



March 22, 2017

Starwood Transaction Update



Starwood Offer Increased to US\$16.25

1

Best and Final Offer

- Milestone and Starwood have agreed to amend their previously announced agreement and Milestone unitholders ("Unitholders") will now receive US\$16.25 per trust unit, an increase from US\$16.15
- Both BMO Capital Markets and National Bank Financial provided fairness opinions that the original offer represented consideration that was fair to Milestone's unitholders from a financial point of view

2

Strong Institutional Investor Support

- 1832 Asset Management L.P., Connor, Clark & Lunn Investment Management Ltd., Manulife Asset Management Limited and Vestcor Investment Management Corporation, which together hold approximately 16% of the REIT's voting trust units, have all signed voting and support agreements to vote in favor of the transaction

3

No Competing Offer Given Maximum Price

- While Milestone retained the ability to agree to a superior proposal and negotiated a reduction in the termination fee to minimize impact on other potential acquirers, in the intervening period since announcement in January, no approach or competing offer has been made by any third party, indicating Starwood's offer represents full value available in the market

4

Management Financial Concessions and Commitments

- Milestone's senior management have made financial concessions and commitments totaling more than US\$7 million, including waiving certain previously disclosed severance and transaction bonus payments and guaranteeing certain working capital amounts
- Certain members of senior management have also agreed to forego approximately US\$1 million of proceeds as a result of agreeing not to receive the increased transaction price
- Milestone's senior management and Board of Trustees continue to believe that the transaction represents optimal timing to maximize unitholder value

What the Street is Saying

Strong Positive Response to Revised Offer of US\$16.25 Per Trust Unit

“Starwood Capital Group has amended its offer to US\$16.25 per (“MST”) unit, versus US\$16.15/unit formerly. We believe this offer will prove successful. We have moved our rating on MST's units to Sector Perform. **We see this as a best/final offer and we recommend unitholders vote in favour.** Our revised \$21.70 price target (-\$0.30) is in line with the US\$16.25/unit offer price based upon the current US\$/C exchange rate.”

-RBC Capital Market, 22-Mar-17

“...with the support of a larger institutional base, we believe **the transaction is now more likely to be approved...** We continue to rate Milestone as Neutral, given the transaction price represents a close approximation to our underlying real estate NAV and the current unit value reflects such.”

- CIBC, 22-Mar-17

“The press release notes that four key institutional holders, representing 16% of the outstanding units, have signed support agreements and will vote in favour of the revised transaction. This significantly boosts the probability that **the transaction will succeed**, in our view.”

- Desjardins Capital Markets, 22-Mar-17

“...Given the REIT's supporting agreements with Milestone's insiders, and certain institutional investors, **we view the probability of a higher offer to be very low. As such, we recommend unitholders tender their units.**”

- iA Securities, 22-Mar-17

“...**the downside prospects of Starwood walking away from the deal prompt our move to Tender.** Under [this] scenario it isn't unreasonable to think that Milestone would trade at a discount to intrinsic value”

- National Bank Financial, 22-Mar-17

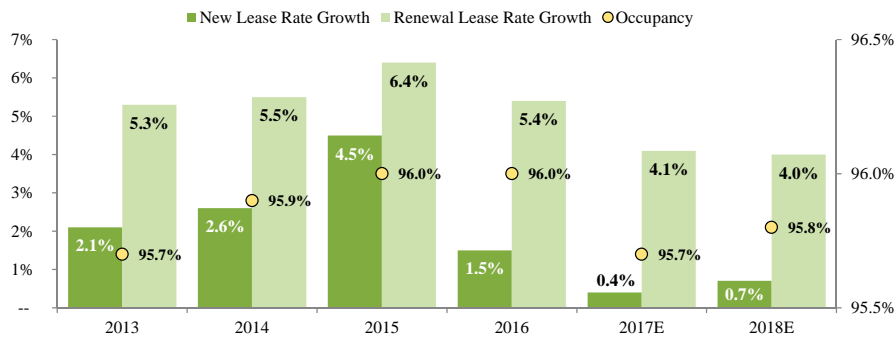
Industry Outlook

- The near-term outlook for the U.S. multifamily market is showing signs of a slowdown, particularly when compared to the past few years of outsized performance
- Changing factors include moderating rental rate growth owing in part to the impact of new supply and expanding capitalization rates amid rising interest rates

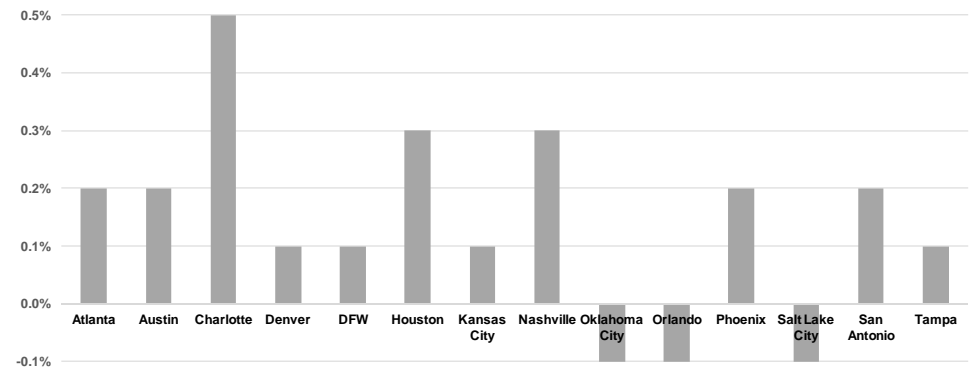
“Weaker conditions are evident across all sectors as the apartment industry adjusts to changing conditions. First, higher rates directly worsen debt financing conditions. Second, the associated rise in cap rates also put a crimp in sales of apartment properties. Third, higher cap rates following the long run-up in apartment prices caused greater caution among equity investors.”¹

- Capitalization rates within the U.S. multifamily sector have started to expand and industry experts expect them to expand further in the foreseeable future amid a moderately rising interest rate environment as well as flattening market fundamentals, both of which tend to put downward pressure on the market values of real estate assets and REITs
- Milestone has seen an increase in cap rates in many of its markets amid increasing interest rates and moderating fundamentals, which directly impacts borrowing rates and equity yields

Avg. U.S. Apartment REIT New and Renewal Lease Rate Growth²



Q4 2016 vs. Q3 2016 Capitalization Rate Change (Milestone Markets)³



Milestone anticipates continued increases in cap rates across the industry, putting pressure on valuations and leverage levels



1. Source: Obrinsky, Mark. (2017). Multifamily Execs See Market Retreating. Globe St.
 2. Source: Green Street Advisors
 3. Source: Situs RERC. Information for the remaining two Milestone markets (Colorado Springs and Jacksonville) were not available and therefore not included.

How to VOTE ON the revised Transaction or CHANGE YOUR VOTE

If you have already voted FOR the Transaction and wish to support the revised Transaction, no further action is necessary. If you have not yet voted or wish to change your vote, we ask that you do so as soon as possible using the 16- digit control number located on your voting instruction form. To ensure your vote is received prior to Friday, March 24, 2017 at 10:00 a.m. (Toronto Time), the deadline for the deposit of proxies, we encourage you to do one of the following:

Vote via Internet: www.proxyvote.com

Vote via Telephone: 1-800-474-7493 (English) / 1-800-474-7501 (French) if you are a Canadian beneficial Unitholder and at 1-800-454-8683 if you are a U.S. beneficial Unitholder.

If you require your control number please contact your broker for assistance.

Registered Unitholders can attend the meeting and vote in person. Only registered Unitholders have the right to revoke a proxy. Beneficial holders who wish to change their vote must make appropriate arrangements with their respective dealers or other intermediaries.

Your vote is extremely important. Following the unanimous recommendation of the Special Committee of Milestone's Board of Trustees, Milestone's Board of Trustees unanimously recommends that Unitholders vote FOR the revised Transaction.

Unitholders are reminded every vote counts regardless of how many units they own and to vote their proxies by Friday, March 24, 2017 at 10:00 a.m. (Toronto time).

If you have any questions, please contact Kingsdale Advisors at 1-866-851-3215 toll-free in North America, or 416-867-2272 outside North America or by email at contactus@kingsdaleadvisors.com.