



Real Estate Potential. *Realized.*

MORGUARD CORPORATION

MARCH 31, 2025

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)

BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2025	December 31, 2024
ASSETS			
Non-current assets			
Real estate properties	4	\$11,162,696	\$11,048,485
Hotel properties	5	85,970	85,999
Equity-accounted and other fund investments	6	62,315	63,064
Other assets	7	320,614	326,154
		11,631,595	11,523,702
Current assets			
Amounts receivable	8	49,973	54,130
Prepaid expenses and other		61,005	40,871
Cash		152,320	140,725
		263,298	235,726
		\$11,894,893	\$11,759,428
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	9	\$3,948,217	\$4,002,145
Debentures payable	10	317,500	316,614
Lease liabilities	12	169,281	169,924
Morguard Residential REIT units	11	431,058	434,721
Deferred income tax liabilities		919,929	904,303
		5,785,985	5,827,707
Current liabilities			
Mortgages payable	9	826,891	758,936
Loans payable	20	—	20,000
Accounts payable and accrued liabilities	13	286,525	265,450
Bank indebtedness	14	241,581	168,079
		1,354,997	1,212,465
Total liabilities		7,140,982	7,040,172
EQUITY			
Shareholders' equity		4,350,548	4,292,423
Non-controlling interest		403,363	426,833
Total equity		4,753,911	4,719,256
		\$11,894,893	\$11,759,428

Contingencies

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See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board:

(Signed) "K. Rai Sahi"

(Signed) "Bruce K. Robertson"

K. Rai Sahi,
Director

Bruce K. Robertson,
Director

STATEMENTS OF INCOME

In thousands of Canadian dollars, except per common share amounts

For the three months ended March 31	Note	2025	2024
Revenue from real estate properties	16	\$263,049	\$257,089
Revenue from hotel properties	16	5,374	10,437
Property operating expenses			
Property operating costs		(65,611)	(62,433)
Utilities		(19,515)	(17,389)
Realty taxes		(88,525)	(83,322)
Hotel operating expenses		(4,698)	(9,634)
Net operating income		90,074	94,748
OTHER REVENUE			
Management and advisory fees	16	9,491	9,657
Interest and other income		4,285	4,483
		13,776	14,140
EXPENSES			
Interest	17	62,985	64,882
Property management and corporate	15(c)	24,925	23,331
Amortization of hotel properties and other		2,421	2,667
		90,331	90,880
OTHER INCOME (EXPENSE)			
Fair value gain (loss), net	18	57,705	(43,535)
Gain on sale of hotel properties	5	—	150,587
Equity income from investments	6	593	1,032
Other income (expense)	19	47	(195)
		58,345	107,889
Income before income taxes		71,864	125,897
Provision for (recovery of) income taxes	21		
Current		2,669	16,667
Deferred		14,434	(7,539)
		17,103	9,128
Net income for the period		\$54,761	\$116,769
Net income (loss) attributable to:			
Common shareholders		\$58,135	\$130,446
Non-controlling interest		(3,374)	(13,677)
		\$54,761	\$116,769
Net income per common share attributable to:			
Common shareholders - basic and diluted	22	\$5.42	\$12.06

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

In thousands of Canadian dollars

For the three months ended March 31	2025	2024
Net income for the period	\$54,761	\$116,769
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified subsequently to net income:		
Unrealized foreign currency translation gain (loss)	(2,255)	53,382
Unrealized fair value loss on cash flow hedge	(832)	—
Deferred income tax recovery (provision)	508	(8,233)
	(2,579)	45,149
Items that will not be reclassified subsequently to net income:		
Actuarial gain (loss) on defined benefit pension plans	(3,428)	822
Deferred income tax recovery (provision)	901	(181)
	(2,527)	641
Other comprehensive income (loss)	(5,106)	45,790
Total comprehensive income for the period	\$49,655	\$162,559
Total comprehensive income (loss) attributable to:		
Common shareholders	\$53,401	\$173,816
Non-controlling interest	(3,746)	(11,257)
	\$49,655	\$162,559

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Canadian dollars

	Note	Retained Earnings	Accumulated Other Comprehensive Income	Share Capital	Total Shareholders' Equity	Non-controlling Interest	Total
Shareholders' equity, January 1, 2024		\$3,530,663	\$258,523	\$98,364	\$3,887,550	\$455,540	\$4,343,090
Changes during the period:							
Net income (loss)		130,446	—	—	130,446	(13,677)	116,769
Other comprehensive income		—	43,370	—	43,370	2,420	45,790
Dividends		(1,622)	—	—	(1,622)	—	(1,622)
Distributions		—	—	—	—	(1,849)	(1,849)
Issuance of common shares		—	—	6	6	—	6
Shareholders' equity, March 31, 2024		\$3,659,487	\$301,893	\$98,370	\$4,059,750	\$442,434	\$4,502,184
Changes during the period:							
Net income (loss)		131,353	—	—	131,353	(8,488)	122,865
Other comprehensive income		—	117,847	—	117,847	5,638	123,485
Dividends		(5,388)	—	—	(5,388)	—	(5,388)
Distributions		—	—	—	—	(6,310)	(6,310)
Issuance of common shares		—	—	21	21	—	21
Repurchase of common shares		(10,413)	—	(839)	(11,252)	—	(11,252)
Change in ownership of Morguard REIT		3,826	—	—	3,826	(6,441)	(2,615)
Tax impact of increase in subsidiary ownership interest		(3,734)	—	—	(3,734)	—	(3,734)
Shareholders' equity, December 31, 2024		\$3,775,131	\$419,740	\$97,552	\$4,292,423	\$426,833	\$4,719,256
Changes during the period:							
Net income (loss)		58,135	—	—	58,135	(3,374)	54,761
Other comprehensive loss		—	(4,734)	—	(4,734)	(372)	(5,106)
Dividends	15(a)	(2,143)	—	—	(2,143)	—	(2,143)
Distributions		—	—	—	—	(1,173)	(1,173)
Issuance of common shares	15(a)	—	—	10	10	—	10
Repurchase of common shares	15(a)	(1,982)	—	(160)	(2,142)	—	(2,142)
Change in ownership of Morguard REIT	15(b)	8,385	—	—	8,385	(11,337)	(2,952)
Increase in subsidiary ownership interest	15(b)	3,214	—	—	3,214	(7,214)	(4,000)
Tax impact of increase in subsidiary ownership interest		(2,600)	—	—	(2,600)	—	(2,600)
Shareholders' equity, March 31, 2025		\$3,838,140	\$415,006	\$97,402	\$4,350,548	\$403,363	\$4,753,911

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

For the three months ended March 31	Note	2025	2024
OPERATING ACTIVITIES			
Net income for the period		\$54,761	\$116,769
Deduct items not affecting cash	23(a)	4,508	(70,989)
Distributions from equity-accounted and other fund investments	6	291	321
Additions to tenant incentives and leasing commissions	4	(8,071)	(2,944)
Net change in operating assets and liabilities	23(b)	(46,475)	(9,503)
Cash provided by operating activities		5,014	33,654
INVESTING ACTIVITIES			
Additions to real estate properties and tenant improvements	4	(20,306)	(16,372)
Additions to hotel properties	5	(649)	(668)
Additions to capital and intangible assets		(716)	(684)
Investment in properties under development	4	(19,347)	(4,759)
Proceeds from the sale of real estate properties, net	4	296	125,512
Proceeds from the sale of hotel properties, net	5	—	405,801
Decrease in mortgages and loans receivable		3,183	518
Investment in equity-accounted and other fund investments, net	6	—	(1,703)
Cash provided by (used in) investing activities		(37,539)	507,645
FINANCING ACTIVITIES			
Proceeds from new mortgages		201,081	80,000
Financing costs on new mortgages		(2,806)	(1,635)
Repayment of mortgages			
Principal instalment repayments		(29,115)	(28,073)
Repayments on maturity		(155,470)	(74,782)
Repayments due to mortgage extinguishments		—	(106,336)
Principal payment of lease liabilities		(489)	(401)
Proceeds from (repayment of) bank indebtedness, net	23(d)	73,502	(165,729)
Redemption of debentures payable		—	(225,000)
Repayment of loans payable, net		(20,000)	—
Dividends paid		(2,133)	(1,616)
Distributions to non-controlling interest, net		(902)	(1,399)
Morguard Residential REIT units repurchased for cancellation		(10,143)	(209)
Shares repurchased for cancellation		(2,142)	—
Investment in subsidiaries	15(b)	(6,952)	—
Decrease (increase) in restricted cash		(300)	5,258
Cash provided by (used in) financing activities		44,131	(519,922)
Net increase in cash during the period		11,606	21,377
Net effect of foreign currency translation on cash balance		(11)	652
Cash, beginning of period		140,725	116,517
Cash, end of period		\$152,320	\$138,546

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2025 and 2024

In thousands of Canadian dollars, except per common share and unit amounts and unless otherwise noted

NOTE 1

NATURE AND DESCRIPTION OF COMPANY

Morguard Corporation (the "Company" or "Morguard") is a real estate investment and management company formed under the laws of Canada. Morguard's principal activities include property ownership, development and investment advisory services. Property ownership encompasses interests in multi-suite residential, commercial and hotel properties located in Canada and the United States. The common shares of the Company trade on the Toronto Stock Exchange ("TSX") under the symbol "MRC". The Company's head office is located at 55 City Centre Drive, Suite 1000, Mississauga, Ontario, L5B 1M3.

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and thus do not contain all the disclosures applicable to the annual audited consolidated financial statements.

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 6, 2025.

These condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and should be read in conjunction with the most recent annual audited consolidated financial statements which include the material accounting policies most affected by estimates and judgments.

The foreign exchange rates for the current and prior reporting periods are as follows:

	2025	2024
Canadian dollar to United States dollar exchange rates:		
- As at March 31	\$0.6956	\$0.7386
- As at December 31	—	0.6950
- Average for the three months ended March 31	0.6968	0.7414
United States dollar to Canadian dollar exchange rates:		
- As at March 31	1.4376	1.3540
- As at December 31	—	1.4389
- Average for the three months ended March 31	1.4352	1.3488

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

Morguard North American Residential Real Estate Investment Trust ("Morguard Residential REIT" or "MRG")

As at March 31, 2025, the Company owns a 47.9% (December 31, 2024 - 47.4%) effective interest in Morguard Residential REIT through its ownership of 8,120,666 units and 17,223,090 Class B LP units. The Company continues to consolidate its investment in Morguard Residential REIT on the basis of *de facto* control in accordance with IFRS 10, Consolidated Financial Statements ("IFRS 10"). Refer to the Company's most recent annual audited consolidated financial statements for the factors that continue to support the conclusion that the Company has *de facto* control of Morguard Residential REIT.

During the three months ended March 31, 2025, Morguard Residential REIT recorded distributions of \$6,879, or \$0.18999 per unit (2024 - \$6,983, or \$0.18501 per unit), of which \$1,543 was paid to the Company (2024 - \$1,502) and \$5,336 was paid to the remaining unitholders (2024 - \$5,481). In addition, during the three months ended March 31, 2025, Morguard Residential REIT paid distributions to the Company on the Class B LP units of \$3,272 (2024 - \$3,186).

Morguard Real Estate Investment Trust (“Morguard REIT” or “MRT”)

As at March 31, 2025, the Company owns 43,281,980 units (December 31, 2024 - 42,448,462 units) of Morguard REIT, which represents a 67.0% (December 31, 2024 - 66.0%) ownership interest.

During the three months ended March 31, 2025, Morguard REIT recorded distributions of \$3,864, or \$0.06 per unit (2024 - \$3,861, or \$0.06 per unit), of which \$2,584 (2024 - \$2,519) was paid to or received by the Company through MRT’s distribution reinvestment program (“MRT DRIP”) and \$1,280 was paid to the remaining unitholders (2024 - \$1,342).

The following summarizes the results of Morguard REIT and Morguard Residential REIT before any intercompany eliminations and the corresponding non-controlling interest in the equity of Morguard REIT and Morguard Residential REIT. The units issued by Morguard Residential REIT that are not held by the Company are presented as equity on Morguard Residential REIT’s balance sheet, but are classified as a liability on the Company’s consolidated balance sheets (Note 11).

As at	March 31, 2025		December 31, 2024	
	MRT	MRG	MRT	MRG
Non-current assets	\$2,143,414	\$4,459,107	\$2,153,058	\$4,403,949
Current assets	27,688	193,223	19,385	167,682
Total assets	\$2,171,102	\$4,652,330	\$2,172,443	\$4,571,631
Non-current liabilities	\$929,149	\$2,186,626	\$924,950	\$2,167,110
Current liabilities	372,587	333,432	364,724	292,531
Total liabilities	\$1,301,736	\$2,520,058	\$1,289,674	\$2,459,641
Equity	\$869,366	\$2,132,272	\$882,769	\$2,111,990
Non-controlling interest	\$287,131	\$1,111,340	\$307,200	\$1,111,540

The following summarizes the results of the operations and cash flows for the following periods as presented in Morguard REIT’s and Morguard Residential REIT’s financial statements before any intercompany eliminations and the corresponding non-controlling interest in their net income (loss):

For the three months ended March 31	2025		2024	
	MRT	MRG	MRT	MRG
Revenue	\$60,347	\$90,274	\$64,398	\$84,756
Expenses	(51,126)	(96,265)	(50,851)	(91,823)
Fair value gain (loss) on real estate properties, net	(20,886)	47,930	(50,223)	52,166
Fair value loss on Class B LP units	—	(3,617)	—	(20,323)
Net income (loss) for the period	(\$11,665)	\$38,322	(\$36,676)	\$24,776
Non-controlling interest	(\$3,834)	\$19,973	(\$12,723)	\$13,352

For the three months ended March 31	2025		2024	
	MRT	MRG	MRT	MRG
Cash provided by operating activities	\$2,025	\$15,348	\$6,226	\$18,512
Cash used in investing activities	(6,982)	(7,621)	(8,744)	(5,361)
Cash provided by (used in) financing activities	4,495	(9,853)	1,501	(12,906)
Net increase (decrease) in cash during the period	(\$462)	(\$2,126)	(\$1,017)	\$245

NOTE 4

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	March 31, 2025	December 31, 2024
Income producing properties	\$10,963,418	\$10,868,400
Properties under development	74,441	55,156
Land held for development	124,837	124,929
	\$11,162,696	\$11,048,485

Reconciliation of the carrying amounts for real estate properties at the beginning and end of the current period and prior financial year is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2024	\$10,868,400	\$55,156	\$124,929	\$11,048,485
Additions:				
Capital expenditures	11,609	—	—	11,609
Development expenditures	—	19,341	6	19,347
Tenant improvements, incentives and leasing commissions	16,768	—	—	16,768
Transfers	56	(56)	—	—
Dispositions	(296)	—	—	(296)
Fair value gain (loss), net (Note 18)	71,931	—	(85)	71,846
Foreign currency translation	(3,781)	—	(13)	(3,794)
Other	(1,269)	—	—	(1,269)
Balance as at March 31, 2025	\$10,963,418	\$74,441	\$124,837	\$11,162,696

Transactions completed during the three months ended March 31, 2025

Dispositions

During the three months ended March 31, 2025, the Company sold an industrial property consisting of 4,650 square feet, for net proceeds of \$296, including closing costs.

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2024 is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2023	\$10,473,323	\$12,175	\$133,464	\$10,618,962
Additions:				
Acquisitions	99,217	—	—	99,217
Capital expenditures	116,179	—	—	116,179
Development expenditures	—	29,712	33	29,745
Tenant improvements, incentives and leasing commissions	29,206	—	—	29,206
Transfers	1,631	13,269	(14,900)	—
Dispositions	(165,527)	—	—	(165,527)
Fair value gain (loss), net	(23,003)	—	5,154	(17,849)
Foreign currency translation	342,951	—	1,178	344,129
Other	(5,577)	—	—	(5,577)
Balance as at December 31, 2024	\$10,868,400	\$55,156	\$124,929	\$11,048,485

Capitalization Rates

As at March 31, 2025, and December 31, 2024, the Company had its portfolio internally appraised. In addition, the Company's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

The Company determined the fair value of each income producing property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable consolidated balance sheet dates, less future cash outflow pertaining to the respective leases. The Company's multi-suite residential properties are appraised using the direct capitalization of income method. The retail, office and industrial properties are appraised using a number of approaches that typically include a discounted cash flow analysis, a direct capitalization of income method and a direct comparison approach. The discounted cash flow analysis is primarily based on discounting the expected future cash flows, generally over a term of 10 years, and includes a terminal value based on the application of a capitalization rate to estimated year-11 cash flows.

As at March 31, 2025, using the direct capitalization approach, the multi-suite residential, retail and office properties were valued using capitalization rates in the range of 3.3% to 10.3% (December 31, 2024 - 3.3% to 10.3%), resulting in an overall weighted average capitalization rate of 5.6% (December 31, 2024 - 5.6%).

The stabilized capitalization rates by asset type are set out in the following table:

As at	March 31, 2025					December 31, 2024				
	Occupancy Rates		Capitalization Rates			Occupancy Rates		Capitalization Rates		
	Max.	Min.	Max.	Min.	Weighted Average	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	98.5%	92.0%	6.3%	3.3%	4.4%	98.5%	92.0%	6.3%	3.3%	4.4%
Retail	99.0%	85.0%	10.3%	5.0%	7.4%	99.0%	85.0%	10.3%	5.0%	7.4%
Office ⁽¹⁾	100.0%	85.0%	9.5%	5.0%	7.6%	100.0%	85.0%	9.5%	4.6%	7.7%

⁽¹⁾ Includes industrial properties comprising approximately 11% of the segment's total assets.

The key valuation metrics used in the discounted cash flow method for the retail and office properties are set out in the following table:

As at	March 31, 2025			December 31, 2024		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Retail						
Discount rate	11.3%	5.8%	7.7%	11.3%	5.8%	7.7%
Terminal cap rate	10.3%	5.3%	6.7%	10.3%	5.3%	6.7%
Office						
Discount rate	10.0%	5.9%	7.3%	10.0%	5.1%	7.2%
Terminal cap rate	9.5%	5.3%	6.6%	9.5%	4.8%	6.5%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rates were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the income producing properties as at March 31, 2025 would decrease by \$492,206 and increase by \$545,326, respectively.

The sensitivity of the fair values of the Company's income producing properties as at March 31, 2025, and December 31, 2024, is set out in the table below:

As at	March 31, 2025		December 31, 2024	
Change in capitalization rate:	0.25%	(0.25%)	0.25%	(0.25%)
Multi-suite residential	(\$363,741)	\$407,865	(\$360,692)	\$404,402
Retail	(65,325)	69,961	(66,253)	71,008
Office	(63,140)	67,500	(57,961)	61,854
	(\$492,206)	\$545,326	(\$484,906)	\$537,264

NOTE 5

HOTEL PROPERTIES

Hotel properties consist of the following:

As at March 31, 2025	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	85,261	(14,642)	70,619
Furniture, fixtures, equipment and other	13,258	(12,484)	774
	\$113,096	(\$27,126)	\$85,970

As at December 31, 2024	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	84,852	(14,117)	70,735
Furniture, fixtures, equipment and other	13,018	(12,331)	687
	\$112,447	(\$26,448)	\$85,999

On January 18, 2024, the Company sold the common shares of its subsidiary, Morguard Hotels Limited, and the beneficial interest in 14 hotels for net proceeds of \$405,801, including closing costs. At closing, the Company repaid three first mortgage loans totalling \$48,641. On disposition, the net proceeds of the 14 hotels exceeded the carrying value of \$255,214, resulting in a gain of \$150,587.

Changes in the carrying amounts of hotel properties for the three months ended March 31, 2025 are summarized as follows:

As at March 31, 2025	Opening Net Book Value	Additions	Amortization	Closing Net Book Value
Land	\$14,577	\$—	\$—	\$14,577
Buildings	70,735	409	(525)	70,619
Furniture, fixtures, equipment and other	687	240	(153)	774
	\$85,999	\$649	(\$678)	\$85,970

Changes in the carrying amounts of hotel properties for the year ended December 31, 2024 are summarized as follows:

As at December 31, 2024	Opening Net Book Value	Additions	Dispositions	Amortization	Closing Net Book Value
Land	\$55,416	\$—	(\$40,839)	\$—	\$14,577
Buildings	273,230	1,177	(201,339)	(2,333)	70,735
Furniture, fixtures, equipment and other	13,458	862	(13,036)	(597)	687
	\$342,104	\$2,039	(\$255,214)	(\$2,930)	\$85,999

NOTE 6

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

(a) Equity-accounted and Other Real Estate Fund Investments Consist of the Following:

As at	March 31, 2025	December 31, 2024
Joint ventures	\$7,246	\$6,963
Associates	88	69
Equity-accounted investments	7,334	7,032
Other real estate fund investments	54,981	56,032
Equity-accounted and other fund investments	\$62,315	\$63,064

The following are the Company's significant equity-accounted investments as at March 31, 2025, and December 31, 2024:

Property/Investment	Principal Place of Business	Investment Type	Asset Type	Company's Ownership		Carrying Value	
				March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	50.0%	50.0%	\$4,523	\$4,210
Quinte Courthouse	Belleville, ON	Joint Venture	Office	50.0%	50.0%	2,723	2,753
MIL Industrial Fund II LP ⁽¹⁾	Various	Associate	Industrial	18.8%	18.8%	88	69
						\$7,334	\$7,032

⁽¹⁾ The Company accounts for its investment using the equity method since the Company has the ability to exercise significant influence as a result of its role as general partner; however, it does not control the fund.

Equity-accounted investments

The following table presents the change in the balance of equity-accounted investments:

As at	March 31, 2025	December 31, 2024
Balance, beginning of period	\$7,032	\$39,001
Share of net income (loss)	593	(717)
Distributions received	(291)	(5,219)
Distributions received - sale of hotel joint ventures	—	(26,033)
Balance, end of period	\$7,334	\$7,032

On April 16, 2024, the Company sold its 50% interest in two hotel joint ventures for net proceeds of \$26,033, including working capital adjustments and closing costs.

The following tables present the financial results of the Company's equity-accounted investments on a 100% basis:

As at	March 31, 2025			December 31, 2024		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Non-current assets	\$102,580	\$—	\$102,580	\$102,064	\$—	\$102,064
Current assets	3,751	475	4,226	4,228	373	4,601
Total assets	\$106,331	\$475	\$106,806	\$106,292	\$373	\$106,665
Non-current liabilities	\$37,177	\$—	\$37,177	\$37,473	\$—	\$37,473
Current liabilities	54,662	6	54,668	54,893	6	54,899
Total liabilities	\$91,839	\$6	\$91,845	\$92,366	\$6	\$92,372
Net assets	\$14,492	\$469	\$14,961	\$13,926	\$367	\$14,293
Equity-accounted investments	\$7,246	\$88	\$7,334	\$6,963	\$69	\$7,032

For the three months ended March 31	2025			2024		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	\$4,167	\$—	\$4,167	\$8,036	\$117	\$8,153
Expenses	(3,094)	101	(2,993)	(5,907)	—	(5,907)
Fair value gain (loss) on real estate properties, net	74	—	74	16	(272)	(256)
Net income (loss) for the period	\$1,147	\$101	\$1,248	\$2,145	(\$155)	\$1,990
Income (loss) in equity-accounted investments	\$574	\$19	\$593	\$1,061	(\$29)	\$1,032

(b) Income Recognized from Other Fund Investments:
Other Real Estate Fund Investments

For the three months ended March 31	2025	2024
Distribution income	\$99	\$—
Fair value loss for the period (Note 18)	(999)	(14,125)
Loss from other real estate fund investments	(\$900)	(\$14,125)

The Company's two fund investments hold multi-suite residential, retail and office investment properties located in the United States. The funds are classified and measured at FVTPL. Gains or losses arise from the change in the fair value of the underlying real estate properties held by the funds (Level 3) and from foreign exchange currency translation. Distributions received from these funds are recorded in other expense on the consolidated statements of income.

NOTE 7

OTHER ASSETS

Other assets consist of the following:

As at	March 31, 2025	December 31, 2024
Investment in marketable securities	\$86,532	\$88,187
Accrued pension benefit asset	77,210	80,524
Finance lease receivable	59,469	59,355
Mortgages receivable	41,636	41,444
Goodwill	24,488	24,488
Capital assets, net	17,999	18,189
Intangible assets, net	9,207	9,997
Receivables from related parties (Note 20(c))	3,104	2,960
Right-of-use asset - office lease	876	927
Other	93	83
	\$320,614	\$326,154

As at March 31, 2025, mortgages receivable amount to \$42,024 (December 31, 2024 - \$44,709), of which \$388 (December 31, 2024 - \$3,265) is due within one year and included in prepaid expenses and other. The mortgages receivable have a weighted average term to maturity of 1.3 years (December 31, 2024 - 1.5 years) and a weighted average effective interest rate of 7.44% (December 31, 2024 - 7.51%).

NOTE 8

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	March 31, 2025	December 31, 2024
Tenant receivables	\$18,691	\$15,300
Unbilled other tenant receivables	7,688	9,030
Other receivables	31,332	37,112
Allowance for expected credit loss	(7,738)	(7,312)
	\$49,973	\$54,130

NOTE 9

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2025	December 31, 2024
Mortgages payable	\$4,806,303	\$4,791,513
Mark-to-market adjustments, net	(1,078)	(1,404)
Deferred financing costs	(30,117)	(29,028)
	\$4,775,108	\$4,761,081
Current	\$826,891	\$758,936
Non-current	3,948,217	4,002,145
	\$4,775,108	\$4,761,081
Range of interest rates	2.03 - 7.75%	2.03 - 7.75%
Weighted average contractual interest rate	4.22%	4.21%
Estimated fair value of mortgages payable	\$4,270,937	\$4,656,335

As at March 31, 2025, approximately 93% of the Company's real estate and hotel properties, and related rental revenue, are pledged as collateral for the mortgages payable.

The aggregate principal repayments and balances maturing of the mortgages payable as at March 31, 2025, together with the weighted average contractual interest rate on debt maturing in the next five years and thereafter, are as follows:

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Interest Rate
2025 (remainder of year)	\$83,202	\$550,395	\$633,597	3.84%
2026	108,354	775,932	884,286	4.63%
2027	68,936	644,992	713,928	4.52%
2028	56,782	411,554	468,336	4.38%
2029	50,532	588,326	638,858	4.57%
Thereafter	129,224	1,338,074	1,467,298	3.80%
	\$497,030	\$4,309,273	\$4,806,303	4.22%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2025, mortgages payable mature between 2025 and 2058 and have a weighted average term to maturity of 4.1 years (December 31, 2024 - 4.1 years). Approximately 94% of the Company's mortgages have fixed interest rates.

Some of the Company's mortgages payable require it to maintain annual debt service coverage ratios and/or debt to equity ratios and/or debt to appraised value ratios, and arrange for capital expenditures in accordance with predetermined limits. As at March 31, 2025, and December 31, 2024, the Company is in compliance with all financial covenants.

NOTE 10

DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	March 31, 2025	December 31, 2024
Unsecured debentures	\$173,810	\$173,611
Convertible debentures	143,690	143,003
	\$317,500	\$316,614
Current	\$—	\$—
Non-current	317,500	316,614
	\$317,500	\$316,614

(a) Unsecured Debentures

The Company's senior unsecured debentures ("Unsecured Debentures") consist of the following:

As at	Maturity Date	Coupon Interest Rate	March 31, 2025	December 31, 2024
Series H senior unsecured debentures	September 26, 2026	9.500%	175,000	175,000
Unamortized financing costs			(1,190)	(1,389)
			\$173,810	\$173,611
Current			\$—	\$—
Non-current			173,810	173,611
			\$173,810	\$173,611

As at March 31, 2025, Paros Enterprises Limited ("Paros Enterprises") owns \$25,000 (December 31, 2024 - \$25,000) Series H senior unsecured debentures.

For the three months ended March 31, 2025, interest on Unsecured Debentures of \$4,099 (2024 - \$7,230) is included in interest expense (Note 17).

(b) Convertible Debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	March 31, 2025	December 31, 2024
Morguard Residential REIT ⁽¹⁾	March 31, 2028	\$24.15	6.00%	\$56,000	\$5,000	\$48,055	\$47,830
Morguard REIT	December 31, 2026	\$7.80	5.25%	\$159,000	\$60,000	95,635	95,173
						\$143,690	\$143,003
Current						\$—	\$—
Non-current						143,690	143,003
						\$143,690	\$143,003

⁽¹⁾ As at March 31, 2025, the liability includes the fair value of the conversion option of \$1,251 (December 31, 2024 - \$1,361).

As at March 31, 2025, Paros Enterprises, a related party, owns \$2,000 (December 31, 2024 - \$2,000) aggregate principal amount of the Morguard Residential REIT debentures.

For the three months ended March 31, 2025, interest on convertible debentures net of accretion of \$2,514 (2024 - \$2,480) is included in interest expense (Note 17).

NOTE 11

MORGUARD RESIDENTIAL REIT UNITS

The units issued by Morguard Residential REIT that are not held by the Company are classified as equity on Morguard Residential REIT's balance sheet but are classified as a liability on the Company's consolidated balance sheets. Morguard Residential REIT units are redeemable at any time, in whole or in part, on demand by the holders. Upon receipt of the redemption notice by Morguard Residential REIT, all rights to and under the units tendered for redemption shall be surrendered, and the holder shall be entitled to receive a price per unit equal to the lesser of: (i) 90% of the market price of the units on the principal exchange market on which the units are listed or quoted for trading during the 10 consecutive trading days ending immediately prior to the date on which the units were surrendered for redemption; or (ii) 100% of the closing market price on the principal exchange market on which the units are listed or quoted for trading on the redemption date.

As at March 31, 2025, the Company valued the non-controlling interest in the Morguard Residential REIT units at \$431,058 (December 31, 2024 - \$434,721) and classifies the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended March 31, 2025 of \$11,629 (2024 - \$36,935) in the consolidated statements of income (Note 18).

The components of the fair value loss on Morguard Residential REIT units are as follows:

For the three months ended March 31	2025	2024
Fair value loss on Morguard Residential REIT units	(\$6,293)	(\$31,454)
Distributions to external unitholders (Note 3)	(5,336)	(5,481)
Fair value loss on Morguard Residential REIT units	(\$11,629)	(\$36,935)

NOTE 12

LEASE LIABILITIES

The following table presents the change in the balance of lease liabilities:

As at	March 31, 2025	December 31, 2024
Balance, beginning of period	\$171,463	\$170,753
Interest on lease liabilities (Note 17)	2,485	9,860
Payments	(2,974)	(11,252)
Additions	—	685
Foreign exchange loss (gain)	(16)	1,417
Balance, end of period	\$170,958	\$171,463
Current (Note 13)	\$1,677	\$1,539
Non-current	169,281	169,924
	\$170,958	\$171,463

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2025	December 31, 2024
Within 12 months	\$11,738	\$11,469
2 to 5 years	55,409	55,351
Over 5 years	330,348	332,453
Total minimum lease payments	397,495	399,273
Less: future interest costs	(226,537)	(227,810)
Present value of minimum lease payments	\$170,958	\$171,463

NOTE 13

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2025	December 31, 2024
Accounts payable and accrued liabilities	\$201,146	\$215,334
Accrued liabilities (IFRIC 21, Levies)	47,095	—
Tenant deposits	27,006	26,350
Stock Appreciation Rights ("SARs") liability (Note 15(c))	5,191	4,868
Income taxes payable	—	13,297
Lease liabilities (Note 12)	1,677	1,539
Derivative liabilities	3,221	2,389
Other	1,189	1,673
	\$286,525	\$265,450

NOTE 14

BANK INDEBTEDNESS

As at March 31, 2025, the Company has borrowed \$241,581 (December 31, 2024 - \$168,079) on its operating lines of credit and has issued letters of credit in the amount of \$3,193 (December 31, 2024 - \$3,254). The Company has seven revolving lines of credit, of which six are subject to borrowing limitations that are based on the performance metrics of the underlying security. As at March 31, 2025, the maximum amount that can be borrowed on the operating lines of credit is \$366,873 (December 31, 2024 - \$360,391). As at March 31, 2025, the Company has operating lines of credit totalling \$436,350 (December 31, 2024 - \$436,350).

The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed charge on eleven properties have been pledged as collateral on these operating lines of credit. As at March 31, 2025, the majority of the Company's lines of credit can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on the prime lending rate, Canadian Overnight Repo Rate Average ("CORRA") for amounts borrowed in Canadian dollars or the Secured Overnight Financing Rate ("SOFR") on amounts borrowed in United States dollars.

The bank credit agreements, which renew annually and are due on demand, include certain restrictive undertakings by the Company. As at March 31, 2025, the Company is in compliance with all undertakings.

NOTE 15

SHAREHOLDERS' EQUITY

(a) Share Capital Authorized

Unlimited common shares, no par value.

Unlimited preference shares, no par value, issuable in series.

Issued and Fully Paid Common Shares	Number (000s)	Amount
Balance, December 31, 2023	10,813	\$98,364
Common shares repurchased through the Company's NCIB	(92)	(839)
Dividend reinvestment plan	—	27
Balance, December 31, 2024	10,721	\$97,552
Common shares repurchased through the Company's NCIB	(18)	(160)
Dividend reinvestment plan	—	10
Balance, March 31, 2025	10,703	\$97,402

The Company had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 540,661 common shares. On September 18, 2024, the Company obtained the approval of the TSX under its NCIB to purchase up to 540,672 common shares, representing approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2025. The daily repurchase restriction for the common shares is 1,000. During the three months ended March 31, 2025, 17,600 common shares were repurchased for cash consideration of \$2,142 at a weighted average price of \$121.70 per common share.

Total dividends declared during the three months ended March 31, 2025, amounted to \$2,143, or \$0.20 per common share (2024 - \$1,622, or \$0.15 per common share). On May 6, 2025, the Company declared a common share dividend of \$0.20 per common share, to be paid in the second quarter of 2025.

(b) Contributed Surplus

During the three months ended March 31, 2025, the Company acquired 534,300 units (2024 - nil units) of Morguard REIT for cash consideration of \$2,952 (2024 - \$nil). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended March 31, 2025 amounted to \$5,375 (2024 - \$nil) and the amounts have been recorded within retained earnings.

During the three months ended March 31, 2025, the Company acquired 299,218 units of Morguard REIT (2024 - nil units) under its distribution reinvestment program for non-cash consideration of \$1,662 (2024 - \$nil). The difference between the non-cash consideration and the carrying value of the non-controlling interest acquired for the three months ended March 31, 2025, amounted to \$3,010 (2024 - \$nil) and the amount has been recorded within retained earnings.

On January 31, 2025, the Company acquired the remaining 40% ownership interest in Lincluden Investment Management Limited ("Lincluden"), for a purchase price of \$4,000, including closing costs. The difference between the cash consideration and the carrying value of the non-controlling interest acquired amounted to \$3,214 and the amounts have been recorded within retained earnings.

(c) Stock Appreciation Rights Plan

As at March 31, 2025, 245,000 rights are issued under the Company's SARs plan with exercise prices ranging between \$30.74 and \$184.00, having a weighted average exercise price of \$138.00. No SARs were issued during the three months ended March 31, 2025.

During the three months ended March 31, 2025, the Company recorded a fair value adjustment of \$323 to increase compensation expense (2024 - \$857). The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income, and the liability is classified as accounts payable and accrued liabilities (Note 13).

The fair value for the SARs was calculated using the Black-Scholes option pricing model. In determining the fair value of the SARs, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions that were used in determining the fair value as at March 31, 2025: a dividend yield of 0.50% (2024 - 0.51%), expected volatility of approximately 25.82% (2024 - 25.51%) and the 10-year Bank of Canada Bond Yield of 2.62% (2024 - 3.74%).

(d) Stock Option Plan

The Company established a stock option plan ("SOP") during 2022. The SOP entitles specified officers to receive common share options of the Company. Under the SOP, the Company may grant up to a maximum of 1,000,000 options. As at March 31, 2025, the Company has granted nil options.

(e) Accumulated Other Comprehensive Income

As at March 31, 2025, and December 31, 2024, accumulated other comprehensive income consists of the following amounts:

As at	March 31, 2025	December 31, 2024
Actuarial gain on defined benefit pension plans	\$44,903	\$47,430
Unrealized fair value loss on cash flow hedge	(2,650)	(1,972)
Unrealized foreign currency translation gain	372,753	374,282
	\$415,006	\$419,740

NOTE 16

REVENUE

The components of revenue from real estate properties are as follows:

For the three months ended March 31	2025	2024
Rental income	\$142,136	\$141,878
Realty taxes and insurance	43,538	43,087
Common area maintenance recoveries	27,166	26,025
Property management and ancillary income	50,209	46,099
	\$263,049	\$257,089

The components of revenue from hotel properties are as follows:

For the three months ended March 31	2025	2024
Room revenue	\$4,465	\$8,426
Other hotel revenue	909	2,011
	\$5,374	\$10,437

The components of management and advisory fees are as follows:

For the three months ended March 31	2025	2024
Property and asset management fees	\$7,835	\$6,845
Other fees	1,656	2,812
	\$9,491	\$9,657

NOTE 17

INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2025	2024
Interest on mortgages	\$49,071	\$49,656
Interest on debentures payable, net of accretion (Note 10)	6,613	9,710
Interest on bank indebtedness	2,785	970
Interest on loans payable and other	106	160
Interest on lease liabilities (Note 12)	2,485	2,461
Amortization of mark-to-market adjustments on mortgages, net	326	(131)
Amortization of deferred financing costs	2,208	2,176
	63,594	65,002
Less: Interest capitalized to properties under development	(609)	(120)
	\$62,985	\$64,882

NOTE 18

FAIR VALUE GAIN (LOSS), NET

The components of fair value gain (loss) are as follows:

For the three months ended March 31	2025	2024
Fair value gain on real estate properties, net (Note 4)	\$71,846	\$13,882
Financial assets (liabilities):		
Fair value gain on conversion option of MRG convertible debentures	110	152
Fair value loss on MRG units (Note 11)	(11,629)	(36,935)
Fair value loss on other real estate fund investments (Note 6(b))	(999)	(14,125)
Fair value loss on investment in marketable securities	(1,623)	(6,509)
Total fair value gain (loss), net	\$57,705	(\$43,535)

NOTE 19

OTHER INCOME (EXPENSE)

The components of other income (expense) are as follows:

For the three months ended March 31	2025	2024
Foreign exchange gain (loss)	(\$5)	\$53
Other income (expense)	52	(248)
	\$47	(\$195)

NOTE 20**RELATED PARTY TRANSACTIONS**

In addition to the related party transactions disclosed in Notes 6 and 10, related party transactions also include the following:

(a) Paros Holdings Corporation and Paros Enterprises Limited

Paros Holdings Corporation ("Paros Holdings") and Paros Enterprises are owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at March 31, 2025, Paros Holdings owns a 62.8% interest in Morguard through its ownership of 6,717,500 common shares. As at March 31, 2025, and December 31, 2024, the Company has a demand loan agreement with Paros Enterprises that provides for the Company to borrow up to \$50,000. As at March 31, 2025, and December 31, 2024, no amounts were drawn and no net interest expense was incurred.

(b) TWC Enterprises Limited ("TWC")

The Company provides TWC with managerial and consulting services for its business and the business of its subsidiaries. Mr. K. Rai Sahi is Chairman and Chief Executive Officer and the majority shareholder of TWC. Pursuant to contractual agreements between the Company and TWC, for the three months ended March 31, 2025, the Company received a management fee of \$339 (2024 - \$329) and paid rent and operating expenses of \$275 (2024 - \$224).

As at March 31, 2025, and December 31, 2024, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to \$50,000 at floating rates of interest consistent with the entity's borrowing cost. The total loan payable as at March 31, 2025 was \$nil (December 31, 2024 - \$20,000). During the three months ended March 31, 2025, the Company paid net interest of \$84 (2024 - \$nil).

(c) Share/unit Purchase and Other Loans

As at March 31, 2025, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of \$3,104 (December 31, 2024 - \$2,960) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units of Morguard REIT, convertible debentures of Morguard REIT and units of Morguard Residential REIT, are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at March 31, 2025, the fair market value of the common shares/units held as collateral is \$3,793.

NOTE 21**INCOME TAXES****Recognized Deductible Temporary Differences**

As at March 31, 2025, the Company's U.S. subsidiaries have total net operating losses of approximately US\$19,494 (December 31, 2024 - US\$22,731) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely. Included in the net operating losses is the Company's portion of net operating losses of a subsidiary where the Company owns a 51% effective interest in a limited partnership of US\$8,699 (December 31, 2024 - US\$8,747).

As at March 31, 2025, the Company's U.S. subsidiaries have a total of US\$117,152 (December 31, 2024 - US\$109,331) of unutilized interest expense deductions of which deferred income tax assets were recognized and can be carried forward indefinitely.

NOTE 22**NET INCOME PER COMMON SHARE**

For the three months ended March 31	2025	2024
Net income attributable to common shareholders	\$58,135	\$130,446
Weighted average number of common shares outstanding (000s) - basic and diluted	10,718	10,813
Net income per common share - basic and diluted	\$5.42	\$12.06

NOTE 23

CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

For the three months ended March 31	2025	2024
Fair value loss (gain) on real estate properties, net	(\$24,829)	\$29,375
Fair value gain on conversion option of MRG convertible debentures (Note 18)	(110)	(152)
Fair value loss on MRG units (Note 11)	6,293	31,454
Fair value loss on other real estate investment funds (Note 18)	999	14,125
Fair value loss on investment in marketable securities (Note 18)	1,623	6,509
Equity income from investments	(593)	(1,032)
Amortization of hotel properties and other	2,421	2,667
Amortization of deferred financing costs (Note 17)	2,208	2,176
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	326	(131)
Amortization of tenant incentives	876	579
Stepped rent - adjustment for straight-line method	393	1,124
Deferred income taxes	14,434	(7,539)
Accretion of convertible debentures	467	443
Gain on sale of hotel properties (Note 5)	—	(150,587)
	\$4,508	(\$70,989)

(b) Net Change in Operating Assets and Liabilities

For the three months ended March 31	2025	2024
Amounts receivable	\$868	\$6,237
Prepaid expenses and other	(22,255)	(10,297)
Accounts payable and accrued liabilities	(25,088)	(5,443)
Net change in operating assets and liabilities	(\$46,475)	(\$9,503)

(c) Supplemental Cash Flow Information

For the three months ended March 31	2025	2024
Interest paid	\$61,093	\$63,993
Interest received	2,920	2,161
Income taxes paid	21,876	2,167

During the three months ended March 31, 2025, the Company issued non-cash dividends under the distribution reinvestment plan of \$10 (2024 - \$6).

(d) Reconciliation of Liabilities Arising from Financing Activities

The following provides a reconciliation of liabilities arising from financing activities:

	Mortgages payable	Unsecured Debentures	Convertible debentures	Lease liabilities	Loans payable	Bank indebtedness	Total
Balance, beginning of period	\$4,761,081	\$173,611	\$143,003	\$171,463	\$20,000	\$168,079	\$5,437,237
Repayments	(29,115)	—	—	(489)	—	(42,060)	(71,664)
New financing, net	198,275	—	—	—	(20,000)	115,562	293,837
Lump-sum repayments	(155,470)	—	—	—	—	—	(155,470)
Non-cash changes	2,005	199	687	—	—	—	2,891
Foreign exchange	(1,668)	—	—	(16)	—	—	(1,684)
Balance, March 31, 2025	\$4,775,108	\$173,810	\$143,690	\$170,958	\$—	\$241,581	\$5,505,147

NOTE 24**CONTINGENCIES**

The Company is contingently liable with respect to litigation, claims and environmental matters that arise from time to time, including those that could result in mandatory damages or other relief, which could result in significant expenditures. While the final outcome of these matters cannot be predicted with certainty, in the opinion of management, any uninsured liability that may arise from such contingencies would not have a material adverse effect on the financial position or results of operations of the Company. Any settlement of claims in excess of amounts recorded will be charged to operations as and when such determination is made.

NOTE 25**MANAGEMENT OF CAPITAL**

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2024 for an explanation of the Company's capital management policy.

The total managed capital for the Company as at March 31, 2025, and December 31, 2024, is summarized below:

As at	March 31, 2025	December 31, 2024
Mortgages payable, principal balance	\$4,806,303	\$4,791,513
Unsecured Debentures, principal balance	175,000	175,000
Convertible debentures, principal balance	150,000	150,000
Loans payable	—	20,000
Bank indebtedness	241,581	168,079
Lease liabilities	170,958	171,463
Shareholders' equity	4,350,548	4,292,423
	\$9,894,390	\$9,768,478

The Company monitors its capital structure based on an interest coverage ratio and a debt to gross book value ratio. These ratios are used by the Company to manage an acceptable level of leverage and are calculated in accordance with the terms of the specific agreements with creditors and are not considered measures in accordance with IFRS, nor is there an equivalent IFRS measure.

The Company's Unsecured Debentures contain covenants that are calculated on a non-consolidated basis, which represents the Company's consolidated results prepared in accordance with IFRS as shown on the Company's most recently published annual audited consolidated financial statements, adjusted, as required, to account for the Company's public entity investments in Morguard Residential REIT and Morguard REIT using the equity method. The covenants that the Company must maintain are a non-consolidated interest coverage ratio above 1.65 times, a non-consolidated debt to gross book value ratio not to exceed 65% and a minimum non-consolidated equity requirement of at least \$300,000. If the Company does not meet these covenants, the Unsecured Debentures will become immediately due and payable unless the Company is able to remedy the default or obtain a waiver from debenture holders. The Company is in compliance with all Unsecured Debenture covenants.

NOTE 26**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2024 for an explanation of the Company's risk management policy as it relates to financial instruments.

Fair Value of Financial Assets and Financial Liabilities

The fair values of cash, restricted cash, amounts receivable, accounts payable and accrued liabilities and bank indebtedness approximate their carrying values due to the short-term maturity of those instruments. The fair values of mortgages and loans receivable are based on the current market conditions for financing loans with similar terms and risks. The loans payable are reflected at fair value since they are based on a floating interest rate and reflect the terms of current market conditions.

Mortgages payable, Unsecured Debentures, convertible debentures, lease liabilities and finance lease receivable are carried at amortized cost using the effective interest rate method of amortization. The estimated fair values of long-term borrowings have been determined based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Company.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2025 market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at March 31, 2025 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at \$4,270,937 (December 31, 2024 - \$4,656,335), compared to the carrying value of \$4,806,303 (December 31, 2024 - \$4,791,513). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures liability is based on its closing bid price (Level 1). As at March 31, 2025, the fair value of the Unsecured Debentures has been estimated at \$185,484 (December 31, 2024 - \$186,555), compared to the carrying value of \$175,000 (December 31, 2024 - \$175,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at March 31, 2025, the fair value of the convertible debentures before deferred financing costs has been estimated at \$150,268 (December 31, 2024 - \$152,244), compared to the carrying value of \$150,000 (December 31, 2024 - \$150,000).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using March 31, 2025, market rates for debt on similar terms (Level 3). Based on these assumptions, as at March 31, 2025, the fair value of the finance lease receivable has been estimated at \$59,469 (December 31, 2024 - \$59,355).

The fair value hierarchy of financial instruments and real estate properties measured at fair value in the consolidated balance sheets is as follows:

As at	March 31, 2025			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Real estate properties	\$—	\$—	\$11,162,696	\$—	\$—	\$11,048,485
Investments in marketable securities	86,532	—	—	88,187	—	—
Investments in real estate funds	—	—	54,981	—	—	56,032
Financial liabilities:						
Morguard Residential REIT units	—	431,058	—	—	434,721	—
Conversion option on MRG convertible debentures	—	1,251	—	—	1,361	—
Derivative liabilities	—	3,221	—	—	2,389	—

NOTE 27

SEGMENTED INFORMATION

(a) Operating Segments

The Company has the following four reportable segments after aggregation: (i) multi-suite residential, (ii) retail, (iii) office and (iv) hotel. The office segment includes industrial properties comprising approximately 11% of the segment's total assets. The Company has applied judgment by aggregating its operating segments according to the nature of the property operations. Such judgment considers the nature of operations, types of customers and an expectation that operating segments within a reportable segment have similar long-term economic characteristics.

The following summary presents certain financial information regarding the Company's operating segments:

For the three months ended March 31, 2025	Multi-suite				Total
	Residential	Retail	Office	Hotel	
Revenue from real estate/hotel properties	\$135,497	\$64,734	\$62,818	\$5,374	\$268,423
Property/hotel operating expenses	(101,798)	(39,742)	(32,111)	(4,698)	(178,349)
Net operating income	\$33,699	\$24,992	\$30,707	\$676	\$90,074

	Multi-suite Residential	Retail	Office	Hotel	Total
For the three months ended March 31, 2024					
Revenue from real estate/hotel properties	\$126,349	\$64,576	\$66,164	\$10,437	\$267,526
Property/hotel operating expenses	(93,131)	(38,343)	(31,670)	(9,634)	(172,778)
Net operating income	\$33,218	\$26,233	\$34,494	\$803	\$94,748

	Multi-suite Residential	Retail	Office	Hotel	Total
As at March 31, 2025					
Real estate/hotel properties	\$6,929,694	\$2,204,827	\$2,028,175	\$85,970	\$11,248,666
Mortgages payable	\$2,898,488	\$863,338	\$967,232	\$46,050	\$4,775,108
For the three months ended March 31, 2025					
Additions to real estate/hotel properties	\$27,881	\$1,967	\$17,876	\$649	\$48,373
Fair value gain (loss) on real estate properties	\$80,044	(\$6,067)	(\$2,131)	\$—	\$71,846

	Multi-suite Residential	Retail	Office	Hotel	Total
As at December 31, 2024					
Real estate/hotel properties	\$6,825,580	\$2,209,322	\$2,013,583	\$85,999	\$11,134,484
Mortgages payable	\$2,867,205	\$872,513	\$975,084	\$46,279	\$4,761,081
For the three months ended March 31, 2024					
Additions to real estate/hotel properties	\$8,761	\$5,881	\$9,433	\$668	\$24,743
Fair value gain (loss) on real estate properties	\$68,181	(\$12,589)	(\$41,710)	\$—	\$13,882

(b) Regional Segments

The following summary presents financial information by the regions in which the Company operates:

As at	March 31, 2025	December 31, 2024
Real estate and hotel properties		
Canada	\$6,963,956	\$6,877,422
United States	4,284,710	4,257,062
	\$11,248,666	\$11,134,484
For the three months ended March 31	2025	2024
Revenue from real estate and hotel properties		
Canada	\$166,977	\$173,828
United States	101,446	93,698
	\$268,423	\$267,526

NOTE 28

COMPARATIVE AMOUNTS

Certain prior year comparative amounts have been reclassified to conform to the current year's presentation.