



Real Estate Potential. *Realized.*

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# MORGUARD CORPORATION

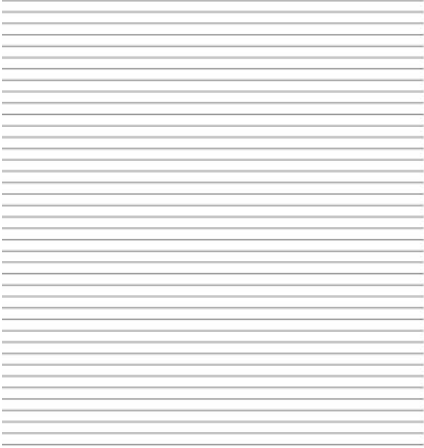
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SEPTEMBER 30, 2024

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CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
(UNAUDITED)

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## BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	September 30, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Real estate properties	4	\$10,699,184	\$10,493,655
Hotel properties	5	86,319	87,376
Equity-accounted and other fund investments	6	51,373	95,525
Other assets	7	343,885	340,275
		<b>11,180,761</b>	<b>11,016,831</b>
<b>Current assets</b>			
Amounts receivable	8	56,070	59,861
Prepaid expenses and other		69,854	49,844
Cash		237,179	116,517
		<b>363,103</b>	<b>226,222</b>
Real estate and hotel properties held for sale		—	380,035
		<b>\$11,543,864</b>	<b>\$11,623,088</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Non-current liabilities</b>			
Mortgages payable	9	\$3,630,063	\$3,550,358
Debentures payable	10	318,114	314,386
Lease liabilities	12	168,706	169,140
Morguard Residential REIT units	11	494,797	393,695
Deferred income tax liabilities		874,733	835,481
		<b>5,486,413</b>	<b>5,263,060</b>
<b>Current liabilities</b>			
Mortgages payable	9	966,216	1,129,734
Debentures payable	10	224,169	449,000
Accounts payable and accrued liabilities	13	285,620	246,835
Bank indebtedness	14	21,390	191,369
		<b>1,497,395</b>	<b>2,016,938</b>
<b>Total liabilities</b>		<b>6,983,808</b>	<b>7,279,998</b>
<b>EQUITY</b>			
Shareholders' equity		4,111,916	3,887,550
Non-controlling interest		448,140	455,540
<b>Total equity</b>		<b>4,560,056</b>	<b>4,343,090</b>
		<b>\$11,543,864</b>	<b>\$11,623,088</b>

### 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 (LOSS)

In thousands of Canadian dollars, except per common share amounts

	Note	Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
Revenue from real estate properties	16	<b>\$253,389</b>	\$250,640	<b>\$765,336</b>	\$743,558
Revenue from hotel properties	16	<b>8,462</b>	47,895	<b>27,725</b>	123,203
Property operating expenses					
Property operating costs		<b>(62,109)</b>	(61,382)	<b>(187,087)</b>	(180,071)
Utilities		<b>(14,701)</b>	(16,600)	<b>(46,393)</b>	(50,464)
Realty taxes		<b>(26,519)</b>	(24,666)	<b>(132,834)</b>	(125,593)
Hotel operating expenses		<b>(5,283)</b>	(30,095)	<b>(20,881)</b>	(84,494)
<b>Net operating income</b>		<b>153,239</b>	165,792	<b>405,866</b>	426,139
<b>OTHER REVENUE</b>					
Management and advisory fees	16	<b>9,055</b>	9,618	<b>29,234</b>	30,752
Interest and other income		<b>5,967</b>	4,208	<b>14,775</b>	13,647
		<b>15,022</b>	13,826	<b>44,009</b>	44,399
<b>EXPENSES</b>					
Interest	17	<b>64,258</b>	66,830	<b>192,374</b>	194,533
Property management and corporate	15(c)	<b>21,394</b>	20,773	<b>66,334</b>	65,254
Amortization of hotel properties and other		<b>2,666</b>	6,084	<b>8,330</b>	19,835
Recovery of impairment	5	<b>—</b>	(11,000)	<b>—</b>	(11,000)
		<b>88,318</b>	82,687	<b>267,038</b>	268,622
<b>OTHER INCOME (EXPENSE)</b>					
Fair value loss, net	18	<b>(45,143)</b>	(125,876)	<b>(100,404)</b>	(118,894)
Gain on sale of hotel properties	5	<b>—</b>	—	<b>150,587</b>	—
Equity income from investments	6	<b>341</b>	1,677	<b>1,832</b>	1,502
Other income (expense)	19	<b>(824)</b>	(627)	<b>(828)</b>	(765)
		<b>(45,626)</b>	(124,826)	<b>51,187</b>	(118,157)
<b>Income (loss) before income taxes</b>		<b>34,317</b>	(27,895)	<b>234,024</b>	83,759
Provision for (recovery of) income taxes	21				
Current		<b>2,775</b>	2,280	<b>26,677</b>	6,431
Deferred		<b>23,627</b>	(20,731)	<b>27,226</b>	22,254
		<b>26,402</b>	(18,451)	<b>53,903</b>	28,685
<b>Net income (loss) for the period</b>		<b>\$7,915</b>	(\$9,444)	<b>\$180,121</b>	\$55,074
<b>Net income (loss) attributable to:</b>					
Common shareholders		<b>\$498</b>	\$5,494	<b>\$184,802</b>	\$60,622
Non-controlling interest		<b>7,417</b>	(14,938)	<b>(4,681)</b>	(5,548)
		<b>\$7,915</b>	(\$9,444)	<b>\$180,121</b>	\$55,074
<b>Net income per common share attributable to:</b>					
Common shareholders - basic and diluted	22	<b>\$0.05</b>	\$0.51	<b>\$17.09</b>	\$5.54

See accompanying notes to the condensed consolidated financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
<b>Net income (loss) for the period</b>	<b>\$7,915</b>	<b>(\$9,444)</b>	<b>\$180,121</b>	<b>\$55,074</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that may be reclassified subsequently to net income (loss):</b>				
Unrealized foreign currency translation gain (loss)	(27,393)	50,606	50,841	(4,104)
Unrealized fair value loss on cash flow hedge	(3,343)	—	(3,343)	—
Deferred income tax recovery (provision)	4,899	(7,780)	(7,149)	655
	<b>(25,837)</b>	<b>42,826</b>	<b>40,349</b>	<b>(3,449)</b>
<b>Items that will not be reclassified subsequently to net income (loss):</b>				
Actuarial gain (loss) on defined benefit pension plans	12,450	(3,572)	11,317	(3,644)
Deferred income tax recovery (provision)	(3,268)	933	(2,954)	947
	<b>9,182</b>	<b>(2,639)</b>	<b>8,363</b>	<b>(2,697)</b>
Other comprehensive income (loss)	<b>(16,655)</b>	<b>40,187</b>	<b>48,712</b>	<b>(6,146)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(\$8,740)</b>	<b>\$30,743</b>	<b>\$228,833</b>	<b>\$48,928</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Common shareholders	<b>(\$14,892)</b>	<b>\$43,457</b>	<b>\$231,237</b>	<b>\$54,622</b>
Non-controlling interest	<b>6,152</b>	<b>(12,714)</b>	<b>(2,404)</b>	<b>(5,694)</b>
	<b>(\$8,740)</b>	<b>\$30,743</b>	<b>\$228,833</b>	<b>\$48,928</b>

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, 2023		\$3,464,675	\$300,340	\$100,239	\$3,865,254	\$520,217	\$4,385,471
Changes during the period:							
Net income (loss)		60,622	—	—	60,622	(5,548)	55,074
Other comprehensive loss		—	(6,000)	—	(6,000)	(146)	(6,146)
Dividends		(4,897)	—	—	(4,897)	—	(4,897)
Distributions		—	—	—	—	(5,164)	(5,164)
Issuance of common shares		—	—	20	20	—	20
Repurchase of common shares		(19,410)	—	(1,900)	(21,310)	—	(21,310)
Change in ownership of Morguard REIT		26,127	—	—	26,127	(39,486)	(13,359)
Tax impact of increase in subsidiary ownership interest		(7,622)	—	—	(7,622)	—	(7,622)
Shareholders' equity, September 30, 2023		\$3,519,495	\$294,340	\$98,359	\$3,912,194	\$469,873	\$4,382,067
Changes during the period:							
Net income (loss)		13,554	—	—	13,554	(10,392)	3,162
Other comprehensive loss		—	(35,817)	—	(35,817)	(2,255)	(38,072)
Dividends		(1,621)	—	—	(1,621)	—	(1,621)
Distributions		—	—	—	—	(1,686)	(1,686)
Issuance of common shares		—	—	5	5	—	5
Tax impact of increase in subsidiary ownership interest		(765)	—	—	(765)	—	(765)
<b>Shareholders' equity, December 31, 2023</b>		<b>\$3,530,663</b>	<b>\$258,523</b>	<b>\$98,364</b>	<b>\$3,887,550</b>	<b>\$455,540</b>	<b>\$4,343,090</b>
Changes during the period:							
Net income (loss)		<b>184,802</b>	—	—	<b>184,802</b>	<b>(4,681)</b>	<b>180,121</b>
Other comprehensive income		—	<b>46,435</b>	—	<b>46,435</b>	<b>2,277</b>	<b>48,712</b>
Dividends	15(a)	<b>(4,867)</b>	—	—	<b>(4,867)</b>	—	<b>(4,867)</b>
Distributions		—	—	—	—	<b>(4,996)</b>	<b>(4,996)</b>
Issuance of common shares	15(a)	—	—	<b>19</b>	<b>19</b>	—	<b>19</b>
Tax impact of increase in subsidiary ownership interest		<b>(2,023)</b>	—	—	<b>(2,023)</b>	—	<b>(2,023)</b>
<b>Shareholders' equity, September 30, 2024</b>		<b>\$3,708,575</b>	<b>\$304,958</b>	<b>\$98,383</b>	<b>\$4,111,916</b>	<b>\$448,140</b>	<b>\$4,560,056</b>

See accompanying notes to the condensed consolidated financial statements.

## STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

	Note	Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
<b>OPERATING ACTIVITIES</b>					
Net income (loss) for the period		\$7,915	(\$9,444)	\$180,121	\$55,074
Add (deduct) items not affecting cash	23(a)	55,563	82,034	(7,167)	154,933
Distributions from equity-accounted and other fund investments		205	421	859	1,734
Additions to tenant incentives and leasing commissions	4	(2,226)	(7,632)	(8,514)	(13,019)
Net change in operating assets and liabilities	23(b)	(9,520)	(1,839)	(1,515)	6,727
<b>Cash provided by operating activities</b>		<b>51,937</b>	<b>63,540</b>	<b>163,784</b>	<b>205,449</b>
<b>INVESTING ACTIVITIES</b>					
Additions to real estate properties and tenant improvements	4	(34,514)	(26,199)	(84,011)	(179,075)
Additions to hotel properties	5	(549)	(1,985)	(1,706)	(5,489)
Additions to capital and intangible assets		(1,032)	(432)	(2,838)	(1,413)
Investment in properties under development	4	(4,699)	(2,760)	(12,765)	(12,656)
Proceeds from the sale of real estate properties, net	4	—	—	162,562	1,549
Proceeds from the sale of hotel properties, net	5	—	—	405,801	—
Decrease (increase) in mortgages and loans receivable		1,372	(1,861)	2,250	(1,729)
Investment in marketable securities		—	—	—	(8,194)
Distribution from equity-accounted and other fund investments, net	6	—	14,991	29,702	8,674
<b>Cash provided by (used in) investing activities</b>		<b>(39,422)</b>	<b>(18,246)</b>	<b>498,995</b>	<b>(198,333)</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from new mortgages		217,456	122,380	615,588	373,951
Financing costs on new mortgages		(1,130)	(1,141)	(7,347)	(4,739)
Repayment of mortgages					
Principal instalment repayments		(28,525)	(29,491)	(85,104)	(89,543)
Repayments on maturity		(256,465)	(61,662)	(436,845)	(242,713)
Repayments due to mortgage extinguishments	4, 5	—	—	(214,777)	—
Principal payment of lease liabilities		(244)	(405)	(1,027)	(1,229)
Proceeds from bank indebtedness		32,653	106,481	82,923	280,736
Repayment of bank indebtedness		(25,905)	(215,727)	(252,902)	(310,308)
Proceeds from issuance of debentures payable, net of costs		—	172,600	—	221,190
Redemption of debentures payable	10	—	(175,000)	(225,000)	(255,500)
Proceeds from loans payable, net		—	13,491	—	13,756
Dividends paid		(1,616)	(1,617)	(4,848)	(4,878)
Distributions to non-controlling interest, net		(1,306)	(1,707)	(4,546)	(4,724)
Morguard Residential REIT units repurchased for cancellation		(10,825)	(9,168)	(19,141)	(20,626)
Shares repurchased for cancellation		—	—	—	(21,310)
Investment in subsidiaries	15(b)	—	(1,504)	—	(13,359)
Decrease in restricted cash		3,065	3,367	9,872	88,297
<b>Cash provided by (used in) financing activities</b>		<b>(72,842)</b>	<b>(79,103)</b>	<b>(543,154)</b>	<b>9,001</b>
<b>Net increase (decrease) in cash during the period</b>		<b>(60,327)</b>	<b>(33,809)</b>	<b>119,625</b>	<b>16,117</b>
Net effect of foreign currency translation on cash balance		19	256	1,037	474
Cash, beginning of period		297,487	161,952	116,517	111,808
<b>Cash, end of period</b>		<b>\$237,179</b>	<b>\$128,399</b>	<b>\$237,179</b>	<b>\$128,399</b>

See accompanying notes to the condensed consolidated financial statements.

## NOTES

For the three and nine months ended September 30, 2024 and 2023

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 November 6, 2024.

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:

	2024	2023
Canadian dollar to United States dollar exchange rates:		
- As at September 30	<b>\$0.7394</b>	\$0.7396
- As at December 31	—	0.7561
- Average for the three months ended September 30	<b>0.7332</b>	0.7455
- Average for the nine months ended September 30	<b>0.7351</b>	0.7432
United States dollar to Canadian dollar exchange rates:		
- As at September 30	<b>1.3525</b>	1.3520
- As at December 31	—	1.3226
- Average for the three months ended September 30	<b>1.3639</b>	1.3414
- Average for the nine months ended September 30	<b>1.3603</b>	1.3456

#### Derivatives and Embedded Derivatives

All derivative instruments, including embedded derivatives, are recorded in the consolidated balance sheets at fair value unless exempted from derivative treatment as a normal purchase and sale. The Company enters into interest rate swaps to hedge its risk associated with interest rates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Hedge accounting is discontinued prospectively when the hedging relationship is terminated, when the instrument no longer qualifies as a hedge or when the hedging item is sold or terminated. In cash flow hedging relationships, the portion of the change in the fair value of the hedging derivative that is considered to be effective is recognized in other comprehensive income, while the portion considered to be ineffective is recognized in net income (loss). Unrealized hedging gains and losses in accumulated other comprehensive income are reclassified to net income (loss) in the periods when the hedged item affects net income (loss). Gains and losses on derivatives are immediately reclassified to net income (loss) when the hedged item is sold or terminated.

## Future Material Accounting Policy Changes

### IFRS 18 - Presentation and Disclosure in Financial Statements (“IFRS 18”)

On April 9, 2024, the IASB issued IFRS 18 that will replace IAS 1 - Presentation of Financial Statements. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 introduces the following:

- Defined subtotals and categories in the statement of profit or loss.
- Requirements to improve aggregation and disaggregation.
- Disclosures about management-defined performance measures in the notes to the financial statements.
- Targeted improvements to the statement of cash flows by amending IAS 7 - Statement of Cash Flows.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The standard is applied retrospectively, with specific transition provisions, and early adoption is permitted. The Company is currently assessing the impact this new standard will have on its consolidated financial statements.

## NOTE 3

### SUBSIDIARIES WITH NON-CONTROLLING INTEREST

#### Morguard North American Residential Real Estate Investment Trust (“Morguard Residential REIT” or “MRG”)

As at September 30, 2024, the Company owned a 47.0% (December 31, 2023 - 46.1%) 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 September 30, 2024, Morguard Residential REIT recorded distributions of \$6,860, or \$0.18501 per unit (2023 - \$6,895, or \$0.18 per unit), of which \$1,502 was paid to the Company (2023 - \$1,430) and \$5,358 was paid to the remaining unitholders (2023 - \$5,465). In addition, during the three months ended September 30, 2024, Morguard Residential REIT paid distributions to the Company on the Class B LP units of \$3,186 (2023 - \$3,100).

During the nine months ended September 30, 2024, Morguard Residential REIT recorded distributions of \$20,799, or \$0.55503 per unit (2023 - \$20,914, or \$0.54 per unit), of which \$4,507 was paid to the Company (2023 - \$4,290) and \$16,292 was paid to the remaining unitholders (2023 - \$16,624). In addition, during the nine months ended September 30, 2024, Morguard Residential REIT paid distributions to the Company on the Class B LP units of \$9,558 (2023 - \$9,300).

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

As at September 30, 2024, and December 31, 2023, the Company owned 41,977,862 units of Morguard REIT, which represents a 65.3% (December 31, 2023 - 65.3%) ownership interest.

During the three months ended September 30, 2024, Morguard REIT recorded distributions of \$3,857, or \$0.06 per unit (2023 - \$3,855, or \$0.06 per unit), of which \$2,519 (2023 - \$2,513) was paid to the Company and \$1,338 was paid to the remaining unitholders (2023 - \$1,342).

During the nine months ended September 30, 2024, Morguard REIT recorded distributions of \$11,574, or \$0.18 per unit (2023 - \$11,559, or \$0.18 per unit), of which \$7,556 (2023 - \$7,413) was paid to the Company and \$4,018 was paid to the remaining unitholders (2023 - \$4,146).

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	September 30, 2024		December 31, 2023	
	MRT	MRG	MRT	MRG
Non-current assets	\$2,192,235	\$4,240,888	\$2,260,976	\$4,052,763
Current assets	26,096	134,393	17,762	43,168
<b>Total assets</b>	<b>\$2,218,331</b>	<b>\$4,375,281</b>	<b>\$2,278,738</b>	<b>\$4,095,931</b>
Non-current liabilities	\$942,077	\$2,037,875	\$854,965	\$1,913,882
Current liabilities	354,783	334,072	464,238	222,398
<b>Total liabilities</b>	<b>\$1,296,860</b>	<b>\$2,371,947</b>	<b>\$1,319,203</b>	<b>\$2,136,280</b>
<b>Equity</b>	<b>\$921,471</b>	<b>\$2,003,334</b>	<b>\$959,535</b>	<b>\$1,959,651</b>
<b>Non-controlling interest</b>	<b>\$324,445</b>	<b>\$1,060,966</b>	<b>\$336,449</b>	<b>\$1,056,360</b>

The following summarizes the results of the operations and cash flows for the following years 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 September 30	2024		2023	
	MRT	MRG	MRT	MRG
Revenue	\$63,293	\$85,788	\$62,512	\$83,646
Expenses	(48,735)	(61,758)	(49,932)	(49,817)
Fair value gain (loss) on real estate properties, net	868	22,417	(52,047)	(29,124)
Fair value gain (loss) on Class B LP units	—	(65,276)	—	34,446
<b>Net income (loss) for the period</b>	<b>\$15,426</b>	<b>(\$18,829)</b>	<b>(\$39,467)</b>	<b>\$39,151</b>
<b>Non-controlling interest</b>	<b>\$5,402</b>	<b>(\$10,356)</b>	<b>(\$13,662)</b>	<b>\$20,735</b>

For the three months ended September 30	2024		2023	
	MRT	MRG	MRT	MRG
Cash provided by operating activities	\$21,021	\$15,133	\$21,289	\$13,476
Cash used in investing activities	(10,200)	(14,361)	(8,745)	(9,369)
Cash used in financing activities	(10,487)	(25,486)	(17,829)	(15,506)
<b>Net increase (decrease) in cash during the period</b>	<b>\$334</b>	<b>(\$24,714)</b>	<b>(\$5,285)</b>	<b>(\$11,399)</b>

For the nine months ended September 30	2024		2023	
	MRT	MRG	MRT	MRG
Revenue	\$191,737	\$256,300	\$189,219	\$246,620
Expenses	(149,523)	(215,835)	(146,118)	(209,075)
Fair value gain (loss) on real estate properties, net	(65,597)	93,557	(88,885)	100,119
Fair value gain (loss) on Class B LP units	—	(77,504)	—	23,251
<b>Net income (loss) for the period</b>	<b>(\$23,383)</b>	<b>\$56,518</b>	<b>(\$45,784)</b>	<b>\$160,915</b>
<b>Non-controlling interest</b>	<b>(\$8,077)</b>	<b>\$29,932</b>	<b>(\$15,705)</b>	<b>\$87,473</b>

For the nine months ended September 30	2024		2023	
	MRT	MRG	MRT	MRG
Cash provided by operating activities	\$34,209	\$65,779	\$45,450	\$65,806
Cash provided by (used in) investing activities	7,006	(31,810)	(29,223)	(188,758)
Cash provided by (used in) financing activities	(40,961)	50,808	(19,873)	135,377
<b>Net increase (decrease) in cash during the period</b>	<b>\$254</b>	<b>\$84,777</b>	<b>(\$3,646)</b>	<b>\$12,425</b>

## NOTE 4

### REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	September 30, 2024	December 31, 2023
Income producing properties	\$10,537,131	\$10,348,016
Properties under development	38,386	12,175
Land held for development	123,667	133,464
Real estate properties	\$10,699,184	\$10,493,655
Real estate properties held for sale	—	125,307
<b>Total</b>	<b>\$10,699,184</b>	<b>\$10,618,962</b>

Reconciliation of the carrying amounts for real estate properties at the beginning and end of the current period and prior financial year are 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	370	—	—	370
Capital expenditures	69,567	—	—	69,567
Development expenditures	—	12,755	10	12,765
Tenant improvements, incentives and leasing commissions	22,588	—	—	22,588
Transfers	1,444	13,456	(14,900)	—
Dispositions	(162,562)	—	—	(162,562)
Fair value gain, net (Note 18)	48,541	—	4,790	53,331
Foreign currency translation	87,995	—	303	88,298
Other	(4,135)	—	—	(4,135)
<b>Balance as at September 30, 2024</b>	<b>\$10,537,131</b>	<b>\$38,386</b>	<b>\$123,667</b>	<b>\$10,699,184</b>

### Transactions completed during the nine months ended September 30, 2024

#### Acquisitions

During the three months ended June 30, 2024, the Company acquired the remaining 5% interest in an office building located in Toronto, Ontario for a purchase price of \$370, including closing costs.

#### Dispositions

During the three months ended June 30, 2024, the Company sold a retail property located in Calgary, Alberta, consisting of 131,000 square feet, for net proceeds of \$37,050, including closing costs, and repaid the mortgage payable secured by the property in the amount of \$17,030.

During the three months ended March 31, 2024, the Company sold an office property located in Ottawa, Ontario, consisting of 250,500 square feet, for net proceeds of \$125,242, including closing costs, and repaid the mortgage payable secured by the property in the amount of \$57,695.

During the three months ended March 31, 2024, the Company sold an industrial property consisting of 12,725 square feet, for net proceeds of \$270, including closing costs.

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2023 is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2022	\$10,418,017	\$21,604	\$111,453	\$10,551,074
Additions:				
Acquisitions	223,758	—	—	223,758
Capital expenditures	97,785	—	—	97,785
Development expenditures	—	13,901	1,784	15,685
Tenant improvements, incentives and leasing commissions	33,585	—	—	33,585
Transfers	23,330	(23,330)	—	—
Dispositions	(3,069)	—	—	(3,069)
Fair value gain (loss), net	(221,148)	—	20,549	(200,599)
Foreign currency translation	(93,384)	—	(322)	(93,706)
Other	(5,551)	—	—	(5,551)
Balance as at December 31, 2023	\$10,473,323	\$12,175	\$133,464	\$10,618,962
Real estate properties held for sale				(125,307)
Real estate properties				\$10,493,655

### Capitalization Rates

As at September 30, 2024, and December 31, 2023, 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, including a terminal value based on the application of a capitalization rate to estimated year-11 cash flows.

As at September 30, 2024, 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, 2023 - 3.3% to 10.3%), resulting in an overall weighted average capitalization rate of 5.7% (December 31, 2023 - 5.6%).

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

As at	September 30, 2024					December 31, 2023				
	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%	7.5%	99.0%	85.0%	10.3%	5.0%	7.4%
Office <sup>(1)</sup>	100.0%	85.0%	9.0%	5.0%	7.7%	100.0%	85.0%	9.0%	4.8%	7.1%

<sup>(1)</sup> Includes industrial properties comprising approximately 12% 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	September 30, 2024			December 31, 2023		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
<b>Retail</b>						
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%	5.0%	6.7%
<b>Office</b>						
Discount rate	9.5%	6.0%	7.2%	9.5%	5.8%	7.1%
Terminal cap rate	8.8%	5.3%	6.5%	8.5%	4.8%	6.4%

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 September 30, 2024 would decrease by \$459,769 and increase by \$507,764, respectively.

The sensitivity of the fair values of the Company's income producing properties as at September 30, 2024, and December 31, 2023, is set out in the table below:

As at	September 30, 2024		December 31, 2023	
<b>Change in capitalization rate:</b>	<b>0.25%</b>	<b>(0.25%)</b>	0.25%	(0.25%)
Multi-suite residential	(\$337,516)	\$377,110	(\$315,323)	\$351,896
Retail	(62,486)	66,807	(63,503)	67,930
Office	(59,767)	63,847	(70,489)	75,687
	<b>(\$459,769)</b>	<b>\$507,764</b>	(\$449,315)	\$495,513

## NOTE 5

### HOTEL PROPERTIES

Hotel properties consist of the following:

As at September 30, 2024	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	84,592	(13,592)	71,000
Furniture, fixtures, equipment and other	12,945	(12,203)	742
	<b>\$112,114</b>	<b>(\$25,795)</b>	<b>\$86,319</b>

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.

As at December 31, 2023	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	\$55,416	\$—	\$—	\$55,416
Buildings	334,302	(2,165)	(58,907)	273,230
Furniture, fixtures, equipment and other	74,268	(84)	(60,726)	13,458
	\$463,986	(\$2,249)	(\$119,633)	342,104
Hotel properties held for sale				(254,728)
				\$87,376

Changes in the carrying amounts of hotel properties for the nine months ended September 30, 2024, are summarized as follows:

As at September 30, 2024	Opening Net Book Value	Additions	Dispositions	Amortization	Closing Net Book Value
Land	\$55,416	\$—	(\$40,839)	\$—	\$14,577
Buildings	273,230	917	(201,339)	(1,808)	71,000
Furniture, fixtures, equipment and other	13,458	789	(13,036)	(469)	742
	<b>\$342,104</b>	<b>\$1,706</b>	<b>(\$255,214)</b>	<b>(\$2,277)</b>	<b>\$86,319</b>

Changes in the carrying amounts of hotel properties for the year ended December 31, 2023, are summarized as follows:

As at December 31, 2023	Opening Net Book Value	Additions	Recovery of Impairment	Amortization	Closing Net Book Value
Land	\$55,416	\$—	\$—	\$—	\$55,416
Buildings	267,048	2,730	10,041	(6,589)	273,230
Furniture, fixtures, equipment and other	14,775	4,730	959	(7,006)	13,458
	<b>\$337,239</b>	<b>\$7,460</b>	<b>\$11,000</b>	<b>(\$13,595)</b>	<b>\$342,104</b>

During the three months ended September 30, 2023, a recovery of previously recorded impairment of \$11,000 was recorded.

## NOTE 6

### EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	September 30, 2024	December 31, 2023
Joint ventures	<b>\$11,004</b>	\$36,037
Associates	177	2,964
<b>Equity-accounted investments</b>	<b>11,181</b>	39,001
Other real estate fund investments	<b>40,192</b>	56,524
<b>Equity-accounted and other fund investments</b>	<b>\$51,373</b>	\$95,525

The following are the Company's significant equity-accounted investments as at September 30, 2024, and December 31, 2023:

Property/Investment	Principal Place of Business	Investment Type	Asset Type	Company's Ownership		Carrying Value	
				September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	50.0%	50.0%	<b>\$8,253</b>	\$7,755
Quinte Courthouse	Belleville, ON	Joint Venture	Office	50.0%	50.0%	<b>2,751</b>	2,757
Courtyard by Marriott	Ottawa, ON	Joint Venture	Hotel	—%	50.0%	—	16,400
Marriott Residence Inn	London, ON	Joint Venture	Hotel	—%	50.0%	—	9,125
MIL Industrial Fund II LP <sup>(1)(2)</sup>	Various	Associate	Industrial	<b>18.8%</b>	18.8%	<b>177</b>	2,964
						<b>\$11,181</b>	<b>\$39,001</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> On February 28, 2024, the fund disposed of the remaining two industrial properties and distributed net proceeds in the amount of \$2,760.

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.

### Equity-accounted investments

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

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	\$39,001	\$46,789
Additions	—	7,250
Share of net income	1,832	4,334
Distributions received	(3,619)	(19,372)
Distributions received - sale of hotel joint ventures	(26,033)	—
<b>Balance, end of period</b>	<b>\$11,181</b>	<b>\$39,001</b>

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

As at	September 30, 2024			December 31, 2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Non-current assets	\$108,292	\$—	\$108,292	\$156,001	\$14,647	\$170,648
Current assets	5,811	968	6,779	11,642	1,164	12,806
<b>Total assets</b>	<b>\$114,103</b>	<b>\$968</b>	<b>\$115,071</b>	<b>\$167,643</b>	<b>\$15,811</b>	<b>\$183,454</b>
Non-current liabilities	\$37,813	\$—	\$37,813	\$38,750	\$—	\$38,750
Current liabilities	55,231	24	55,255	56,940	257	57,197
<b>Total liabilities</b>	<b>\$93,044</b>	<b>\$24</b>	<b>\$93,068</b>	<b>\$95,690</b>	<b>\$257</b>	<b>\$95,947</b>
<b>Net assets</b>	<b>\$21,059</b>	<b>\$944</b>	<b>\$22,003</b>	<b>\$71,953</b>	<b>\$15,554</b>	<b>\$87,507</b>
<b>Equity-accounted investments</b>	<b>\$11,004</b>	<b>\$177</b>	<b>\$11,181</b>	<b>\$36,037</b>	<b>\$2,964</b>	<b>\$39,001</b>

For the three months ended September 30	2024			2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	\$4,070	\$173	\$4,243	\$9,185	\$937	\$10,122
Expenses	(2,913)	(162)	(3,075)	(720)	(605)	(1,325)
Fair value loss on real estate properties, net	(454)	—	(454)	(3,198)	(5,352)	(8,550)
<b>Net income (loss) for the period</b>	<b>\$703</b>	<b>\$11</b>	<b>\$714</b>	<b>\$5,267</b>	<b>(\$5,020)</b>	<b>\$247</b>
<b>Income (loss) in equity-accounted investments</b>	<b>\$339</b>	<b>\$2</b>	<b>\$341</b>	<b>\$2,618</b>	<b>(\$941)</b>	<b>\$1,677</b>

For the nine months ended September 30	2024			2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	\$16,373	\$290	\$16,663	\$25,939	\$5,075	\$31,014
Expenses	(11,917)	(162)	(12,079)	(13,285)	(2,693)	(15,978)
Fair value loss on real estate properties, net	(666)	(272)	(938)	(6,096)	(5,630)	(11,726)
<b>Net income (loss) for the period</b>	<b>\$3,790</b>	<b>(\$144)</b>	<b>\$3,646</b>	<b>\$6,558</b>	<b>(\$3,248)</b>	<b>\$3,310</b>
<b>Income (loss) in equity-accounted investments</b>	<b>\$1,859</b>	<b>(\$27)</b>	<b>\$1,832</b>	<b>\$2,111</b>	<b>(\$609)</b>	<b>\$1,502</b>

### (b) Income Recognized from Other Fund Investments:

#### Other Real Estate Fund Investments

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Distribution income	\$94	\$69	\$94	\$256
Fair value loss for the period (Note 18)	(1,648)	(801)	(16,831)	(11,949)
<b>Loss from other real estate fund investments</b>	<b>(\$1,554)</b>	<b>(\$732)</b>	<b>(\$16,737)</b>	<b>(\$11,693)</b>

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	September 30, 2024	December 31, 2023
Investment in marketable securities	\$98,530	\$97,881
Accrued pension benefit asset	88,374	76,698
Finance lease receivable	59,237	58,860
Mortgages receivable	41,697	45,331
Goodwill	24,488	24,488
Capital assets, net	18,020	17,843
Intangible assets, net	11,454	14,587
Receivables from related parties (Note 20(c))	1,518	1,508
Inventory	67	2,395
Right-of-use asset - office lease	484	665
Other	16	19
	<b>\$343,885</b>	<b>\$340,275</b>

As at September 30, 2024, mortgages receivable amounted to \$44,971 (December 31, 2023 - \$45,658), of which \$3,274 (December 31, 2023 - \$327) is due within one year and included in prepaid expenses and other. The mortgages receivable have a weighted average term to maturity of 1.7 years (December 31, 2023 - 2.5 years) and a weighted average effective interest rate of 7.51% (December 31, 2023 - 7.53%).

## NOTE 8

### AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	September 30, 2024	December 31, 2023
Tenant receivables	\$19,445	\$21,377
Unbilled other tenant receivables	6,189	10,300
Other receivables	36,593	35,614
Allowance for expected credit loss	(6,157)	(7,430)
	<b>\$56,070</b>	<b>\$59,861</b>

**NOTE 9**  
**MORTGAGES PAYABLE**

Mortgages payable consist of the following:

As at	September 30, 2024	December 31, 2023
Mortgages payable	<b>\$4,623,528</b>	\$4,704,260
Mark-to-market adjustments, net	<b>(1,166)</b>	(1,109)
Deferred financing costs	<b>(26,083)</b>	(23,059)
	<b>\$4,596,279</b>	\$4,680,092
Current	<b>\$966,216</b>	\$1,129,734
Non-current	<b>3,630,063</b>	3,550,358
	<b>\$4,596,279</b>	\$4,680,092
Range of interest rates	<b>2.03 - 7.92%</b>	2.03 - 8.75%
Weighted average contractual interest rate	<b>4.23%</b>	4.36%
Estimated fair value of mortgages payable	<b>\$4,526,184</b>	\$4,351,345

As at September 30, 2024, approximately 93% of the Company's real estate and hotel properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

The aggregate principal repayments and balances maturing of the mortgages payable as at September 30, 2024, 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
2024 (remainder of year)	\$28,903	\$338,378	\$367,281	4.90%
2025	104,845	537,380	642,225	3.64%
2026	87,024	618,223	705,247	4.55%
2027	59,063	634,120	693,183	4.58%
2028	48,592	339,077	387,669	4.26%
Thereafter	147,081	1,680,842	1,827,923	4.03%
	<b>\$475,508</b>	<b>\$4,148,020</b>	<b>\$4,623,528</b>	<b>4.23%</b>

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at September 30, 2024, mortgages payable mature between 2024 and 2058 and have a weighted average term to maturity of 4.1 years (December 31, 2023 - 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 September 30, 2024, and December 31, 2023, the Company was in compliance with all financial covenants.

On July 2, 2024, the Company completed a \$75,000 fixed-for-variable interest rate swap agreement and designated this interest rate swap as a cash flow hedge and applied hedge accounting. The objective of the interest rate swap is to eliminate the variability of cash flows on the variable-rate mortgage stemming from fluctuations in market interest rates. As at September 30, 2024, the derivative liability was \$3,343 (December 31, 2023 – \$nil). The maturity date of the interest rate swap coincides with the mortgage payable maturity on June 3, 2029.



## NOTE 10

### DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	September 30, 2024	December 31, 2023
Unsecured debentures	\$398,380	\$622,611
Convertible debentures	143,903	140,775
	<b>\$542,283</b>	<b>\$763,386</b>
Current	\$224,169	\$449,000
Non-current	318,114	314,386
	<b>\$542,283</b>	<b>\$763,386</b>

#### (a) Unsecured Debentures

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

As at	Maturity Date	Coupon Interest Rate	September 30, 2024	December 31, 2023
Series E senior unsecured debentures	January 25, 2024	4.715%	\$—	\$225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	225,000	225,000
Series H senior unsecured debentures	September 26, 2026	9.500%	175,000	175,000
Unamortized financing costs			(1,620)	(2,389)
			<b>\$398,380</b>	<b>\$622,611</b>
Current			\$224,169	\$449,000
Non-current			174,211	173,611
			<b>\$398,380</b>	<b>\$622,611</b>

On January 25, 2019, the Company issued \$225,000 (net proceeds including issuance costs - \$223,575) of Series E senior unsecured debentures due on January 25, 2024. On January 25, 2024, the Series E senior unsecured debentures were fully repaid on maturity.

As at September 30, 2024, Paros Enterprises Limited ("Paros Enterprises") owns \$nil (December 31, 2023 - \$20,079) Series E senior unsecured debentures, \$7,244 (December 31, 2023 - \$7,244) Series F senior unsecured debentures and \$25,000 (December 31, 2023 - \$25,000) Series H senior unsecured debentures.

For the three and nine months ended September 30, 2024, interest on the Unsecured Debentures of \$6,575 (2023 - \$7,140) and \$20,308 (2023 - \$20,911), respectively, 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	September 30, 2024	December 31, 2023
Morguard Residential REIT <sup>(1)</sup>	March 31, 2028	\$24.15	6.00%	\$56,000	\$5,000	\$49,141	\$47,277
Morguard REIT	December 31, 2026	\$7.80	5.25%	\$159,000	\$60,000	94,762	93,498
						<b>\$143,903</b>	<b>\$140,775</b>
Current						\$—	\$—
Non-current						143,903	140,775
						<b>\$143,903</b>	<b>\$140,775</b>

<sup>(1)</sup> As at September 30, 2024, the liability includes the fair value of the conversion option of \$3,010 (December 31, 2023 - \$2,131).

As at September 30, 2024, Paros Enterprises, a related party, owns \$2,000 (December 31, 2023 - \$2,000) aggregate principal amount of the Morguard Residential REIT debentures.

For the three and nine months ended September 30, 2024, interest on convertible debentures net of accretion of \$2,509 (2023 - \$2,279) and \$7,496 (2023 - \$7,053), respectively, 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 September 30, 2024, the Company valued the non-controlling interest in the Morguard Residential REIT units at \$494,797 (December 31, 2023 - \$393,695) and classified 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 September 30, 2024 of \$104,967 (2023 - gain of \$47,987) and a fair value loss for the nine months ended September 30, 2024 of \$135,840 (2023 - gain of \$17,288) in the consolidated statements of income (loss) (Note 18).

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Fair value gain (loss) on Morguard Residential REIT units	(\$99,609)	\$53,452	(\$119,548)	\$33,912
Distributions to external unitholders (Note 3)	(5,358)	(5,465)	(16,292)	(16,624)
<b>Fair value gain (loss) on Morguard Residential REIT units</b>	<b>(\$104,967)</b>	<b>\$47,987</b>	<b>(\$135,840)</b>	<b>\$17,288</b>

## NOTE 12

### LEASE LIABILITIES

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

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	\$170,753	\$172,517
Interest on lease liabilities (Note 17)	7,371	9,899
Payments	(8,398)	(11,521)
Additions	170	241
Foreign exchange loss (gain)	359	(383)
<b>Balance, end of period</b>	<b>\$170,255</b>	<b>\$170,753</b>
Current (Note 13)	\$1,549	\$1,613
Non-current	168,706	169,140
	<b>\$170,255</b>	<b>\$170,753</b>

Future minimum lease payments under lease liabilities are as follows:

As at	September 30, 2024	December 31, 2023
Within 12 months	\$11,429	\$11,445
2 to 5 years	44,747	44,785
Over 5 years	343,709	351,114
<b>Total minimum lease payments</b>	<b>399,885</b>	<b>407,344</b>
Less: future interest costs	(229,630)	(236,591)
<b>Present value of minimum lease payments</b>	<b>\$170,255</b>	<b>\$170,753</b>

## NOTE 13

### ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	September 30, 2024	December 31, 2023
Accounts payable and accrued liabilities	\$211,559	\$211,128
Accrued liabilities (IFRIC 21, Levies)	14,251	—
Tenant deposits	26,527	26,537
Stock Appreciation Rights (“SARs”) liability (Note 15(c))	5,400	4,290
Income taxes payable	19,460	—
Lease liabilities (Note 12)	1,549	1,613
Derivative liabilities (Note 9)	3,343	—
Other	3,531	3,267
	<b>\$285,620</b>	<b>\$246,835</b>

## NOTE 14

### BANK INDEBTEDNESS

As at September 30, 2024, the Company had borrowed \$21,390 (December 31, 2023 - \$191,369) on its operating lines of credit and had issued letters of credit in the amount of \$3,001 (December 31, 2023 - \$3,185). The Company has seven revolving lines of credit of which six are subject to borrowing limitations that are based on performance metrics of the underlying security. As at September 30, 2024, the maximum amount that can be borrowed on the operating lines of credit is \$369,896 (December 31, 2023 - \$392,735). During three months ended March 31, 2024, the Company’s operating lines of credit were reduced due to the disposition of nine hotel properties (Note 5) that were secured against one of the Company’s lines of credit. As at September 30, 2024, the Company has operating lines of credit totalling \$436,350 (December 31, 2023 - \$486,000).

The Company’s investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed-charge on twelve properties have been pledged as collateral on these operating lines of credit. As at September 30, 2024, 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 September 30, 2024, 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, 2022	11,022	\$100,239
Common shares repurchased through the Company’s NCIB	(209)	(1,900)
Dividend reinvestment plan	—	25
Balance, December 31, 2023	10,813	\$98,364
<b>Dividend reinvestment plan</b>	<b>—</b>	<b>19</b>
<b>Balance, September 30, 2024</b>	<b>10,813</b>	<b>\$98,383</b>

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, being 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 nine months ended September 30, 2024, there were no repurchases of common shares under the Company’s NCIB plan.

Total dividends declared during the three and nine months ended September 30, 2024, amounted to \$1,623, or \$0.15 per common share (2023 - \$1,622, or \$0.15 per common share) and \$4,867, or \$0.45 per common share (2023 - \$4,897, or \$0.45 per common share), respectively. On November 6, 2024, the Company declared a common share dividend of \$0.20 per common share to be paid in the fourth quarter of 2024.

### (b) Contributed Surplus

During the three months ended September 30, 2024, the Company acquired nil units (2023 - 272,600 units) of Morguard REIT for cash consideration of \$nil (2023 - \$1,504) and for the nine months ended September 30, 2024, the Company acquired nil units (2023 - 2,436,221 units) of Morguard REIT for cash consideration of \$nil (2023 - \$13,359). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended September 30, 2024 amounted to \$nil (2023 - \$2,831) and for the nine months ended September 30, 2024, amounted to \$nil (2023 - \$26,127) and the amounts have been recorded within retained earnings.

### (c) Stock Appreciation Rights Plan

The SARs granted vest equally over 10 years subject to restrictions.

#### As at September 30, 2024

Date of Grant	Exercise Price	Issued	Redeemed	Cancelled	Outstanding
March 20, 2008	\$30.74	200,000	(113,500)	(61,500)	25,000
November 2, 2010	\$43.39	55,000	(11,500)	(8,500)	35,000
May 13, 2014	\$137.90	25,000	(2,000)	(23,000)	—
May 13, 2015	\$153.82	10,000	—	—	10,000
January 11, 2017	\$179.95	90,000	(1,500)	(23,500)	65,000
May 18, 2018	\$163.59	125,000	—	(40,000)	85,000
August 8, 2018	\$168.00	20,000	—	—	20,000
November 8, 2018	\$184.00	10,000	—	—	10,000
<b>Total</b>		<b>535,000</b>	<b>(128,500)</b>	<b>(156,500)</b>	<b>250,000</b>

During the three and nine months ended September 30, 2024, the Company recorded a fair value adjustment to increase compensation expense of \$800 (2023 - reduce compensation expense of \$57) and \$1,110 (2023 - reduce compensation expense of \$866), respectively. 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 September 30, 2024: a dividend yield of 0.49% (2023 - 0.59%), expected volatility of approximately 25.26% (2023 - 25.75%) and the 10-year Bank of Canada Bond Yield of 2.83% (2023 - 4.45%).

### (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 September 30, 2024, the Company has granted nil options.

### (e) Accumulated Other Comprehensive Income

As at September 30, 2024, and December 31, 2023, accumulated other comprehensive income consists of the following amounts:

As at	September 30, 2024	December 31, 2023
Actuarial gain on defined benefit pension plans	\$54,198	\$45,835
Unrealized fair value loss on cash flow hedge	(2,765)	—
Unrealized foreign currency translation gain	253,525	212,688
	<b>\$304,958</b>	<b>\$258,523</b>

## NOTE 16

### REVENUE

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Rental income	\$142,699	\$139,370	\$426,865	\$413,876
Realty taxes and insurance	42,012	40,492	126,886	120,680
Common area maintenance recoveries	23,139	24,693	72,766	75,262
Property management and ancillary income	45,539	46,085	138,819	133,740
	<b>\$253,389</b>	<b>\$250,640</b>	<b>\$765,336</b>	<b>\$743,558</b>

The components of revenue from hotel properties are as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Room revenue	\$7,470	\$40,824	\$23,438	\$103,497
Other hotel revenue	992	7,071	4,287	19,706
	<b>\$8,462</b>	<b>\$47,895</b>	<b>\$27,725</b>	<b>\$123,203</b>

The components of management and advisory fees are as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Property and asset management fees	\$7,408	\$7,616	\$22,146	\$22,979
Other fees	1,647	2,002	7,088	7,773
	<b>\$9,055</b>	<b>\$9,618</b>	<b>\$29,234</b>	<b>\$30,752</b>

## NOTE 17

### INTEREST EXPENSE

The components of interest expense are as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Interest on mortgages	\$50,076	\$48,978	\$149,086	\$141,971
Interest on debentures payable, net of accretion (Note 10)	9,084	9,419	27,804	27,964
Interest on bank indebtedness	327	4,402	1,700	12,430
Interest on loans payable and other	168	205	405	710
Interest on lease liabilities (Note 12)	2,452	2,469	7,371	7,427
Amortization of mark-to-market adjustments on mortgages, net	161	(432)	(57)	(1,395)
Amortization of deferred financing costs	2,098	2,222	6,176	6,487
Prepayment fee on mortgage extinguishment	—	—	257	—
	<b>64,366</b>	<b>67,263</b>	<b>192,742</b>	<b>195,594</b>
Less: Interest capitalized to properties under development	(108)	(433)	(368)	(1,061)
	<b>\$64,258</b>	<b>\$66,830</b>	<b>\$192,374</b>	<b>\$194,533</b>

## NOTE 18

### FAIR VALUE LOSS, NET

The components of fair value loss are as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Fair value gain (loss) on real estate properties, net (Note 4)	\$51,940	(\$170,289)	\$53,331	(\$106,696)
Financial assets (liabilities):				
Fair value gain (loss) on conversion option of MRG convertible debentures	(2,006)	1,542	(879)	2,080
Fair value gain (loss) on MRG units (Note 11)	(104,967)	47,987	(135,840)	17,288
Fair value loss on other real estate fund investments (Note 6(b))	(1,648)	(801)	(16,831)	(11,949)
Fair value gain (loss) on investment in marketable securities	11,538	(4,315)	(185)	(19,617)
<b>Total fair value loss, net</b>	<b>(\$45,143)</b>	<b>(\$125,876)</b>	<b>(\$100,404)</b>	<b>(\$118,894)</b>

## NOTE 19

### OTHER INCOME (EXPENSE)

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Foreign exchange gain (loss)	(\$575)	(\$654)	(\$499)	\$24
Other income (expense)	(249)	27	(329)	(789)
	<b>(\$824)</b>	<b>(\$627)</b>	<b>(\$828)</b>	<b>(\$765)</b>

## 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 September 30, 2024, Paros Holdings owns a 61.9% interest in Morguard through its ownership of 6,691,000 common shares. As at September 30, 2024, and December 31, 2023, the Company has a demand loan agreement with Paros Enterprises that provides for the Company to borrow up to \$50,000. As at September 30, 2024, and December 31, 2023, 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 and nine months ended September 30, 2024, the Company received a management fee of \$330 (2023 - \$328) and \$990 (2023 - \$985), respectively, and paid rent and operating expenses of \$238 (2023 - \$170) and \$626 (2023 - \$529), respectively.

As at September 30, 2024, and December 31, 2023, 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 September 30, 2024 was \$nil (December 31, 2023 - \$nil). During the three and nine months ended September 30, 2024, the Company paid net interest of \$nil (2023 - \$198) and \$nil (2023 - \$414), respectively.

#### (c) Share/unit Purchase and Other Loans

As at September 30, 2024, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of \$1,518 (December 31, 2023 - \$1,508) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units of Morguard REIT and units of Morguard Residential REIT,

and 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 September 30, 2024, the fair market value of the common shares/units held as collateral is \$3,935.

## NOTE 21

### INCOME TAXES

#### (a) Unrecognized Deductible Temporary Differences

As at September 30, 2024, the Company's Canadian subsidiaries have total net operating losses of approximately \$nil (December 31, 2023 - \$267,907) of which no deferred income tax assets were recognized as it is not probable that taxable income will be available against which they can be utilized. As at September 30, 2024, the Company has other Canadian temporary differences of approximately \$nil (December 31, 2023 - \$9,701) of which no deferred income tax asset was recognized as it is not probable that taxable income will be available against which they can be utilized.

#### (b) Recognized Deductible Temporary Differences

As at September 30, 2024, the Company's U.S. subsidiaries have total net operating losses of approximately US\$16,204 (December 31, 2023 - US\$29,753) 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.

As at September 30, 2024, the Company's U.S. subsidiaries have a total of US\$93,411 (December 31, 2023 - \$68,027) of unutilized interest expense deductions of which deferred income tax assets were recognized and can be carried forward indefinitely.

#### (c) EIFEL Rules

On May 28, 2024, amended Canadian Bill C-59, *Fall Economic Statement Implementation Act, 2023*, became substantively enacted for financial reporting purposes. Bill C-59 implements the majority of the remaining income tax measures from the 2023 federal budget, as well as certain measures from the 2023 fall economic statement. Most notably, Bill C-59 contains the excessive interest and financing expenses limitation rules ("EIFEL Rules").

The EIFEL Rules, which became effective for the 2024 fiscal year, limit the amount of net interest and financing expenses that a corporation may deduct in computing taxable income to a fixed ratio (currently set at 30% of the EBITDA as calculated for tax purposes) or, where certain conditions are met and a consolidated group elects, a higher group ratio.

Based on the EIFEL Rules mentioned above and an assessment of forecasted EBITDA for the year ended December 31, 2024, the Company's current income tax expense for the nine months ended September 30, 2024 increased by \$834 from applying the EIFEL Rules which limit the deductibility of certain interest expenses. In addition, a deferred tax asset relating to the unutilized interest expense deductions is included in the Company's recognized temporary differences.

On August 12, 2024, the Department of Finance released revised draft legislation that includes previously announced business tax measures, among others, related to an EIFEL exemption for purpose-built rental housing providers and certain regulated utility providers. The Company will continue to review the relevant legislation and available guidance to assess the full implications of the EIFEL Rules.

#### (d) International Tax Reform: Pillar Two Model Rules

The Company is within scope of Pillar Two legislation as the parent company of a multinational enterprises ("MNE") group, with revenue that may exceed the EUR 750 million threshold per its consolidated financial statements.

On June 19, 2024, Canadian Bill C-69, *Budget Implementation Act, 2024, No. 1*, became substantively enacted for financial reporting purposes. Among other measures, Bill C-69 includes Canada's Global Minimum Tax Act ("GMTA"). The GMTA implements into Canadian domestic law the global minimum tax under Pillar Two as developed by the Organisation for Economic Co-operation and Development ("OECD") / G20 Inclusive Framework on Base Erosion and Profit Shifting. More specifically, the GMTA implements the top-up tax, income inclusion rule and the domestic minimum top-up tax rules that form part of the Model Rules for the Global Minimum Tax (GloBE Rules) that were released by the OECD on December 20, 2021.

To date, the U.S. has not indicated its commitment to enact Pillar Two legislation. The Company and its subsidiaries continue to review the relevant legislation and available guidance to assess the full implications of the Pillar Two Model Rules. Based on an assessment of historic data and forecasts for the year ended December 31, 2024, the Company does not expect a material exposure to Pillar Two income taxes for the year ended December 31, 2024.

## NOTE 22

### NET INCOME PER COMMON SHARE

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net income attributable to common shareholders	\$498	\$5,494	\$184,802	\$60,622
Weighted average number of common shares outstanding (000s) - basic and diluted	10,813	10,813	10,813	10,933
<b>Net income per common share - basic and diluted</b>	<b>\$0.05</b>	<b>\$0.51</b>	<b>\$17.09</b>	<b>\$5.54</b>

## NOTE 23

### CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (a) Items Not Affecting Cash

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Fair value loss (gain) on real estate properties, net	(\$65,832)	\$156,228	(\$39,494)	\$119,644
Fair value loss (gain) on conversion option of MRG convertible debentures (Note 18)	2,006	(1,542)	879	(2,080)
Fair value loss (gain) on MRG units (Note 11)	99,609	(53,452)	119,548	(33,912)
Fair value loss on other real estate investment funds (Note 18)	1,648	801	16,831	11,949
Fair value loss (gain) on investment in marketable securities (Note 18)	(11,538)	4,315	185	19,617
Equity income from investments	(341)	(1,677)	(1,832)	(1,502)
Amortization of hotel properties and other	2,666	6,084	8,330	19,835
Amortization of deferred financing costs (Note 17)	2,098	2,222	6,176	6,487
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	161	(432)	(57)	(1,395)
Amortization of tenant incentives	504	436	1,711	2,006
Stepped rent - adjustment for straight-line method	520	593	2,594	2,440
Deferred income taxes	23,627	(20,731)	27,226	22,254
Accretion of convertible debentures	435	189	1,323	590
Gain on sale of hotel properties (Note 5)	—	—	(150,587)	—
Recovery of impairment (Note 5)	—	(11,000)	—	(11,000)
	<b>\$55,563</b>	<b>\$82,034</b>	<b>(\$7,167)</b>	<b>\$154,933</b>

#### (b) Net Change in Operating Assets and Liabilities

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Amounts receivable	(\$5,372)	\$829	\$3,677	\$16,306
Prepaid expenses and other	(17,987)	(13,672)	(25,771)	(23,289)
Accounts payable and accrued liabilities	13,839	11,004	20,579	13,710
<b>Net change in operating assets and liabilities</b>	<b>(\$9,520)</b>	<b>(\$1,839)</b>	<b>(\$1,515)</b>	<b>\$6,727</b>

#### (c) Supplemental Cash Flow Information

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Interest paid	\$65,372	\$65,541	\$185,877	\$181,011
Interest received	712	1,284	5,035	5,380
Income taxes paid (recovered)	2,521	(462)	7,031	(2,303)

During the three and nine months ended September 30, 2024, the Company issued non-cash dividends under the distribution reinvestment plan of \$7 (2023 - \$6) and \$19 (2023 - \$20), respectively.



### (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	Bank indebtedness	Total
Balance, beginning of period	\$4,680,092	\$622,611	\$140,775	\$170,753	\$191,369	\$5,805,600
Repayments	(85,104)	—	—	(1,027)	(252,902)	(339,033)
New financing, net	608,241	—	—	—	82,923	691,164
Lump-sum repayments	(651,622)	(225,000)	—	—	—	(876,622)
Non-cash changes	4,424	769	3,128	170	—	8,491
Foreign exchange	40,248	—	—	359	—	40,607
<b>Balance, September 30, 2024</b>	<b>\$4,596,279</b>	<b>\$398,380</b>	<b>\$143,903</b>	<b>\$170,255</b>	<b>\$21,390</b>	<b>\$5,330,207</b>

### 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, 2023 for an explanation of the Company's capital management policy.

The total managed capital for the Company as at September 30, 2024, and December 31, 2023, is summarized below:

As at	September 30, 2024	December 31, 2023
Mortgages payable, principal balance	\$4,623,528	\$4,704,260
Unsecured Debentures, principal balance	400,000	625,000
Convertible debentures, principal balance	150,000	150,000
Bank indebtedness	21,390	191,369
Lease liabilities	170,255	170,753
Shareholders' equity	4,111,916	3,887,550
	<b>\$9,477,089</b>	<b>\$9,728,932</b>

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****EMPLOYEE FUTURE BENEFITS**

On July 1, 2024, the Morguard Corporation Employee Retirement Plan (the “Morguard Plan”) merged with the Morguard Investments Limited Employees’ Retirement Plan (the “MIL Plan”) which resulted in a net asset transfer from the MIL Plan into the Morguard Plan. Members of the Morguard Plan and the MIL Plan will continue to receive the full value of pension benefits accrued prior to the merger.

During the three months ended September 30, 2024, the Company recorded a gain of \$1,260 to the consolidated statements of comprehensive income (loss) as a result of the merger.

**NOTE 27****FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Refer to the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2023 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 September 30, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at September 30, 2024, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at \$4,526,184 (December 31, 2023 - \$4,351,345), compared with the carrying value of \$4,623,528 (December 31, 2023 - \$4,704,260). 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 September 30, 2024, the fair value of the Unsecured Debentures has been estimated at \$411,712 (December 31, 2023 - \$628,660), compared with the carrying value of \$400,000 (December 31, 2023 - \$625,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at September 30, 2024, the fair value of the convertible debentures before deferred financing costs has been estimated at \$149,225 (December 31, 2023 - \$141,308), compared with the carrying value of \$150,000 (December 31, 2023 - \$150,000).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using September 30, 2024, market rates for debt on similar terms (Level 3). Based on these assumptions, as at September 30, 2024, the fair value of the finance lease receivable has been estimated at \$59,237 (December 31, 2023 - \$58,860).

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	September 30, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets:</b>						
Real estate properties	\$—	\$—	\$10,699,184	\$—	\$—	\$10,618,962
Investments in marketable securities	98,530	—	—	97,881	—	—
Investments in real estate funds	—	—	40,192	—	—	56,524
<b>Financial liabilities:</b>						
Morguard Residential REIT units	—	494,797	—	—	393,695	—
Conversion option on MRG convertible debentures	—	3,010	—	—	2,131	—
Derivative liabilities	—	3,343	—	—	—	—

## NOTE 28

### 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 12% 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 September 30, 2024	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$128,144	\$63,870	\$61,375	\$8,462	\$261,851
Property/hotel operating expenses	(46,177)	(29,288)	(27,864)	(5,283)	(108,612)
<b>Net operating income</b>	<b>\$81,967</b>	<b>\$34,582</b>	<b>\$33,511</b>	<b>\$3,179</b>	<b>\$153,239</b>

For the three months ended September 30, 2023	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$123,645	\$62,084	\$64,911	\$47,895	\$298,535
Property/hotel operating expenses	(42,846)	(29,410)	(30,392)	(30,095)	(132,743)
Net operating income	\$80,799	\$32,674	\$34,519	\$17,800	\$165,792

For the nine months ended September 30, 2024	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$382,674	\$191,565	\$191,097	\$27,725	\$793,061
Property/hotel operating expenses	(181,781)	(95,784)	(88,749)	(20,881)	(387,195)
<b>Net operating income</b>	<b>\$200,893</b>	<b>\$95,781</b>	<b>\$102,348</b>	<b>\$6,844</b>	<b>\$405,866</b>

For the nine months ended September 30, 2023	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$364,172	\$186,525	\$192,861	\$123,203	\$866,761
Property/hotel operating expenses	(171,922)	(92,489)	(91,717)	(84,494)	(440,622)
Net operating income	\$192,250	\$94,036	\$101,144	\$38,709	\$426,139

	Multi-suite Residential	Retail	Office	Hotel	Total
<b>As at September 30, 2024</b>					
Real estate/hotel properties	\$6,575,639	\$2,177,199	\$1,946,346	\$86,319	\$10,785,503
Mortgages payable	\$2,723,882	\$870,650	\$974,290	\$27,457	\$4,596,279
<b>For the nine months ended September 30, 2024</b>					
Additions to real estate/hotel properties	\$53,798	\$22,033	\$29,459	\$1,706	\$106,996
Fair value gain (loss) on real estate properties	\$139,974	(\$7,108)	(\$79,535)	\$—	\$53,331
<b>As at December 31, 2023</b>					
Real estate/hotel properties	\$6,302,723	\$2,190,586	\$2,125,653	\$342,104	\$10,961,066
Mortgages payable	\$2,645,154	\$893,085	\$1,065,202	\$76,651	\$4,680,092
<b>For the nine months ended September 30, 2023</b>					
Additions to real estate/hotel properties	\$153,170	\$27,742	\$23,838	\$5,489	\$210,239
Fair value gain (loss) on real estate properties	\$89,940	(\$18,804)	(\$177,832)	\$—	(\$106,696)

### (b) Regional Segments

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

As at	September 30, 2024		December 31, 2023	
<b>Real estate and hotel properties</b>				
Canada	\$6,759,331		\$7,061,612	
United States	4,026,172		3,899,454	
	<b>\$10,785,503</b>		<b>\$10,961,066</b>	
	<b>Three months ended September 30 2024</b>		<b>Nine months ended September 30 2024</b>	
	2023		2023	
<b>Revenue from real estate and hotel properties</b>				
Canada	\$167,296	\$206,265	\$509,989	\$594,679
United States	94,555	92,270	283,072	272,082
	<b>\$261,851</b>	<b>\$298,535</b>	<b>\$793,061</b>	<b>\$866,761</b>

### NOTE 29

#### SUBSEQUENT EVENTS

On October 7, 2024, the Company acquired a 20% interest in an office building located in Vancouver, British Columbia for a gross purchase price of \$99,000, excluding closing costs, and assumed mortgages payable of \$35,686 at a contractual interest rate of 3.40%, maturing on July 22, 2025.

The Company entered into agreements, subject to Canada Mortgage and Housing Corporation ("CMHC") approval, for the CMHC-insured refinancing of two multi-suite residential properties located in Mississauga, Ontario, providing gross proceeds of up to \$109,265. The Company expects to close the refinancing during the fourth quarter of 2024. The maturing mortgages amount to \$49,539, and have a weighted average interest rate of 3.15%.