

FOR IMMEDIATE RELEASE

Morguard Enters into Arrangement Agreement with Temple Hotels

MISSISSAUGA, ON (December 19, 2019) – Morguard Corporation (“**Morguard**”) (TSX:MRC) and Temple Hotels Inc. (“**Temple**”) (TSX:TPH) are pleased to announce that, further to Morguard’s press release dated November 15, 2019, they have entered into a definitive agreement (the “**Arrangement Agreement**”) pursuant to which Morguard will acquire all of the outstanding common shares of Temple (the “**Temple Shares**”) not currently owned by Morguard (the “**Transaction**”). The Transaction will be effected by way of a court-approved plan of arrangement under the *Canada Business Corporations Act* (the “**Arrangement**”).

The Arrangement Agreement provides that holders of Temple Shares (“**Temple Shareholders**”), excluding Morguard, will receive cash consideration of \$2.10 per Temple Share from Morguard. The Transaction represents a premium of 18.0% to the closing share price of the Temple Shares on the Toronto Stock Exchange (the “**TSX**”) on November 14, 2019, the date prior to the announcement of the Transaction by Morguard, and a premium of 16.9% to the 20-day volume weighted average trading price of the Temple Shares as of November 14, 2019.

Morguard has entered into a support agreement (the “**Armoyan Support Agreement**”) with G2S2 Capital Inc. and Simé Armoyan (collectively, “**Armoyan**”), pursuant to which Armoyan has agreed to support and vote in favour of the Transaction. Armoyan owns 12,714,834 Temple Shares, representing approximately 16.9% of the total Temple Shares issued and outstanding.

As of the date hereof, Morguard owns 54,492,911 Temple Shares, representing approximately 72.6% of the total Temple Shares issued and outstanding.

The Arrangement is a “business combination” for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions* (“**MI 61-101**”). The Arrangement must be approved by (i) at least 66⅔% of the votes cast on a special resolution by Temple Shareholders present in person or represented by proxy at the meeting voting together as a single class, and (ii) a simple majority of the votes cast by Temple Shareholders present in person or represented by proxy at the meeting, excluding the votes in respect of 54,576,244 Temple Shares, being the votes cast by Temple Shareholders required to be excluded pursuant to MI 61-101, which are: (i) Morguard and (ii) Chris J. Cahill, Chairman of Temple and a Director of Morguard.

Morguard is an “interested party” as such term is defined in MI 61-101. Morguard is relying on the “previous arm’s length negotiations” exemption from the formal valuation requirements of MI 61-101, in section 4.4(1)(b) of the same, on the basis that:

- (i) the consideration per Temple Share to be received by Temple Shareholders (other than Morguard) under the Arrangement is at least equal in value to and is in the same form as the highest consideration agreed to with Armoyan in arm’s length negotiations in connection with the Arrangement;
- (ii) as at the date of the Armoyan Support Agreement, Armoyan beneficially owned or exercised control or direction over, and agreed to sell, at least 10% of the then outstanding Temple Shares and at least 20% of the then outstanding Temple Shares not beneficially owned or over which control or direction is exercised by Morguard and any persons acting jointly or in concert with Morguard;
- (iii) Morguard reasonably believes, after reasonable inquiry, and has represented to Temple under the Arrangement Agreement, that at the time of entering into the Armoyan Support Agreement, Armoyan had full knowledge of and access to information concerning Temple and its securities, and any factors peculiar to Armoyan, including non-financial factors, that were considered relevant by Armoyan in assessing the consideration did not have the effect of reducing the price that would otherwise have been considered acceptable by Armoyan;

- (iv) at the time of entering into the Armoyan Support Agreement, Morguard did not know of any material information in respect of Temple or the Temple Shares that had not been generally disclosed, and that, if disclosed, could have reasonably been expected to increase the agreed consideration; and
- (v) since the time of entering into the Armoyan Support Agreement and as of the date hereof, Morguard does not know, after reasonable inquiry, of any material information in respect of Temple or the Temple Shares that has not been generally disclosed and could reasonably be expected to increase the value of the Temple Shares.

The Transaction was negotiated between Morguard and Temple on an arm's length basis. Temple formed a special committee comprised of Jonathan Carnella, Brent McLean and Donald Turple (the "**Special Committee**"). The Special Committee retained Origin Merchant Partners ("**Origin**") as its financial advisor and to provide a fairness opinion regarding the Arrangement. The fairness opinion of Origin states that, based upon and subject to certain assumptions, limitations, restrictions and qualifications, the consideration payable by Morguard pursuant to the Arrangement for the Temple Shares is fair, from a financial point of view, to Temple Shareholders, excluding Morguard and Armoyan.

Based on the advice received from its financial and legal advisors, including the fairness opinion, the Special Committee unanimously determined that (i) the Transaction is in the best interests of Temple, and (ii) resolved to recommend that the board of directors of Temple approve the Transaction. Temple's board of directors, with the exception of K. Rai Sahi (the Chairman and Chief Executive Officer of Morguard and the Chief Executive Officer and a Director of Temple) and Chris J. Cahill, who declared their interests in the Transaction and did not participate in the vote, and David Nunn, who also abstained, determined that the Transaction is in the best interests of Temple and fair to the Temple Shareholders and resolved to approve the Arrangement Agreement and to recommend that the Temple Shareholders vote in favour of the Arrangement.

The Arrangement is subject to certain customary conditions, including among other conditions, approval by the Superior Court of Justice of Ontario (Commercial List) and applicable regulatory approvals, including the TSX.

The Arrangement Agreement includes customary representations, warranties and covenants and deal protection provisions. Temple has agreed not to solicit any alternative transactions and to pay Morguard a termination fee equal to \$1.25 million in certain specified circumstances. In addition, Temple has granted Morguard a right to amend the terms of the Arrangement upon Temple's receipt of a competing offer that Temple's board of directors, acting in good faith, considers superior, subject to certain terms. In accordance with the Arrangement Agreement, the closing of the Transaction must occur by no later than March 31, 2020.

A copy of the Arrangement Agreement will be available on SEDAR at www.sedar.com. All relevant meeting materials for the special meeting of Temple Shareholders, as well as the location and date of the special meeting, will be mailed to all registered Temple Shareholders in due course, as well as being posted on SEDAR.

About Morguard Corporation

Morguard Corporation is a real estate company, with total assets owned and under management valued at \$21.3 billion. Morguard owns a diversified portfolio of 208 multi-suite residential, retail, office, industrial and hotel properties comprised of 17,638 residential suites, approximately 17.0 million square feet of commercial leasable space and 5,903 hotel rooms. Morguard also currently owns a 58.1% interest in Morguard Real Estate Investment Trust, a 44.8% effective interest in Morguard North American Residential Real Estate Investment Trust and a 72.6% effective interest in Temple Hotels Inc. Morguard also provides advisory and management services to institutional and other investors. For more information, visit the Morguard's website at www.morguard.com.

About Temple Hotels Inc.

Temple is a hotel investment company with hotel properties located across Canada. Temple is listed on the Toronto Stock Exchange under the symbol TPH. The primary long-term investment objectives of Temple are to yield stable and growing cash flows and to maximize its long-term share value through the active management of its assets, accretive acquisitions, and the performance of value-added capital improvement programs on selected properties, as deemed appropriate. For further information on Temple, please visit Temple's website at www.templehotels.ca.

Forward-Looking Information

Except for statements of historical fact relating to Morguard and Temple, certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Such forward-looking information includes, but is not limited to, statements with respect to the potential completion and timing of the Arrangement. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Morguard and/or Temple to be materially different from those expressed or implied by such forward-looking statements or forward-looking information. Statements with respect to the potential completion and timing of the Arrangement are subject to the risk of not obtaining all required approvals, including from the court and the TSX. Although management of Morguard and Temple have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Neither Morguard nor Temple undertakes to update any forward-looking statements or forward-looking information that are incorporated by reference herein, except in accordance with applicable securities laws.

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