, schedule, exhibit or other portion of this arrangement agreement;

"**Arrangement**" means the proposed arrangement under Section 193 of the ABCA on the terms and conditions set out in the Plan of Arrangement, and any amendments, modifications or supplements thereto made in accordance with the terms thereof;

"**Arrangement Resolutions**" means the REIT Arrangement Resolution and the Finance Trust Arrangement Resolution;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been made to give effect to the Arrangement;

"**Benco**" means H&R GP Beneficiary Inc., a corporation incorporated under the ABCA which is a wholly owned subsidiary of the REIT;

"**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in the Province of Alberta or the Province of Ontario, on which the principal commercial banks in downtown Calgary and downtown Toronto are generally open for the transaction of commercial banking business;

"**Certificate**" means the certificate(s) or other confirmation(s) of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;

"**Circular**" means the management information circular of the REIT and Finance Trust, including the schedules thereto, to be distributed or otherwise made available to holders of Stapled Units and Special Voting Units in connection with the Meetings;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Dissent Rights**" means the rights of Registered Unitholders under the REIT Declaration of Trust, the Finance Trust Declaration of Trust and the Interim Order to dissent from the Arrangement and be paid the fair value of their Stapled Units;

"**DRIP**" means the amended and restated distribution reinvestment plan and unit purchase plan of the REIT and Finance Trust, as amended, modified or supplemented from time to time;

"**Effective Date**" means the date shown on the Certificate issued by the Registrar giving effect to the Arrangement;

"**Effective Time**" means 8:30 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as the REIT, Finance Trust and Benco may agree;

"**Existing Stapled Unit Event of Uncoupling**" means an event whereby each REIT Unit is no longer required to be transferred together with a Finance Trust Unit (and vice versa), an event that occurs only: (a) in the event that holders of REIT Units and Special Voting Units vote in favour of the uncoupling of REIT Units and Finance Trust Units such that the two securities will trade separately; or (b) at the sole discretion of the trustees of Finance Trust, but only in the event of the bankruptcy, insolvency, winding-up or reorganization (under an applicable law relating to insolvency) of the REIT or U.S. Holdco or the taking of corporate action by the REIT or U.S. Holdco in furtherance of any such action or the admitting in writing by the REIT or U.S. Holdco of its inability to pay its debts generally as they become due, as provided in the REIT Declaration of Trust and the Finance Trust Declaration of Trust;

"**F17 Trust**" means H&R Finance (2017) Trust, a trust to be formed under the laws of Ontario, or, where the context so requires, the trustees of H&R Finance (2017) Trust acting in their capacity as trustees;

"**F17 Trust Declaration of Trust**" means the declaration of trust of F17 Trust, as amended, modified or supplemented from time to time, which will initially be substantially similar to the Finance Trust Declaration of Trust;

"**F17 Trust Units**" means, collectively, the units of F17 Trust, and "**F17 Trust Unit**" means any one of them;

"**Final Order**" means the final order to be made by the Court approving the Plan of Arrangement to be applied for following the Meetings pursuant to the provisions of Section 193 of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Finance Trust**" means H&R Finance Trust, a trust formed under the laws of Ontario, or, where the context so requires, the trustees of H&R Finance Trust acting in their capacity as trustees;

"**Finance Trust Arrangement Resolution**" means the special resolutions of the holders of Finance Trust Units authorizing and approving the Arrangement;

"**Finance Trust Declaration of Trust**" means the declaration of trust of Finance Trust, as amended, modified or supplemented from time to time;

"**Finance Trust Meeting**" means the special meeting of holders of Finance Trust Units to be held on December 7, 2017, including any adjournment(s) or postponement(s) thereof, to consider and to vote upon the Finance Trust Arrangement Resolution;

"**Finance Trust Units**" means, collectively, the units of Finance Trust, and "**Finance Trust Unit**" means any one of them;

"**Holdings LP**" means H&R REIT Holdings Limited Partnership, a limited partnership formed under the laws of Ontario, of which, as of the date hereof, the sole general partner is H&R REIT Holdings GP Trust and the sole limited partner is the REIT;

"**Incentive Unit Plan**" means the H&R Real Estate Investment Trust Incentive Unit Plan, as amended, modified or supplemented from time to time;

"**Interim Order**" means the interim order of the Court with respect to the Arrangement under subsection 193(4) of the ABCA confirming, among other things, the calling and holding of the Meetings and the voting thereat, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Meetings**" means, collectively, the REIT Meeting and the Finance Trust Meeting;

"**New Stapled Unit**" means one REIT Unit and one F17 Trust Unit which, following completion of the Arrangement and until a New Stapled Unit Event of Uncoupling occurs, will trade together;

"**New Stapled Unit Event of Uncoupling**" means an event whereby each REIT Unit is no longer required to be transferred together with an F17 Trust Unit (and vice versa), an event that occurs only: (a) in the event that holders of REIT Units and Special Voting Units vote in favour of the uncoupling of REIT Units and F17 Trust Units such that the two securities will trade separately; or (b) at the sole discretion of the trustees of F17 Trust, but only in the event of the bankruptcy, insolvency, winding-up or reorganization (under an applicable law relating to insolvency) of the REIT or U.S. Holdco or the taking of corporate action by the REIT or U.S. Holdco in furtherance of any such action or the admitting in writing by the REIT or U.S. Holdco of its inability to pay its debts generally as they become due;

"**Plan of Arrangement**" means the plan of arrangement under Section 193 of the ABCA attached hereto as Exhibit A, and any amendment, modification or supplement made in accordance with the terms thereof;

"**Registered Unitholder**" means (i) with respect to Stapled Units, a registered holder of Stapled Units as recorded in the unitholder register for Stapled Units by the Transfer Agent, and (ii) with respect to New Stapled Units, a registered holder of New Stapled Units as recorded in the unitholder register for New Stapled Units by the Transfer Agent, as applicable and as the context may require;

"**Registrar**" means the registrar appointed under Section 263 of the ABCA;

"**REIT**" means H&R Real Estate Investment Trust, a trust formed under the laws of Ontario, or, where the context so requires, the trustees of H&R Real Estate Investment Trust acting in their capacity as trustees;

"**REIT Arrangement Resolution**" means the special resolutions of the holders of REIT Units and Special Voting Units authorizing and approving the Arrangement;

"**REIT Declaration of Trust**" means the declaration of trust of the REIT, as amended, modified or supplemented from time to time;

"**REIT Meeting**" means the special meeting of the holders of REIT Units and Special Voting Units to be held on December 7, 2017, including any adjournment(s) or postponement(s) thereof, to consider and to vote upon the REIT Arrangement Resolution;

"**REIT Units**" means, collectively, the units of the REIT designated as "Units" under the REIT Declaration of Trust, and "**REIT Unit**" means any one of them;

"**Special Voting Units**" means, collectively, the units of the REIT designated as "Special Voting Units" under the REIT Declaration of Trust, and "**Special Voting Unit**" means any one of them;

"**Stapled Unit**" means one REIT Unit and one Finance Trust Unit which, until an Existing Stapled Unit Event of Uncoupling occurs, trade together;

"**Transfer Agent**" means AST Trust Company (Canada), in its capacity as transfer agent for the Stapled Units or the New Stapled Units, as applicable and as the context may require;

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

"**Unit Option Plan**" means the unit option plan entitled "H&R Real Estate Investment Trust Unit Option Plan" under which options to acquire Stapled Units have been and may be granted, as amended, modified or supplemented from time to time;

"**Unitholder Rights Plan**" means the amended and restated unitholder rights plan of the REIT made as of June 8, 2015, as amended, modified or supplemented from time to time;

"**U.S. Holdco**" means H&R REIT (U.S.) Holdings Inc., a corporation incorporated under the laws of Delaware which is an indirect wholly owned subsidiary of the REIT;

"**U.S. Holdco Note Indenture**" means the note indenture dated as of October 1, 2008 between U.S. Holdco, as issuer, and the trustee appointed thereunder, as note trustee, which provides for the issuance from time to time of unsecured U.S. dollar denominated subordinated notes, in one or more series, as amended, modified or supplemented from time to time in accordance with its terms; and

"**U.S. Holdco Notes**" means the U.S. dollar denominated notes issued by U.S. Holdco pursuant to the U.S. Holdco Note Indenture.

1.2 Currency

Unless otherwise specified, all references in this Agreement to money amounts are to the lawful currency of Canada.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, schedules and exhibits and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Article References

Unless reference is specifically made to some other document or instrument, all references herein to articles, sections, exhibits and schedules are to articles, sections, exhibits and schedules of this Agreement.

1.5 Extended Meanings

Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word "including" or "includes" is used, it means "including (or includes) without limitation".

1.6 References to Trusts

Where any reference is made herein to an act to be performed by, for or on behalf of, or an obligation of, the REIT, Finance Trust or F17 Trust, respectively, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, for or on behalf of, or an obligation of, the trustee or trustees of the REIT, Finance Trust or F17 Trust, as applicable, in their capacity as trustee or trustees of the REIT, Finance Trust or F17 Trust, as the case may be, to the extent necessary to give effect thereto.

1.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract.

1.8 Exhibit

Exhibit A annexed to this Agreement, being the Plan of Arrangement, is incorporated by reference into this Agreement and forms a part hereof.

ARTICLE 2
THE ARRANGEMENT

2.1 Court Applications

In connection with the Arrangement, the REIT, Finance Trust and Benco shall:

(a) forthwith following the date of this Agreement file, proceed with and prosecute an application for an Interim Order under Section 193 of the ABCA providing for, among other things, the calling and holding of the Meetings for the purpose of considering and, if thought advisable, approving the Arrangement Resolutions; and

(b) subject to the terms of this Agreement and obtaining all necessary approvals as contemplated in the Interim Order and as may be directed by the Court in the Interim Order or otherwise, including approval of the applicable Arrangement Resolutions by the holders of REIT Units and Special Voting Units, and by the holders of Finance Trust Units, as applicable, take steps necessary to submit the Arrangement to the Court and apply for the Final Order on or before December 31, 2017.

2.2 Implementation of the Arrangement

Subject to the terms of this Agreement, including satisfaction or waiver of the conditions set forth herein, on such date as the REIT, Finance Trust and Benco may agree, Benco shall send to the Registrar the Articles of Arrangement and such other documents as may be required to obtain the Certificate and give effect to the Arrangement. The Effective Date shall be a Business Day unless the REIT, Finance Trust and Benco agree otherwise.

2.3 Effective Time

The Arrangement shall become effective at the Effective Time in the manner provided in the Plan of Arrangement and the transactions comprising the Arrangement shall occur and shall be deemed to have occurred as set out therein without any further act or formality.

ARTICLE 3
COVENANTS

3.1 Covenants of the Parties

Each of the parties hereto covenants and agrees that, subject to the terms of this Agreement, including satisfaction or waiver of the conditions set forth herein, it will:

(a) take all reasonable actions necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;

(b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the parties in connection with the Arrangement and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;

(c) use all reasonable efforts to cause each of the conditions precedent set forth in Article 4 which are within its control to be satisfied on or before the Effective Date; and

(d) to the extent applicable to it, carry out the terms of the Interim Order and Final Order and implement the transactions contemplated by this Agreement and the Arrangement.

3.2 Covenants of the REIT

The REIT covenants and agrees that it will:

(a) solicit proxies to be voted at the REIT Meeting in favour of the REIT Arrangement Resolution and, together with Finance Trust, prepare the Circular and proxy solicitation materials and any amendments, modifications or supplements thereto as required by, and in compliance with, the Interim Order, applicable securities laws and the REIT Declaration of Trust, file such materials as required under applicable securities laws in a timely and expeditious manner and distribute "notice-and-access" materials with respect to the REIT Meeting and, where required, the Circular or other REIT Meeting materials, in accordance with applicable securities laws and the Interim Order;

(b) convene the REIT Meeting as contemplated by the Interim Order and conduct the REIT Meeting in accordance with the Interim Order, the REIT Declaration of Trust and as otherwise required by law; and

(c) prior to the Effective Date, make application to the TSX for approval of the listing on the TSX of F17 Trust Units and the listing and posting for trading on the TSX of the New Stapled Units.

3.3 Covenants of Finance Trust

Finance Trust covenants and agrees that it will:

(a) solicit proxies to be voted at the Finance Trust Meeting in favour of the Finance Trust Arrangement Resolution and, together with the REIT, prepare the Circular and proxy solicitation materials and any amendments, modifications or supplements thereto as required by, and in compliance with, the Interim Order, applicable securities laws and the Finance Trust Declaration of Trust, file such materials as required under applicable securities laws in a timely and expeditious manner and distribute "notice-and-access" materials with respect to the Finance Trust Meeting and, where required, the Circular or other Finance Trust Meeting materials, in accordance with applicable securities laws and the Interim Order; and

(b) convene the Finance Trust Meeting as contemplated by the Interim Order and conduct the Finance Trust Meeting in accordance with the Interim Order, the Finance Trust Declaration of Trust and as otherwise required by law.

3.4 Amendment of the REIT Declaration of Trust and Finance Trust Declaration of Trust

Each of the parties hereto agrees that, subject to the terms of this Agreement, including satisfaction or waiver of the conditions set forth herein, under the Arrangement the REIT Declaration of Trust and the Finance Trust Declaration of Trust will be amended in a manner satisfactory to the REIT and Finance Trust, respectively, in each case acting reasonably, as may be necessary or desirable to give effect to and reflect the Arrangement including, in the case of the REIT Declaration of Trust, to accommodate the New Stapled Unit structure.

3.5 Amendment of Plans

Each of the parties hereto agrees that, subject to the terms of this Agreement, including satisfaction or waiver of the conditions set forth herein, the Unitholder Rights Plan, the DRIP, the Unit Option Plan and the Incentive Unit Plan will be amended and restated in a manner satisfactory to the REIT as may be necessary or desirable to give effect to and reflect the Arrangement.

3.6 F17 Trust

The REIT will settle F17 Trust as provided in the Plan of Arrangement and will cause the terms of the F17 Trust Declaration of Trust to be substantially similar to the terms of the Finance Trust Declaration of Trust.

3.7 Dissent Rights

If any Registered Unitholders validly exercise and do not withdraw their exercise of Dissent Rights, the REIT and Finance Trust will, acting reasonably, cooperate to provide required notices to such dissenting holders, determine the fair value of REIT Units and Finance Trust Units as of the close of business on the day before the Arrangement Resolutions were adopted, send a written offer to pay fair value to such dissenting holders and otherwise conduct the Dissent Rights process as provided in the REIT Declaration of Trust and the Finance Trust Declaration of Trust.

3.8 Tax Elections

The parties agree that they will make such elections and other filings as may be required in order for the transactions contemplated in the Arrangement to occur on a tax-deferred basis, to the extent permitted under the *Income Tax Act* (Canada) and any applicable provincial statute.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Mutual Conditions

The respective obligations of the parties to complete the transactions contemplated by this Agreement shall be subject to the fulfillment or satisfaction, at or before the Effective Time, of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

(a) the Interim Order shall have been granted in form and substance satisfactory to the REIT, Finance Trust and Benco, acting reasonably, not later than November 1, 2017 or such later date as the REIT, Finance Trust and Benco may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

(b) the REIT Arrangement Resolution shall have been approved by the requisite number of votes cast by the holders of REIT Units and Special Voting Units at the REIT Meeting, and the Finance Trust Arrangement Resolution shall have been approved by the requisite number of votes cast by

the holders of Finance Trust Units at the Finance Trust Meeting, in accordance with the provisions of the Interim Order, the REIT Declaration of Trust, the Finance Trust Declaration of Trust and any applicable regulatory requirements;

(c) the Final Order shall have been granted in form and substance satisfactory to the REIT, Finance Trust and Benco, acting reasonably, not later than December 31, 2017 or such later date as the REIT, Finance Trust and Benco may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

(d) AST Trust Company (Canada), or such other person chosen by the REIT to act as depositary for the Arrangement, shall have been retained and agreed to act as depositary for the Arrangement;

(e) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the REIT, Finance Trust and Benco, acting reasonably, shall have been accepted for filing by the Registrar together with the Final Order in accordance with Section 193 of the ABCA;

(f) an advance income tax ruling from the Canada Revenue Agency with respect to the Arrangement shall have been issued in form and substance satisfactory to the REIT and Finance Trust, acting reasonably;

(g) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated, announced, proposed or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

(i) makes or seeks to make illegal or otherwise directly or indirectly restrains, enjoins or prohibits, or seeks to restrain, enjoin or prohibit the Arrangement or any other transactions contemplated herein or in the Plan of Arrangement;

(ii) prohibits or ceases trading in, or imposes material limitations on the trading of, REIT Units, Finance Trust Units, Stapled Units, F17 Trust Units or New Stapled Units, or seeks to do any of the foregoing (other than, for greater certainty, with respect to provisions regarding the "stapling" and trading together of REIT Units and Finance Trust Units as Stapled Units (unless an Existing Stapled Unit Event of Uncoupling occurs), and of REIT Units and F17 Trust Units as New Stapled Units upon completion of the Arrangement (unless a New Stapled Unit Event of Uncoupling occurs); or

(iii) results in or seeks a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein or in the Plan of Arrangement;

(h) there shall not have occurred any change or proposed change in the income tax laws of Canada or the United States or any other jurisdiction, or the interpretation or administration thereof, which change would, as a consequence of the completion of the Arrangement, be material and adverse to the REIT, Finance Trust or F17 Trust (on a combined and consolidated basis, as applicable) or their respective unitholders;

(i) no breach or default or event of default will result under material debt contracts or indentures or other material agreements of the REIT or Finance Trust or any of their respective subsidiary entities directly or indirectly relating to or as a result of the transactions contemplated herein or in the Plan of Arrangement;

(j) all material regulatory consents, exemptions and approvals considered necessary or desirable by the parties with respect to the transactions contemplated under the Arrangement shall have been

granted, completed or obtained including consents, exemptions and approvals from applicable securities regulatory authorities with respect to the REIT, F17 Trust and the New Stapled Unit structure and from the TSX;

(k) all material third party consents, waivers, exemptions and approvals and/or agreements or amendments or supplements to agreements or indentures, considered necessary or desirable by the parties with respect to the transactions contemplated under the Arrangement, including with respect to outstanding securities that are convertible into, or exercisable or exchangeable for, Stapled Units, shall have been entered into, completed or obtained prior to implementation of the Arrangement or will be entered into, completed or obtained concurrently with implementation of the Arrangement;

(l) Dissent Rights in respect of the Arrangement shall have been validly exercised and not withdrawn by holders of not more than 2% of the outstanding Stapled Units; and

(m) the REIT Units shall remain listed on the TSX and the TSX shall have conditionally approved the listing of the F17 Trust Units, and the listing or the substitutional listing and posting for trading of the New Stapled Units, subject only to customary conditions acceptable to the REIT and Finance Trust, acting reasonably.

4.2 Additional Conditions to Obligations of the REIT

In addition to the conditions contained in Section 4.1, the obligation of the REIT to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by it without prejudice to its right to rely on any other condition:

(a) each of the covenants, acts and undertakings of Finance Trust and Benco to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with; and

(b) the trustees of the REIT shall not have determined, in their sole and absolute discretion, not to proceed with the Arrangement.

4.3 Additional Conditions to Obligations of Finance Trust

In addition to the conditions contained in Section 4.1, the obligation of Finance Trust to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by it without prejudice to its right to rely on any other condition:

(a) each of the covenants, acts and undertakings of the REIT and Benco to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with; and

(b) the trustees of Finance Trust shall not have determined, in their sole and absolute discretion, not to proceed with the Arrangement.

4.4 Additional Conditions to Obligations of Benco

In addition to the conditions contained in Section 4.1, the obligation of Benco to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by it without prejudice to its right to rely on any other condition:

(a) each of the covenants, acts and undertakings of the REIT and Finance Trust to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with; and

(b) the directors of Benco shall not have determined, in their sole and absolute discretion, not to proceed with the Arrangement.

4.5 Notice and Effect of Failure to Comply with Conditions

If any of the conditions set forth in Sections 4.1, 4.2 or 4.3 hereof shall not be satisfied or waived by the party or parties for whose benefit such conditions are provided on or before the date required for the satisfaction thereof, then a party for whose benefit the condition is provided may rescind and terminate this Agreement; provided that, prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the party intending to rely thereon has delivered a written notice to the other party or parties, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the party delivering such notice is asserting as the basis for the non-satisfaction of the applicable conditions and the party in breach shall have failed to cure such breach or non-satisfaction within ten Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a party.

4.6 Satisfaction of Conditions

The conditions set out in this Article 4 are conclusively deemed to have been satisfied, waived or released when Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 5
AMENDMENT AND TERMINATION

5.1 Amendments

This Agreement may, at any time and from time to time before or after the Meetings, be amended in any respect whatsoever by written agreement of the parties hereto without further notice to or authorization on the part of their respective securityholders; provided that any such amendment that changes the consideration to be received by the holders or former holders of Stapled Units pursuant to the Arrangement shall be brought to the attention of the Court and is subject to such requirements as may be ordered by the Court.

5.2 Termination

This Agreement shall be terminated in each of the following circumstances:

(a) the mutual agreement of the parties hereto;

(b) the Arrangement shall not have become effective on or before February 28, 2018 or such later date as may be agreed to by the REIT, Finance Trust and Benco; and

(c) termination of this Agreement under Article 4 hereof.

ARTICLE 6
GENERAL

6.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

6.2 No Assignment

No party may assign its rights or obligations under this Agreement except pursuant to the Plan of Arrangement (including upon or in connection with the termination, liquidation or dissolution of a party thereunder) or as agreed by the other parties.

6.3 Confirmation

For greater certainty, none of the covenants of the parties contained herein shall prevent the trustees of the REIT or the trustees of Finance Trust from pursuing or responding to any inquiry, submission or proposal regarding any acquisition or disposition of assets or any proposal to amalgamate, merge or effect an arrangement or similar transaction or any take-over bid or acquisition proposal generally or making any disclosure to securityholders or otherwise with respect thereto which in the judgment of the trustees of the REIT or the trustees of Finance Trust is necessary or desirable.

6.4 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

6.5 Further Assurances

Each of the parties hereto shall make, do and execute, or cause to be made, done and executed, all such further acts, filings, deeds, agreements, indentures, supplemental indentures, amendments, forms, transfers, assurances, instruments or documents as may reasonably be requested or required by any of them in order to implement, effect, record or further document or evidence any of the transactions or events set out herein and in the Arrangement, including amendment of the terms and conditions of the Transferred Portion (as defined in the Plan of Arrangement) of the Existing Loans (as defined in the Plan of Arrangement), the subscription for and issuance of U.S. Holdco Notes, the issuance of common shares of U.S. Holdco, amendment of the U.S. Holdco Note Indenture, the change of general partner of Holdings LP and the dissolution of Holdings LP and Benco.

6.6 Obligations of the REIT and Finance Trust

The obligations of the REIT and Finance Trust hereunder are not personally binding upon any trustee of the REIT or Finance Trust, any registered or beneficial holder of Stapled Units, REIT Units, Finance Trust Units, Special Voting Units or New Stapled Units or any annuitant under a plan of which a registered or beneficial holder of Stapled Units, REIT Units, Finance Trust Units, Special Voting Units or New Stapled Units acts as trustee or carrier, and resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing, but the property of the REIT or Finance Trust, as applicable, or a specific portion thereof only shall be bound by such obligations. Any

obligation of the REIT set out herein shall to the extent necessary to give effect to such obligation be deemed to constitute, subject to the provisions of the first sentence of this Section 6.6, an obligation of the trustees of the REIT in their capacity as trustees of the REIT. Any obligation of Finance Trust set out herein shall to the extent necessary to give effect to such obligation be deemed to constitute, subject to the provisions of the first sentence of this Section 6.6, an obligation of the trustees of Finance Trust in their capacity as trustees of Finance Trust.

6.7 Counterparts

This Agreement may be executed in counterparts, in original, facsimile or electronic form, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed and delivered by the parties hereto effective as of the date first above written.

H&R REAL ESTATE INVESTMENT TRUST

Per: (signed) "*Larry Froom*"
Name: Larry Froom
Title: Chief Financial Officer

H&R FINANCE TRUST

Per: (signed) "*Larry Froom*"
Name: Larry Froom
Title: Chief Financial Officer

H&R GP BENEFICIARY INC.

Per: (signed) "*Larry Froom*"
Name: Larry Froom
Title: Secretary

H&R REIT (U.S.) HOLDINGS INC.

Per: (signed) "*Larry Froom*"
Name: Larry Froom
Title: Secretary

H&R REIT U.S. PORTFOLIO LIMITED PARTNERSHIP, by its general partner H&R ONTARIO GP TRUST, by its trustees

Per: (signed) "*Thomas Hofstedter*
Thomas Hofstedter

Per: (signed) "*Larry Froom*"
Larry Froom

Per: (signed) "*Nathan Uhr*"
Nathan Uhr

H&R REIT HOLDINGS LIMITED PARTNERSHIP, by its general partner H&R REIT HOLDINGS GP TRUST, by its sole trustee, H&R GP TRUSTEE INC.

Per: (signed) "*Larry Froom*"
Name: Larry Froom
Title: Secretary

H&R REIT HOLDINGS GP TRUST, by its sole trustee, H&R GP TRUSTEE INC.

Per: (signed) "*Larry Froom*"
Name: Larry Froom
Title: Secretary

H&R PORTFOLIO LIMITED PARTNERSHIP, by its general partner H&R PORTFOLIO GP TRUST, by its sole trustee, H&R PORTFOLIO INC.

Per: (signed) "*Larry Froom*"
Name: Larry Froom
Title: Secretary

H&R PORTFOLIO LP TRUST, by its trustees

Per: (signed) "*Thomas Hofstedter*"
Thomas Hofstedter

Per: (signed) "*Larry Froom*"
Larry Froom

EXHIBIT A

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT MADE PURSUANT TO SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA) INVOLVING H&R REAL ESTATE INVESTMENT TRUST, H&R FINANCE TRUST, H&R FINANCE (2017) TRUST, H&R GP BENEFICIARY INC., H&R REIT (U.S.) HOLDINGS INC., H&R REIT U.S. PORTFOLIO LIMITED PARTNERSHIP, H&R REIT HOLDINGS LIMITED PARTNERSHIP, H&R REIT HOLDINGS GP TRUST, H&R PORTFOLIO LIMITED PARTNERSHIP AND H&R PORTFOLIO LP TRUST

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, the following terms have the following respective meanings:

(a) **"ABCA"** means the *Business Corporations Act* (Alberta), as amended, including the regulations promulgated thereunder;

(b) **"Amended U.S. Holdco Notes"** has the meaning given to it in subsection 3.1(19);

(c) **"Arrangement"**, **"herein"**, **"hereof"**, **"hereto"**, **"hereunder"** and similar expressions mean this arrangement under Section 193 of the ABCA on the terms and conditions set out in this Plan of Arrangement, and any amendments, modifications or supplements thereto made in accordance with Article 6 of this Plan of Arrangement;

(d) **"Arrangement Agreement"** means the arrangement agreement dated as of October 19, 2017, among the REIT, Finance Trust, Benco, U.S. Holdco, U.S. Portfolio LP, Holdings LP, Holdings GP Trust, Portfolio LP and Portfolio LP Trust with respect to the Arrangement, as amended, modified or supplemented from time to time;

(e) **"Arrangement Resolutions"** means the REIT Arrangement Resolution and the Finance Trust Arrangement Resolution, and **"Arrangement Resolution"** means either of them as applicable and as the context may require;

(f) **"Articles of Arrangement"** means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been made to give effect to the Arrangement;

(g) **"Benco"** means H&R GP Beneficiary Inc., a corporation incorporated under the ABCA which is a wholly owned subsidiary of the REIT;

(h) **"Business Day"** means a day which is not a Saturday, Sunday or statutory holiday in the Province of Alberta or the Province of Ontario, on which the principal commercial banks in downtown Calgary and downtown Toronto are generally open for the transaction of commercial banking business;

(i) **"Certificate"** means the certificate(s) or other confirmation(s) of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;

(j) **"Circular"** means the management information circular of the REIT and Finance Trust, including the schedules thereto, distributed or otherwise made available to holders of Stapled Units and Special Voting Units in connection with the Meetings;

(k) **"Conversion Amount"** means the amount determined by dividing the Transferred Portion of the Existing Loans by 999 (rounded down to the nearest whole cent);

(l) **"Court"** means the Court of Queen's Bench of Alberta;

(m) **"Depositary"** means AST Trust Company (Canada), in its capacity as depositary for the Arrangement, or such other person chosen by the REIT to act as depositary for the Arrangement;

(n) **"Dissent Rights"** means the rights of Registered Unitholders under the REIT Declaration of Trust, the Finance Trust Declaration of Trust and the Interim Order to dissent from the Arrangement and be paid the fair value of their Stapled Units;

(o) **"Dissenting Unitholder"** means a Registered Unitholder entitled to vote at the Meetings that validly exercises Dissent Rights with respect to the Arrangement as provided in the REIT Declaration of Trust, the Finance Trust Declaration of Trust and the Interim Order, and has not withdrawn, or been deemed to withdraw, such exercise of Dissent Rights;

(p) **"DRIP"** means the amended and restated distribution reinvestment plan and unit purchase plan of the REIT and Finance Trust, as amended, modified or supplemented from time to time;

(q) **"Effective Date"** means the date shown on the Certificate issued by the Registrar giving effect to the Arrangement;

(r) **"Effective Time"** means 8:30 a.m. (Toronto time) on the Effective Date or such other time on the Effective Date as the REIT, Finance Trust and Benco may agree;

(s) **"Exchange Right"** has the meaning given to it in subsection 3.1(4);

(t) **"Existing Loans"** means the U.S. dollar denominated loans that have been advanced by the REIT to U.S. Holdco, as evidenced by an amended and restated promissory note issued by U.S. Holdco to the REIT dated January 1, 2015, as amended, having an outstanding principal amount owing at the Effective Time as set forth in the Notice of Determination;

(u) **"Existing Stapled Unit Event of Uncoupling"** means an event whereby each REIT Unit is no longer required to be transferred together with a Finance Trust Unit (and vice versa), an event that occurs only: (i) in the event that holders of REIT Units and Special Voting Units vote in favour of the uncoupling of REIT Units and Finance Trust Units such that the two securities will trade separately; or (ii) at the sole discretion of the trustees of Finance Trust, but only in the event of the bankruptcy,

insolvency, winding-up or reorganization (under an applicable law relating to insolvency) of the REIT or U.S. Holdco or the taking of corporate action by the REIT or U.S. Holdco in furtherance of any such action or the admitting in writing by the REIT or U.S. Holdco of its inability to pay its debts generally as they become due, as provided in the REIT Declaration of Trust and the Finance Trust Declaration of Trust;

(v) **"Existing Support Agreement"** means the support agreement entered into between the REIT and Finance Trust as of October 1, 2008, as amended;

(w) **"F17 Trust"** means H&R Finance (2017) Trust, a trust to be formed under the laws of Ontario, or, where the context so requires, the trustees of H&R Finance (2017) Trust acting in their capacity as trustees;

(x) **"F17 Trust Declaration of Trust"** means the declaration of trust of F17 Trust, as amended, modified or supplemented from time to time, which will initially be substantially similar to the Finance Trust Declaration of Trust;

(y) **"F17 Trust Units"** means, collectively, the units of F17 Trust, and **"F17 Trust Unit"** means any one of them;

(z) **"Final Order"** means the final order to be made by the Court approving the Plan of Arrangement to be applied for following the Meetings pursuant to the provisions of Section 193 of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

(aa) **"Finance Trust"** means H&R Finance Trust, a trust formed under the laws of Ontario, or, where the context so requires, the trustees of H&R Finance Trust acting in their capacity as trustees;

(bb) **"Finance Trust Arrangement Resolution"** means the special resolutions of the holders of Finance Trust Units authorizing and approving the Arrangement;

(cc) **"Finance Trust Declaration of Trust"** means the declaration of trust of Finance Trust, as amended, modified or supplemented from time to time;

(dd) **"Finance Trust Meeting"** means the special meeting of holders of Finance Trust Units held on December 7, 2017 including any adjournment(s) or postponement(s) thereof, to consider and to vote upon the Finance Trust Arrangement Resolution;

(ee) **"Finance Trust Units"** means, collectively, the units of Finance Trust, and **"Finance Trust Unit"** means any one of them;

(ff) **"Holdings GP Trust"** means H&R REIT Holdings GP Trust, a trust formed under the laws of Ontario, the sole beneficiary of which is Benco;

(gg) **"Holdings LP"** means H&R REIT Holdings Limited Partnership, a limited partnership formed under the laws of Ontario, of which, at the Effective Time, the sole general partner is Holdings GP Trust and the sole limited partner is the REIT;

(hh) **"Incentive Unit Plan"** means the H&R Real Estate Investment Trust Incentive Unit Plan, as amended, modified or supplemented from time to time;

(ii) **"Interim Order"** means the interim order of the Court with respect to the Arrangement under subsection 193(4) of the ABCA confirming, among other things, the calling and holding of the Meetings and the voting thereat, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

(jj) **"Intermediary"** means (i) with respect to Stapled Units, an intermediary with whom a Non-Registered Holder deals in respect of Stapled Units, and (ii) with respect to New Stapled Units, an intermediary with whom a Non-Registered Holder deals in respect of New Stapled Units, such as, in each case, among others, banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered deferred income plans, as applicable and as the context may require;

(kk) **"Meetings"** means, collectively, the Finance Trust Meeting and the REIT Meeting;

(ll) **"New Stapled Unit"** means one REIT Unit and one F17 Trust Unit which, following completion of the Arrangement and until a New Stapled Unit Event of Uncoupling occurs, will trade together;

(mm) **"New Stapled Unit Event of Uncoupling"** means an event whereby each REIT Unit is no longer required to be transferred together with an F17 Trust Unit (and vice versa), an event that occurs only: (i) in the event that holders of REIT Units and Special Voting Units vote in favour of the uncoupling of REIT Units and F17 Trust Units such that the two securities will trade separately; or (ii) at the sole discretion of the trustees of F17 Trust, but only in the event of the bankruptcy, insolvency, winding-up or reorganization (under an applicable law relating to insolvency) of the REIT or U.S. Holdco or the taking of corporate action by the REIT or U.S. Holdco in furtherance of any such action or the admitting in writing by the REIT or U.S. Holdco of its inability to pay its debts generally as they become due;

(nn) **"New Support Agreement"** means a support agreement to be entered into between the REIT and F17 Trust as of the Effective Date to provide for coordination and cooperation with respect to various matters relating to the New Stapled Units;

(oo) **"Non-Registered Holder"** means (i) with respect to Stapled Units, a beneficial holder of Stapled Units that holds its Stapled Units through an Intermediary, and (ii) with respect to New Stapled Units, a beneficial holder of New Stapled Units that holds its New Stapled Units through an Intermediary, as applicable and as the context may require;

(pp) **"Notice of Determination"** means a written notice to be delivered by the REIT to U.S. Holdco and Finance Trust at or prior to the Effective Time setting out particular amounts to be identified, determined or calculated in or under Section 3.1 of this Plan, as determined by the REIT, which may include (i) the outstanding principal amount of the Existing Loans, (ii) the outstanding principal amount of the U.S. Holdco Notes, (iii) the Repaid Portion of the Existing Loans, (iv) the Transferred Portion of the Existing Loans, (v) the Conversion Amount, (vi) the interest rate to be provided for in amendments to the U.S. Holdco Note Indenture as contemplated in the step set out in subsection 3.1(19), (vii) the principal amount of the Repayment Amended U.S. Holdco Notes, (viii) the amount of the accrued and unpaid interest on the Existing Loans up to the Effective Date; (ix) the amount of the accrued and unpaid interest on the issued U.S. Holdco Notes up to the Effective Date, (x) the amount, if any, of

Finance Trust's undistributed taxable income for its taxation year that will end as a result of the termination of Finance Trust under the Arrangement, and the amount, if any, of cash distributions to be paid in the step described in subsection 3.1(10); (xi) the amount, if any, of remaining cash of Finance Trust which will be used by Finance Trust to subscribe for additional U.S. Holdco Notes in the step described in subsection 3.1(11); and (xii) any other amount or information determined by the REIT to be included therein;

(qq) **"Plan of Arrangement"** or **"Plan"** means this plan of arrangement under Section 193 of the ABCA and any amendment, modification or supplement made in accordance with the terms hereof;

(rr) **"Portfolio LP"** means H&R Portfolio Limited Partnership, a limited partnership formed under the laws of Manitoba, which is wholly-owned, indirectly, by the REIT;

(ss) **"Portfolio LP Trust"** means H&R Portfolio LP Trust, a trust formed under the laws of Ontario, the sole beneficiary of which is the REIT;

(tt) **"Registered Unitholder"** means (i) with respect to Stapled Units, a registered holder of Stapled Units as recorded in the unitholder register for Stapled Units by the Transfer Agent, and (ii) with respect to New Stapled Units, a registered holder of New Stapled Units as recorded in the unitholder register for New Stapled Units by the Transfer Agent, as applicable and as the context may require;

(uu) **"Registrar"** means the registrar appointed under Section 263 of the ABCA;

(vv) **"REIT"** means H&R Real Estate Investment Trust, a trust formed under the laws of Ontario, or, where the context so requires, the trustees of H&R Real Estate Investment Trust acting in their capacity as trustees;

(ww) **"REIT Arrangement Resolution"** means the special resolutions of the holders of REIT Units and Special Voting Units authorizing and approving the Arrangement;

(xx) **"REIT Declaration of Trust"** means the declaration of trust of the REIT, as amended, modified or supplemented from time to time;

(yy) **"REIT Meeting"** means the special meeting of holders of REIT Units and Special Voting Units held on December 7, 2017 including any adjournment(s) or postponement(s) thereof, to consider and to vote upon the REIT Arrangement Resolution;

(zz) **"REIT Units"** means, collectively, the units of the REIT designated as "Units" under the REIT Declaration of Trust, and **"REIT Unit"** means any one of them;

(aaa) **"Repaid Portion"** of the outstanding principal amount of the Existing Loans means that portion of the outstanding principal amount of the Existing Loans at the Effective Time as is specified as such by the REIT in the Notice of Determination, with the intent that such portion will be less than the aggregate outstanding principal amount of the Existing Loans at such time, and which shall constitute the portion of the Existing Loans that is to be repaid by U.S. Holdco by issuing and delivering the Repayment Amended U.S. Holdco Notes under subsection 3.1(20);

(bbb) **"Repayment Amended U.S. Holdco Notes"** has the meaning given to it in subsection 3.1(20);

(ccc) **"Special Voting Units"** means, collectively, the units of the REIT designated as "Special Voting Units" under the REIT Declaration of Trust, and **"Special Voting Unit"** means any one of them;

(ddd) **"Stapled Unit"** means one REIT Unit and one Finance Trust Unit which, until an Existing Stapled Unit Event of Uncoupling occurs, trade together;

(eee) **"Tax Act"** means the *Income Tax Act* (Canada), as amended;

(fff) **"Transfer Agent"** means AST Trust Company (Canada), in its capacity as transfer agent for the Stapled Units or the New Stapled Units, as applicable and as the context may require;

(ggg) **"Transferred Portion"** of the outstanding principal amount of the Existing Loans means the aggregate outstanding principal amount of the Existing Loans at the Effective Time, less the Repaid Portion;

(hhh) **"Unit Option Plan"** means the unit option plan entitled "H&R Real Estate Investment Trust Unit Option Plan" under which options to acquire Stapled Units have been and may be granted, as amended, modified or supplemented from time to time;

(iii) **"Unitholder Rights Plan"** means the amended and restated unitholder rights plan of the REIT made as of June 8, 2015, as amended, modified or supplemented from time to time;

(jjj) **"Unitholders"** means (i) with respect to Stapled Units, the holders of Stapled Units, (ii) with respect to Special Voting Units, the holders of Special Voting Units, and (iii) with respect to New Stapled Units, the holders of New Stapled Units, as applicable and as the context may require, and **"Unitholder"** means any one of them;

(kkk) **"U.S. Holdco"** means H&R REIT (U.S.) Holdings Inc., a corporation incorporated under the laws of the State of Delaware which is an indirect wholly owned subsidiary of the REIT;

(lll) **"U.S. Holdco Note Indenture"** means the note indenture dated as of October 1, 2008 between U.S. Holdco, as issuer, and the trustee appointed thereunder, as note trustee, which provides for the issuance from time to time of unsecured U.S. dollar denominated subordinated notes, in one or more series, as amended, modified or supplemented from time to time in accordance with its terms;

(mmm) **"U.S. Holdco Notes"** means the U.S. dollar denominated notes issued by U.S. Holdco pursuant to the U.S. Holdco Note Indenture, having an outstanding principal amount at the Effective Time as set forth in the Notice of Determination; and

(nnn) **"U.S. Portfolio LP"** means H&R REIT U.S. Portfolio Limited Partnership, a limited partnership formed under the laws of Ontario which is wholly-owned, directly and indirectly, by the REIT.

1.2 Certain Rules of Interpretation

In this Plan of Arrangement:

(a) *Currency* – Unless otherwise specified, all references to money amounts are to the lawful currency of Canada.

(b) *Headings* – Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.

(c) *Including* – Where the word "including" or "includes" is used, it means "including (or includes) without limitation".

(d) *Number and Gender* – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(e) *Statutory References* – A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, supplements or supersedes any such statute or any such regulation.

(f) *Time Periods* – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

(g) *Article and Section References* – Unless otherwise specified or the context otherwise requires, references to an "Article" or "Section" refer to an Article or Section of this Plan.

1.3 Governing Law

This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

ARTICLE 2
EFFECT OF THE ARRANGEMENT

2.1 Effectiveness

The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. Furthermore, each of the events and steps listed in Section 3.1 shall be, without affecting the sequence set out in Section 3.1, mutually conditional, such that no event or step described in said Section 3.1 may occur without all events or steps occurring, and those events and steps shall effect the integrated transaction which constitutes the Arrangement. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Section 3.1 has become effective in the sequence set out therein. This Plan of Arrangement will become effective on, and be binding on and after, the Effective Time on Benco and all other persons, including: (i) the REIT; (ii) Finance Trust; (iii) F17 Trust; (iv) holders of Stapled Units, REIT Units, Finance Trust Units,

Special Voting Units, F17 Trust Units and New Stapled Units; (v) U.S. Holdco and the other participants in this Plan; and (vi) the Depositary.

2.2 Arrangement Agreement

This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms part of the Arrangement Agreement.

ARTICLE 3
ARRANGEMENT

3.1 Events Occurring Within the Plan

On the Effective Date, commencing at the Effective Time, each of the events and steps set out below shall occur and shall be deemed to occur, except as otherwise expressly noted, in the following order with each event and step (after the first step) occurring one minute after the immediately preceding one in sequence (unless otherwise specified), without any further act or formality:

1. U.S. Holdco will pay to the REIT all accrued and unpaid interest owing on the Existing Loans up to the Effective Date;

2. The REIT will transfer the Transferred Portion of the Existing Loans to Holdings LP as an additional capital contribution;

3. Holdings LP will transfer the Transferred Portion of the Existing Loans to U.S. Portfolio LP as an additional capital contribution;

4. The terms and conditions of the Transferred Portion of the Existing Loans held by U.S. Portfolio LP will be amended, without novation, repayment or replacement, to provide that the aggregate principal amount thereof may, at the option of the payee upon notice to U.S. Holdco, be converted into common shares of U.S. Holdco at the Conversion Amount per share (the "**Exchange Right**");

5. U.S. Portfolio LP will exercise the Exchange Right and will convert the Transferred Portion of the Existing Loans into 999 common shares of U.S. Holdco and U.S. Holdco will issue such common shares to U.S. Portfolio LP, and, for the avoidance of doubt, the Transferred Portion of the Existing Loans will thereupon be repaid and satisfied in full;

6. The REIT will establish F17 Trust pursuant to the F17 Trust Declaration of Trust and will subscribe for that number of F17 Trust Units as is equal to the number of issued and outstanding REIT Units at the Effective Time (excluding for greater certainty any REIT Units held by Dissenting Unitholders, if any, immediately prior to the Effective Time) for an aggregate subscription price of $1,000;

7. U.S. Holdco will pay all accrued and unpaid interest owing on the U.S. Holdco Notes up to the Effective Date to Finance Trust and Portfolio LP, the sole holders of the U.S. Holdco Notes;

8. The U.S. Holdco Notes held by Portfolio LP will be distributed by Portfolio LP to Portfolio LP Trust, the sole limited partner of Portfolio LP, as a return of capital on the outstanding Class A limited partnership units of Portfolio LP;

9. The U.S. Holdco Notes acquired by Portfolio LP Trust in the step set out in subsection 3.1(8), above, will be distributed by Portfolio LP Trust to the REIT, the sole beneficiary of Portfolio LP Trust, as a return of capital on the outstanding trust units of Portfolio LP Trust;

10. Finance Trust will pay out, as a cash distribution on the Finance Trust Units, the amount, if any, that is determined by it prior to the Effective Time to be equal to its *bona fide* best estimate of the amount, if any, of its undistributed taxable income for the taxation year of Finance Trust that will end as a result of the termination of Finance Trust as provided for in the step set out in subsection 3.1(18), below (taking into account any deductions under subsection 104(6) of the Tax Act in respect of any prior distributions during that taxation year); provided that, for greater certainty, the amount of distributions under this subsection 3.1(10) may be zero;

11. Finance Trust will pay (or make arrangements for payment of) all outstanding accounts payable and accrued liabilities owed by it (which arrangements, for greater certainty, (i) will include the assumption by the REIT of any obligations of Finance Trust to Dissenting Unitholders under the Finance Trust Declaration of Trust and any obligations of Finance Trust to pay any previously declared, but unpaid, distributions on the Finance Trust Units to Registered Unitholders as of a record date preceding the Effective Date, pursuant to subsection 3.1(18), and (ii) may include setting aside funds for future payment or arranging for another party (including the REIT) to assume payment obligations) and will use any remaining cash, if any, other than $1,000 which will be retained by Finance Trust, to subscribe for additional U.S. Holdco Notes at a subscription price equal to the fair market value of such U.S. Holdco Notes, as agreed by Finance Trust and U.S. Holdco; such fair market value and the amount of such cash to be invested in additional U.S. Holdco Notes will be specified in the Notice of Determination;

12. An Existing Stapled Unit Event of Uncoupling will occur;

13. Concurrently with the step set out in subsection 3.1(12), above, the Existing Support Agreement will be terminated in accordance with its terms;

14. Pursuant to and in accordance with Section 107.4 of the Tax Act, Finance Trust will transfer all of the U.S. Holdco Notes held by it to the REIT for no consideration by way of a "qualifying disposition" (as defined in subsection 107.4(1) of the Tax Act);

15. The REIT Declaration of Trust and the Finance Trust Declaration of Trust will be amended and restated to make such amendments as are necessary or desirable to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement or otherwise as contemplated in the Circular, including in the case of the REIT Declaration of Trust to accommodate the New Stapled Unit structure;

16. The holders of Finance Trust Units (for greater certainty, excluding Dissenting Unitholders, if any) will transfer all of their Finance Trust Units to the REIT in consideration for an aggregate purchase price of $1,000; such aggregate purchase price to be delivered to, and held by, the Depositary as agent for and on behalf of such former holders of Finance Trust Units *pro rata* based on the number of Finance Trust Units held by such former holders immediately before such purchase;

17. The former holders of Finance Trust Units who transferred their Finance Trust Units to the REIT pursuant to subsection 3.1(16) will purchase and acquire, and the REIT will sell and transfer to such former holders of Finance Trust Units, on a *pro rata* basis to each such former holder of Finance Trust Units in proportion to their respective holdings of Finance Trust Units immediately prior to the step set out in subsection 3.1(16), all of the F17 Trust Units held by the REIT in

return for an aggregate purchase price of $1,000, such that each such former holder of Finance Trust Units will hold one F17 Trust Unit for each Finance Trust Unit previously held by it immediately before the step set out in subsection 3.1(16); such aggregate purchase price to be delivered to the REIT from the funds held by the Depositary as agent for and on behalf of the former holders of Finance Trust Units as a result of the step set out in subsection 3.1(16);

18. Finance Trust will redeem all the issued and outstanding Finance Trust Units (excluding for greater certainty any Finance Trust Units held by Dissenting Unitholders, if any) for an aggregate redemption price of $1,000 (being all of the remaining property of Finance Trust), whereupon the REIT will assume any liabilities and obligations of Finance Trust not otherwise provided for and indemnify the trustees of Finance Trust with respect thereto, including any obligations of Finance Trust to Dissenting Unitholders under the Finance Trust Declaration of Trust and any obligations of Finance Trust to pay any previously declared, but unpaid, distributions on the Finance Trust Units to Registered Unitholders as of a record date preceding the Effective Date, and Finance Trust will be terminated and cease to exist in accordance with the Finance Trust Declaration of Trust (as amended pursuant hereto);

19. The U.S. Holdco Note Indenture will be amended, without novation, repayment or replacement, with the approval by special resolution of the REIT, as the sole holder of the U.S. Holdco Notes, pursuant to the U.S. Holdco Note Indenture, to adjust the interest rate to a rate determined by the REIT and U.S. Holdco to be an arm's length rate of interest for such debt and to make such other amendments as may be agreed by the REIT and U.S. Holdco; from and after such amendments, the amended notes issued under the U.S. Holdco Note Indenture, as so amended, are referred to as "**Amended U.S. Holdco Notes**";

20. U.S. Holdco will repay in full the Repaid Portion of the Existing Loans by issuing and delivering to the REIT additional Amended U.S. Holdco Notes having an aggregate principal amount equal to the Repaid Portion of the Existing Loans (such additional Amended U.S. Holdco Notes, the "**Repayment Amended U.S. Holdco Notes**");

21. Pursuant to and in accordance with Section 107.4 of the Tax Act, the REIT will transfer all of the outstanding Amended U.S. Holdco Notes (for greater certainty, consisting of the Amended U.S. Holdco Notes that were acquired (as U.S. Holdco Notes) by the REIT in the steps set out in subsections 3.1(9) and (14) and the Repayment Amended U.S. Holdco Notes) to F17 Trust for no consideration by way of a "qualifying disposition" (as defined in subsection 107.4(1) of the Tax Act).

    Concurrently with such transfer, the Unitholder Rights Plan, the DRIP, the Unit Option Plan and the Incentive Unit Plan will be amended and restated in each case as may be necessary or desirable to give effect to the Plan of Arrangement and as a consequence of the Plan of Arrangement or otherwise as contemplated in the Circular, including to accommodate the New Stapled Unit structure;

22. The REIT and F17 Trust will enter into the New Support Agreement and the REIT Units and the F17 Trust Units will thereafter, until a New Stapled Unit Event of Uncoupling, trade together as New Stapled Units as contemplated and provided for in the amended and restated REIT Declaration of Trust and the F17 Trust Declaration of Trust;

23. All of the property and liabilities of Holdings GP Trust (such property including the general partner interest in Holdings LP) will be distributed to, and assumed by, Benco as the sole beneficiary of Holdings GP Trust, whereupon Holdings GP Trust will be dissolved and cease to

exist and, upon filing of a declaration of change under the *Limited Partnerships Act* (Ontario), Benco shall become the general partner of Holdings LP; and

24. Upon confirmation of the filing under the *Limited Partnerships Act* (Ontario) contemplated in subsection 3.1(23), Benco will be liquidated and the remaining property and liabilities of Benco (such property including the general partner interest in Holdings LP) will be distributed to, and assumed by, the REIT, the sole shareholder of Benco, on the liquidation of Benco and, upon filing of articles of dissolution and issuance of a certificate of dissolution by the Registrar under the ABCA (which, for greater certainty, may occur on a date after the Effective Date), Benco will be dissolved; as a result of such liquidation and distribution of property by Benco, Holdings LP will no longer have two partners and will cease to exist and the REIT will become the owner of the former partnership property of Holdings LP and will continue to carry on alone the activities that were formerly the activities of Holdings LP, as contemplated by subsection 98(5) of the Tax Act.

3.2 Determination of Certain Amounts

For greater certainty, (a) the REIT will make the determinations and calculations contemplated to be made in Section 3.1 and will complete and deliver to U.S. Holdco and Finance Trust, at or prior to the Effective Time, the Notice of Determination, and (b) Finance Trust will determine the amount, if any, of any distribution of undistributed taxable income and any remaining amount of cash to be used to subscribe for U.S. Holdco Notes, pursuant to subsections 3.1(10) and (11) and will notify the REIT and U.S. Holdco of such amounts.

3.3 Dissent Rights

Each Registered Unitholder as of the record date for the Meetings will have the right to dissent with respect to the Arrangement in accordance with the REIT Declaration of Trust and the Finance Trust Declaration of Trust, as applicable, and the Interim Order. At the Effective Time Dissenting Unitholders will cease to have any rights as Unitholders (and will accordingly be removed from the unitholder register(s) for Stapled Units, REIT Units and/or Finance Trust Units as of the Effective Time) and will only have the right, upon the Arrangement becoming effective, to a debt claim in the amount of the fair value of their REIT Units and Finance Trust Units, determined as of the close of business on the day before the Arrangement Resolutions were adopted by holders of REIT Units and Special Voting Units, and holders of Finance Trust Units, as provided in the REIT Declaration of Trust and the Finance Trust Declaration of Trust, respectively. As provided in the REIT Declaration of Trust and the Finance Trust Declaration of Trust, provided an Existing Stapled Unit Event of Uncoupling has not occurred prior to the Effective Time, a Registered Unitholder wishing to dissent with respect to Finance Trust Units must also dissent with respect to the corresponding REIT Units comprising the other component of such Unitholder's Stapled Units, and a Registered Unitholder wishing to dissent with respect to REIT Units must also dissent with respect to the corresponding Finance Trust Units comprising the other component of such Unitholder's Stapled Units.

3.4 Options

Each existing option to acquire Stapled Units issued pursuant to the Unit Option Plan will become an option to acquire the same number of New Stapled Units on such terms and pursuant to such conditions as are provided in the Unit Option Plan as amended and restated as contemplated in subsection 3.1(21) hereof.

3.5 Post-Effective Time Procedures

(a) The REIT will deliver or arrange to be delivered to the Depositary certificates representing the New Stapled Units created hereunder, which certificates will be held by the Depositary for distribution to Registered Unitholders in accordance with Article 5 hereof.

(b) In accordance with the provisions of Article 5 hereof, Registered Unitholders will be entitled to receive delivery of the certificates representing New Stapled Units to which they are entitled hereunder.

(c) Benco will file articles of dissolution under the ABCA to effect its dissolution.

ARTICLE 4
F17 TRUST

4.1 Name

The name of F17 Trust will initially be H&R Finance (2017) Trust.

4.2 Trustees and Officers

(a) *Initial Trustees* – The initial trustees of F17 Trust immediately following its creation will be the persons whose names and municipalities of residence appear below (or such other persons who may be named in the F17 Trust Declaration of Trust in substitution therefor):

Name	Municipality of Residence
Larry Froom	Toronto, Ontario
Michoel Klugmann	Toronto, Ontario
Marvin Rubner	Toronto, Ontario
Shmuel Zimmerman	Toronto, Ontario

Subject to the provisions of the F17 Trust Declaration of Trust, the initial trustees will hold office until the next annual meeting of holders of F17 Trust Units or until their earlier resignation or removal or their respective successors are elected or appointed in accordance with the F17 Trust Declaration of Trust.

(b) *Initial Officers* – The initial officers of F17 Trust will be as follows:

Name	Title
Thomas J. Hofstedter	President and Chief Executive Officer
Larry Froom	Chief Financial Officer

ARTICLE 5
DELIVERY OF SECURITIES

5.1 Transfers Free of Encumbrances

Any transfer of any securities pursuant to the Arrangement shall be free and clear of any liens, claims, encumbrances, charges, adverse interests or security interests.

5.2 Delivery of New Stapled Units

(a) Upon completion of the step set out in subsection 3.1(16), each former holder of Finance Trust Units referred to therein shall, without any further act or formality, have ceased to be the holder of the Finance Trust Units so transferred to the REIT and the name of each such former holder of Finance Trust Units shall be removed from the register of holders of Finance Trust Units and/or Stapled Units and the REIT shall have become the sole holder of such Finance Trust Units and shall be added to the register of holders of Finance Trust Units accordingly.

(b) Upon completion of the step set out in subsection 3.1(17), each former holder of Finance Trust Units referred to therein shall, without any further act or formality, have become the holder of the F17 Trust Units so transferred to it by the REIT and the name of the REIT shall be removed from the register of holders of F17 Trust Units and the name of each such holder of F17 Trust Units shall be added to the register of holders of F17 Trust Units and/or New Stapled Units accordingly.

(c) After the Effective Time and until surrendered for cancellation as contemplated by subsection 5.2(d) hereof, each certificate which immediately prior to the Effective Time represented one or more Stapled Units will be deemed at all times to represent only (i) in the case of certificates held by Dissenting Unitholders, if any, the right to demand and be paid the fair value of their Stapled Units pursuant to the REIT Declaration of Trust and the Finance Trust Declaration of Trust, and (ii) in the case of certificates held by all other Unitholders, the right to receive in exchange therefor a certificate or certificates representing the New Stapled Units to which the holder of such aforementioned certificate is entitled under and upon completion of the Arrangement.

(d) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented one or more outstanding Stapled Units, and which, following completion of the Arrangement, represents the right to receive a certificate or certificates representing New Stapled Units as provided in subsection 5.2(c) hereof, together with such other documents and instruments as the Depositary may reasonably require (including any letter of transmittal), the holder of such surrendered certificate will be entitled to receive in exchange therefor, and the Depositary will deliver to such holder following the Effective Time, a certificate representing the New Stapled Units which such holder is entitled to receive hereunder.

5.3 Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Stapled Units shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, a certificate representing the New Stapled Units which such holder is entitled to receive under this Plan of Arrangement. When authorizing such delivery of a certificate representing the New Stapled Units which such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom a certificate representing such New Stapled Units is to be delivered shall, as a condition precedent to the delivery of such certificate, give a bond satisfactory to the REIT, F17 Trust and the Depositary and any applicable transfer agent or registrar in such amount as the REIT, F17 Trust and the Depositary and any applicable transfer agent or registrar may direct, or otherwise indemnify the REIT, F17 Trust and the Depositary and any applicable transfer agent or registrar in a manner satisfactory to the REIT, F17 Trust and the Depositary and any applicable transfer agent or registrar, against any claim that may be made against the REIT, F17 Trust or the Depositary or any applicable transfer agent or registrar with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the REIT Declaration of Trust or the F17 Trust Declaration of Trust, as applicable.

5.4 Withholding Rights

The REIT, Finance Trust and the Depositary and each Intermediary shall be entitled to deduct and withhold from any payment or distribution otherwise payable to any holder of REIT Units or holder or former holder of Finance Trust Units (or, where deduction or withholding is not practicable, to otherwise recover from any holder of REIT Units or holder or former holder of Finance Trust Units) such amounts as the REIT, Finance Trust or the Depositary, or such Intermediary, is required or permitted to deduct and withhold with respect to such payment or distribution under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the holder of REIT Units or holder or former holder of Finance Trust Units in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 6
AMENDMENTS

6.1 Amendments

The REIT, Finance Trust and Benco, in their sole discretion, reserve the right to amend, modify and/or supplement this Plan of Arrangement from time to time at any time prior to the Effective Time provided that any such amendment, modification or supplement must be (i) contained in a written document, (ii) agreed to by each of the REIT, Finance Trust and Benco, and (iii) filed with the Court and, if made following the Meetings, approved by the Court.

6.2 Effectiveness of Amendments Made Prior to or at the Meeting

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the REIT, Finance Trust or Benco at any time prior to or at the Meetings (provided that each of the REIT, Finance Trust and Benco shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Unitholders voting at the Meetings, in the manner required by the

Interim Order and subsequently approved by the Court, shall become part of this Plan of Arrangement for all purposes.

6.3 Effectiveness of Amendments Made Following the Meetings

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the REIT, Finance Trust or Benco after the Meetings but prior to the Effective Time (provided that each of the REIT, Finance Trust and Benco shall have consented thereto) and any such amendment, modification or supplement which is approved by the Court following the Meetings shall be effective and shall become part of the Plan of Arrangement.

ARTICLE 7
GENERAL

7.1 Further Assurances

Notwithstanding that the transactions, steps and events set out herein shall occur and be deemed to occur as provided in and in the order set out in this Plan of Arrangement, each of the parties to the Arrangement Agreement and F17 Trust shall make, do and execute, or cause to be made, done and executed, all such further acts, filings, deeds, agreements, indentures, supplemental indentures, amendments, forms, transfers, assurances, instruments or documents as may reasonably be requested or required by any of them in order to implement, effect, record or further document or evidence any of the transactions, steps or events set out herein, including amendment of the terms and conditions of the Transferred Portion of the Existing Loans, the subscription for and issuance of U.S. Holdco Notes, the issuance of common shares of U.S. Holdco, amendment of the U.S. Holdco Note Indenture, the change of general partner of Holdings LP and the dissolution of Holdings LP and Benco.

7.2 Obligations of the REIT, Finance Trust and F17 Trust

The obligations of the REIT, Finance Trust and F17 Trust hereunder are not personally binding upon any trustee of the REIT, Finance Trust or F17 Trust, any registered or beneficial holder of Stapled Units, REIT Units, Finance Trust Units, Special Voting Units, F17 Trust Units or New Stapled Units or any annuitant under a plan of which a registered or beneficial holder of Stapled Units, REIT Units, Finance Trust Units, Special Voting Units, F17 Trust Units or New Stapled Units acts as trustee or carrier, and resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing, but the property of the REIT, Finance Trust and/or F17 Trust, as applicable, or a specific portion thereof only shall be bound by such obligations. Any obligation of the REIT set out herein shall to the extent necessary to give effect to such obligation be deemed to constitute, subject to the provisions of the first sentence of this Section 7.2, an obligation of the trustees of the REIT in their capacity as trustees of the REIT. Any obligation of Finance Trust set out herein shall to the extent necessary to give effect to such obligation be deemed to constitute, subject to the provisions of the first sentence of this Section 7.2, an obligation of the trustees of Finance Trust in their capacity as trustees of Finance Trust. Any obligation of F17 Trust set out herein shall to the extent necessary to give effect to such obligation be deemed to constitute, subject to the provisions of the first sentence of this Section 7.2, an obligation of the trustees of F17 Trust in their capacity as trustees of F17 Trust.

SCHEDULE D

INTERIM ORDER

COURT FILE NUMBER	1701 - 14405
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF SECTION 193 OF THE BUSINESS CORPORATIONS ACT, RSA 2000, c B 9, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING H&R REAL ESTATE INVESTMENT TRUST, H&R FINANCE TRUST, H&R FINANCE (2017) TRUST, H&R GP BENEFICIARY INC., H&R REIT (U.S.) HOLDINGS INC., H&R REIT U.S. PORTFOLIO LIMITED PARTNERSHIP, H&R REIT HOLDINGS LIMITED PARTNERSHIP, H&R REIT HOLDINGS GP TRUST, H&R PORTFOLIO LIMITED PARTNERSHIP AND H&R PORTFOLIO LP TRUST
APPLICANTS	H&R REAL ESTATE INVESTMENT TRUST, H&R FINANCE TRUST, H&R GP BENEFICIARY INC., H&R REIT (U.S.) HOLDINGS INC., H&R REIT U.S. PORTFOLIO LIMITED PARTNERSHIP, H&R REIT HOLDINGS LIMITED PARTNERSHIP, H&R REIT HOLDINGS GP TRUST, H&R PORTFOLIO LIMITED PARTNERSHIP AND H&R PORTFOLIO LP TRUST
RESPONDENT	NOT APPLICABLE
DOCUMENT	**INTERIM ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BLAKE, CASSELS & GRAYDON LLP** 3500, 855 – 2 Street SW Calgary, Alberta T2P 4J8 Attention: David V. Tupper/Chris Nyberg Telephone: 403-260-9722/403-260-9707 Facsimile: 403-260-9700 Email: david.tupper@blakes.com chris.nyberg@blakes.com File: 71254/95

DATE ON WHICH ORDER WAS PRONOUNCED:	October 31, 2017
NAME OF JUDGE WHO MADE THIS ORDER:	Honourable Mr. Justice K.D. Yamauchi
LOCATION OF HEARING:	Calgary Court Centre

UPON the Originating Application (the "**Originating Application**") of H&R Real Estate Investment Trust (the "**REIT**"), H&R Finance Trust ("**Finance Trust**"), H&R GP Beneficiary Inc., H&R REIT (U.S.) Holdings Inc., H&R REIT U.S. Portfolio Limited Partnership, H&R REIT Holdings Limited Partnership, H&R REIT Holdings GP Trust, H&R Portfolio Limited Partnership and H&R Portfolio LP Trust (collectively, the "**Applicants**"); **AND UPON** reading the Originating Application, the Affidavit of Larry Froom, sworn on October 24, 2017 (the "**Froom Affidavit**") and the documents referred to therein; **AND UPON** hearing counsel for the Applicants;

FOR THE PURPOSES OF THIS ORDER:

1. The capitalized terms not defined in this Order (the "**Order**") shall have the meanings attributed to them in the draft Joint Notice of Special Meeting of Unitholders and Joint Management Information Circular of the REIT and Finance Trust (the "**Circular**"), which is attached as Exhibit "A" to the Froom Affidavit, or the plan of arrangement (the "**Plan**") attached as Exhibit "A" to the arrangement agreement contained in Schedule "C" to the Circular, as applicable.

IT IS HEREBY ORDERED THAT:

General

2. The Applicants shall seek approval of the proposed arrangement (the "**Arrangement**") described in the Circular from the Unitholders (as defined below) in the manner set forth below.

The REIT Meeting

3. On December 7, 2017, at 10:00 a.m. (Eastern Standard Time), the REIT shall conduct a special meeting (the "**REIT Meeting**") of the holders (the "**REIT Unitholders**") of units of the REIT (the "**REIT Units**") and the holders (the "**Special Voting Unitholders**") of special voting units of the REIT (the "**Special Voting Units**"). At the REIT Meeting, the REIT Unitholders and Special Voting Unitholders will consider and vote on a resolution to approve the Arrangement (the "**REIT Arrangement Resolution**") substantially in the form attached as Schedule "A" to the Circular and shall consider such other business as may properly be brought before the REIT Meeting or any adjournment or postponement thereof, all as more particularly described in the Circular.

4. A quorum at the REIT Meeting is present if at least two or more REIT Unitholders and/or Special Voting Unitholders are present in person or by proxy at the REIT Meeting who represent not less than 25% of the combined REIT Units and Special Voting Units.

5. If a quorum is not present at the opening of the REIT Meeting, the REIT Meeting shall stand adjourned to a date as may be determined by the Chair of the REIT Meeting. No notice of the adjourned meeting shall be required.

6. Each REIT Unit and Special Voting Unit entitled to be voted at the REIT Meeting will entitle the holder to one vote at the REIT Meeting, unless otherwise stated, in respect of the REIT Arrangement Resolution and any other matters to be considered at the REIT Meeting.

7. The record date for Unitholders entitled to receive notice of and vote at the REIT Meeting shall be the close of business (Eastern Standard Time) on October 26, 2017 (the "**Record Date**").

8. The only persons entitled to attend the REIT Meeting shall be the REIT Unitholders and Special Voting Unitholders or their authorized proxy holders, the REIT's trustees and officers and its auditors, the REIT's legal counsel, and such other persons who may be permitted to attend by the Chair of the REIT Meeting.

9. The REIT Meeting shall be called, held and conducted in accordance with the REIT's declaration of trust (the "**REIT Declaration of Trust**"), the Circular, the rulings and directions of the Chair of the Meeting, this Order and any further Order of this Court.

10. The number of votes required to pass the REIT Arrangement Resolution shall be at least two-thirds of the votes cast by REIT Unitholders and Special Voting Unitholders, voting together, present in person or by proxy at the REIT Meeting.

11. To be valid, a proxy must be deposited with the REIT by December 5, 2017 at 5:00 p.m. (Eastern Standard Time) in the manner described in the Circular.

12. The accidental failure to give notice of the REIT Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the REIT Meeting.

13. The REIT is authorized to adjourn or postpone the REIT Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as the REIT deems advisable, without the necessity of first convening the REIT Meeting or first obtaining any vote of the REIT Unitholders and Special Voting Unitholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as the REIT determines is appropriate in the circumstances. If the REIT Meeting is adjourned or postponed in accordance with this Order, the references to the REIT Meeting in this Order shall be deemed to be to the REIT Meeting, as adjourned or postponed, as the context allows.

The Finance Trust Meeting

14. On December 7, 2017 at 10:00 a.m. (Eastern Standard Time), Finance Trust shall conduct a special meeting (the "**Finance Trust Meeting**" and together with the REIT Meeting, the "**Meetings**") of the holders (the "**Finance Trust Unitholders**", and together with the REIT Unitholders and the Special Voting Unitholders, the "**Unitholders**") of units of Finance Trust (the "**Finance Trust Units**"). At the Finance Trust Meeting, the Finance Trust Unitholders will consider and vote on a resolution to approve the Arrangement substantially in the form attached as Schedule "B" to the Circular (the "**Finance Trust Arrangement Resolution**" and together with the REIT Arrangement Resolution, the "**Arrangement Resolutions**") and shall consider such other business as may properly be brought before the Finance Trust Meeting or any adjournment or postponement thereof, all as more particularly described in the Circular.

15. A quorum at the Finance Trust Meeting is present if two or more Finance Trust Unitholders are present in person or by proxy at the Finance Trust Meeting representing not less than 25% of the Finance Trust Units.

16. If a quorum is not present at the opening of the Finance Trust Meeting, the Finance Trust Meeting shall stand adjourned to a date as may be determined by the Chair of the Finance Trust Meeting. No notice of the adjourned meeting shall be required.

17. Each Finance Trust Unit entitled to be voted at the Finance Trust Meeting will entitle the holder to one vote at the Finance Trust Meeting, unless otherwise stated, in respect of

the Finance Trust Arrangement Resolution and any other matters to be considered at the Finance Trust Meeting.

18. The record date for Finance Trust Unitholders entitled to receive notice of and vote at the Finance Trust Meeting shall be the close of business (Eastern Standard Time) on the Record Date.

19. The only persons entitled to attend the Finance Trust Meeting shall be the Finance Trust Unitholders or their authorized proxy holders, Finance Trust's trustees and officers and its auditors, Finance Trust's legal counsel, and such other persons who may be permitted to attend by the Chair of the Finance Trust Meeting.

20. The Finance Trust Meeting shall be called, held and conducted in accordance with Finance Trust's declaration of trust (the "**Finance Trust Declaration of Trust**"), the Circular, the rulings and directions of the Chair of the Meeting, this Order and any further Order of this Court.

21. The number of votes required to pass the Finance Trust Arrangement Resolution shall be at least two-thirds of the votes cast by Finance Trust Unitholders present in person or represented by proxy at the Finance Trust Meeting.

22. To be valid, a proxy must be deposited with Finance Trust by December 5, 2017 at 5:00 p.m. (Eastern Standard Time) in the manner described in the Circular.

23. The accidental failure to give notice of the Finance Trust Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Finance Trust Meeting.

24. Finance Trust is authorized to adjourn or postpone the Finance Trust Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as Finance Trust deems advisable, without the necessity of first convening the Finance Trust Meeting or first obtaining any vote of the Finance Trust Unitholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as Finance Trust determines is appropriate in the circumstances. If the Finance Trust Meeting is adjourned or postponed in accordance with this Order, the references to the Finance Trust Meeting in

this Order shall be deemed to be to the Finance Trust Meeting, as adjourned or postponed, as the context allows.

Dissent Rights

25. The holders (the "**Registered Unitholders**") of Stapled Units (as defined in the Circular), as recorded in the unitholder register for Stapled Units by AST Trust Company (Canada) (the "**Transfer Agent**") as of the Record Date, are, subject to the provisions of this Order, the REIT Declaration of Trust, the Finance Trust Declaration of Trust and the Plan, given the right to dissent (the "**Dissent Rights**") with respect to the Arrangement Resolutions and given the right to be paid the fair value of the Stapled Units in respect of which such right to dissent was validly exercised.

26. A Registered Unitholder who wishes to exercise Dissent Rights must send a written notice of objection (a "**Notice of Objection**") to each of the REIT and Finance Trust at or before the Meetings. The address for notice to the REIT and Finance Trust for such purposes is Suite 500, 3625 Dufferin Street, Toronto, Ontario, M3K 1N4, c/o Larry Froom. The Notice of Objection must set out:

    (a) the name and address of the Registered Unitholder in whose name Stapled Units are registered;

    (b) the full number of Stapled Units held by the Registered Unitholder; and

    (c) if the Registered Unitholder is acting on the instruction of a beneficial holder of Stapled Units (a "**Non-Registered Holder**"), the identity of such Non-Registered Holder who intends to exercise Dissent Rights and the number of such Stapled Units.

27. The Notice of Objection does not deprive a Registered Unitholder entitled to vote at the Meetings, and who validly exercises Dissent Rights (a "**Dissenting Unitholder**"), of its right to vote the Stapled Units for which such notice was given.

28. A vote either in person or by proxy against the Arrangement Resolutions does not constitute a Notice of Objection. If the Arrangement Resolutions are approved at the Meetings, the REIT and Finance Trust must give notice of such approval to any

Dissenting Unitholders within 10 days. Dissenting Unitholders will then have a 20 day period after such notice to send the REIT and Finance Trust a written notice (the "**Notice of Dissent**") containing:

(a) the name and address of the Registered Unitholder;

(b) the number of Stapled Units in respect of which the Registered Unitholder dissents; and

(c) a demand for payment of the fair value of such Stapled Units.

29. The address for notice to the REIT and Finance Trust for such purposes is Suite 500, 3625 Dufferin Street, Toronto, Ontario, M3K 1N4, c/o Larry Froom.

30. On sending a Notice of Dissent, the Dissenting Unitholder ceases to have any rights as a Unitholder and will only have the right, upon the Arrangement becoming effective, to a debt claim in the amount of the fair value of their Stapled Units as determined pursuant to the REIT Declaration of Trust and Finance Trust Declaration of Trust except where:

(a) the Dissenting Unitholder withdraws that notice before the REIT or Finance Trust makes an offer to pay fair value for the Dissenting Unitholder's Stapled Units;

(b) the REIT or Finance Trust fails to make such an offer and the Dissenting Unitholder withdraws its Notice of Dissent; or

(c) the Trustees of the REIT and Finance Trust revoke the Arrangement Resolutions, and to the extent applicable, terminate the related agreements.

31. Within 30 days of sending a Notice of Dissent, a Dissenting Unitholder must send the certificates representing its Stapled Units to the REIT and Finance Trust, or their Transfer Agent, for endorsement of the dissent thereon.

32. Once the REIT and Finance Trust make an offer of fair value to a Dissenting Unitholder, such Dissenting Unitholder may not withdraw any Notice of Dissent and reacquire its rights as a Registered Unitholder unless the Arrangement Resolutions are revoked and the Arrangement does not proceed. Every offer of fair value shall be made on the same

terms to all Dissenting Unitholders. An offer of fair value lapses if it is not accepted within 30 days of being made.

33. If an offer by the REIT and Finance Trust is not accepted by a Dissenting Unitholder, such Dissenting Unitholder or the REIT and Finance Trust must bring an action in the Ontario Superior Court of Justice to fix a fair value for the Stapled Units that are the subject of valid Dissent Notices.

34. Subject to further order of this Court, the rights available to Registered Unitholders under the Order, the REIT Declaration of Trust, the Finance Trust Declaration of Trust and the Plan shall constitute full and sufficient dissent rights for the Registered Unitholders with respect to the Arrangement Resolutions.

Notice

35. The Notice of Originating Application, the Froom Affidavit, the Circular, the forms of proxy, and this Order, together with any other communications or documents determined by the Applicants to be necessary or advisable (collectively, the "**Meeting Materials**"), shall be made available to the REIT Unitholders, Special Voting Unitholders and Finance Trust Unitholders, the trustees of the REIT and Finance Trust, and their auditors, in accordance with the Canadian Securities Administrators' notice-and-access delivery model. The Applicants shall post electronic versions of all Meeting Materials on-line on the REIT's and Finance Trust's profile pages on SEDAR at www.sedar.com ("**SEDAR**") and at www.meetingdocuments.com/astca/hr.

36. Any Unitholders may obtain paper copies of the Meeting Materials up to one year from the date the Meeting Materials were filed on SEDAR by calling the Transfer Agent at 1-888-433-6443 or requesting the same via e-mail at fulfilment@astfinancial.com.

37. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service on the REIT Unitholders, the Special Voting Unitholders and the Finance Trust Unitholders and the respective trustees and auditors of the REIT and Finance Trust.

38. The REIT and Finance Trust are authorized to make such amendments, revisions or supplements ("**Additional Information**") to any of the Meeting Materials as they may

determine, and the Applicants may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by the Applicants. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of either Meeting, which change or fact, if known prior to mailing of the Circular, would have been disclosed in the Circular, then:

(a) the REIT and Finance Trust shall advise the Unitholders of the material change or material fact by disseminating a news release (a "**News Release**") in accordance with applicable securities laws; and

(b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicants shall not be required to deliver an amendment to the Circular to the Unitholders or otherwise give notice to the Unitholders of the material change or material fact other than dissemination and filing of the News Release as aforesaid.

Final Application

39. Subject to further order of this Court, and provided that the REIT Unitholders, the Special Voting Unitholders and the Finance Trust Unitholders have approved the Arrangement in the manner directed by this Court, the Applicants may proceed with an application for a final Order of the Court approving the Arrangement (the "**Final Order**") on December 14, 2017 at 4:00 p.m., or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing of the articles of arrangement, the Applicants, all REIT Unitholders, Special Voting Unitholders and Finance Trust Unitholders and all other persons affected will be bound by the Arrangement in accordance with its terms.

40. Any REIT Unitholder, Special Voting Unitholder and Finance Trust Unitholder or other interested party (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicants, on or before 10:00 a.m. on November 30, 2017 (or the Business Day that is five Business Days prior to the date of the applicable Meeting if it is not held on December 7, 2017) a notice of intention to appear ("**Notice of Intention to Appear**")

including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail). The Notice of Intention to Appear must indicate whether such Interested Party intends to support or oppose the application or make submissions at the application, and provide a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which will be presented to the Court. Service of the Notice of Intention to Appear on the Applicants shall be by service on the solicitors for the Applicant, Blake, Cassels & Graydon LLP, attention: David Tupper.

41. If the application for the Final Order is adjourned, only those Interested Parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 40 of this Order, shall have notice of the adjourned date.

Leave to Vary Interim Order

42. The Applicants are entitled at any time to seek leave to vary this Order upon such terms and with such notice as this Court may direct.

"K.D. Yamauchi"

Justice of the Court of Queen's
Bench of Alberta

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