

MANAGEMENT'S DISCUSSION AND ANALYSIS  
& CONSOLIDATED FINANCIAL STATEMENTS

MORGUARD  
CORPORATION

2024  
2ND QUARTER  
REPORT



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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## PART I

Morguard Corporation ("Morguard" or the "Company") is pleased to provide this review of operations and update on our financial performance for the three and six months ended June 30, 2024. Unless otherwise noted, dollar amounts are stated in thousands of Canadian dollars, except per common share amounts.

The following Management's Discussion and Analysis ("MD&A") sets out the Company's strategies and provides an analysis of the financial performance for the three and six months ended June 30, 2024, and significant risks facing the business. Historical results, including trends that might appear, should not be taken as indicative of future operations or results.

This MD&A should be read in conjunction with the Company's unaudited condensed consolidated financial statements and accompanying notes for the three and six months ended June 30, 2024 and 2023. This MD&A is based on financial information prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and is dated August 7, 2024. Disclosure contained in this document is current to that date unless otherwise noted.

Additional information relating to Morguard Corporation, including the Company's Annual Information Form, can be found at [www.sedarplus.ca](http://www.sedarplus.ca) and [www.morguard.com](http://www.morguard.com).

### FORWARD-LOOKING STATEMENTS DISCLAIMER

Statements contained herein that are not based on historical or current fact, including without limitation, statements containing the words "anticipates", "believes", "may", "continue", "estimate", "expects" and "will" and words of similar expression, constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Company operates; changes in business strategy or development/acquisition plans; environmental exposures; financing risk; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Company; risk and uncertainties relating to pandemic or epidemic and other factors referred to in the Company's filings with Canadian securities regulators. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not assume the obligation to update or revise any forward-looking statements.

### SPECIFIED FINANCIAL MEASURES

Morguard Corporation reports its financial results in accordance with IFRS. However, this MD&A also uses specified financial measures that are not defined by IFRS, which follow the disclosure requirements established by National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*. Specified financial measures are categorized as non-GAAP financial measures, non-GAAP ratios, and other financial measures, which are capital management measures, supplementary financial measures, and total of segments measures.

### NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. The Company's management uses these measures to aid in assessing the Company's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP financial measures described below, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the Company's operating results and performance.

The following discussion describes the non-GAAP financial measures the Company uses in evaluating its operating results:

### ADJUSTED NOI

Net operating income ("NOI") and Adjusted NOI are important measures in evaluating the operating performance of the Company's real estate properties and are a key input in determining the fair value of the Company's properties. Adjusted NOI represents NOI (an IFRS measure) adjusted to exclude the impact of realty taxes accounted for under IFRIC 21 as noted below.

NOI includes the impact of realty taxes accounted for under the International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 21, Levies ("IFRIC 21"). IFRIC 21 states that an entity recognizes a levy liability in accordance with the relevant legislation. The obligating event for realty taxes for the U.S. municipalities in which the Company operates is ownership of the property on January 1 of each year for which the tax is imposed and, as a result, the Company records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition. Adjusted NOI records realty taxes for all properties on a *pro rata* basis over the entire fiscal year.

A reconciliation of Adjusted NOI is provided in "Part III, Review of Operational Results."

### COMPARATIVE NOI

Comparative NOI is presented in this MD&A because management considers this non-GAAP financial measure to be an important measure of the Company's operating performance for properties owned by the Company continuously for the current and comparable reporting period and does not take into account the impact of the operating performance of property acquisitions and dispositions as well as properties subject to significant change as a result of recently completed development. In addition, Comparative NOI is presented in local currency isolating any impact of foreign exchange fluctuations and eliminates the impact of straight-line rents, realty taxes accounted for under IFRIC 21, lease cancellation fees and other non-cash and non-recurring items.

A reconciliation of Comparative NOI is provided in "Part III, Review of Operational Results."

### FUNDS FROM OPERATIONS ("FFO") AND NORMALIZED FFO

FFO (and FFO per common share) is a non-GAAP financial measure widely used as a real estate industry standard that supplements net income (loss) and evaluates operating performance but is not indicative of funds available to meet the Company's cash requirements. FFO can assist with comparisons of the operating performance of the Company's real estate between periods and relative to other real estate entities. FFO is computed by the Company in accordance with the current definition of the Real Property Association of Canada ("REALPAC") and is defined as net income (loss) attributable to common shareholders adjusted for: (i) deferred income taxes, (ii) unrealized changes in the fair value of real estate properties, (iii) realty taxes accounted for under IFRIC 21, (iv) internal leasing costs, (v) gains/losses from the sale of real estate or hotel property (including income tax on the sale of real estate or hotel property), (vi) transaction costs expensed as a result of a business combination, (vii) gains/losses on business combination, (viii) the non-controlling interest of Morguard North American Residential Real Estate Investment Trust ("Morguard Residential REIT"), (ix) amortization of depreciable real estate assets (including right-of-use assets), (x) amortization of intangible assets, (xi) principal payments of lease liabilities, (xii) FFO adjustments for equity-accounted investments, (xiii) provision for (recovery of) impairment, (xiv) other fair value adjustments and non-cash items. The Company considers FFO to be a useful measure for reviewing its comparative operating and financial performance. FFO per common share is calculated as FFO divided by the weighted average number of common shares outstanding during the period.

Normalized FFO (and Normalized FFO per common share) is computed as FFO excluding non-recurring items on a net of tax basis and other non-cash fair value adjustments. The Company believes it is useful to provide an analysis of Normalized FFO which excludes non-recurring items on a net of tax basis and other non-cash fair value adjustments excluded from REALPAC's definition of FFO described above.

A reconciliation of net income (loss) attributable to common shareholders (an IFRS measure) to FFO and Normalized FFO is presented in the section "Part III, Funds From Operations."

### NON-CONSOLIDATED MEASURES

The Trust Indenture and Subsequent Supplemental Indentures (collectively, the "Indenture") that govern the Company's senior unsecured debentures ("Unsecured Debentures") are subject to the following definitions and covenants, and are calculated based on the Company's financial results, prepared in accordance with IFRS, adjusted to account for Morguard Real Estate Investment Trust ("Morguard REIT") and Morguard Residential REIT (collectively the Company's "Public Entity Investments"), using the equity method of accounting and other adjustments as defined by the Indenture described below ("Non-Consolidated Basis" or "Morguard Non-Consolidated Basis"). The presentation of Non-Consolidated Basis measures represents a non-GAAP financial measure and may not accurately depict the legal and economic implications of the Company.

The Company computes an interest coverage ratio, an indebtedness to aggregate assets ratio and an adjusted shareholders' equity covenant on a Non-Consolidated Basis and are presented in this MD&A because management considers these non-GAAP financial measures to be an important measure to evaluate and monitor the Company's compliance with its Indenture.

Non-Consolidated Basis adjustments include the following:

- An adjustment (as defined in the Indenture) to account for the Company's Public Entity Investments using the equity method of accounting. The adjustment requires the Public Entity Investments which are consolidated under IFRS to each respective financial statement line presented within the balance sheet and statement of income (loss) to be presented on a single line within equity-accounted investments;
- An adjustment (as defined in the Indenture) to the balance sheet to exclude deferred tax assets and liabilities, goodwill and to add back accumulated amortization of hotel properties; and
- An adjustment (as defined in the Indenture) to the statement of income (loss) to exclude other non-cash items (such as the Company's stock appreciation rights ("SARs") expense, IFRIC 21 and any gain or loss attributed to the sale or disposition of any asset or liability), non-recurring items (such as acquisition-related costs and debt settlement or other costs), and to include the distributions received from Morguard REIT and Morguard Residential REIT.

The presentation of the non-consolidated balance sheet does not classify short-term and long-term assets and liabilities. In addition, other assets as presented in the non-consolidated balance sheet, group amounts receivable; prepaid expenses and other; and cash that are presented as a separate financial statement line in the Company's consolidated balance sheet, and loans payable and bank indebtedness that are presented as separate financial statement lines in the Company's consolidated balance sheet have been grouped as one single financial statement line in the non-consolidated balance sheet.

Non-GAAP financial measures that are calculated on a Non-Consolidated Basis are as follows. A reconciliation of the Non-Consolidated Basis inputs (discussed below) used in calculating the covenants from their most directly comparable IFRS financial measure are provided in the section "Part IV, Balance Sheet Analysis."

#### **Non-Consolidated EBITDA**

Non-consolidated EBITDA is defined as net income (loss) on a Non-Consolidated Basis before interest expense, income taxes, amortization, fair value adjustments to real estate properties, acquisition-related costs, debt settlement or other costs, any gain or loss attributed to the sale or disposition of any asset or liability, provision for (recovery of) impairment, other non-cash items and non-recurring items, plus the distributions received from Morguard REIT and Morguard Residential REIT. Non-consolidated EBITDA is presented in this MD&A because management considers this non-GAAP financial measure to be an important input to the Company's compliance measure on a Non-Consolidated Basis.

#### **Non-Consolidated Interest Expense**

Non-consolidated interest expense is defined as interest expense and interest capitalized to development properties on a Non-Consolidated Basis. Non-consolidated interest expense is presented in this MD&A because management considers this non-GAAP financial measure to be an important input to the Company's compliance measure on a Non-Consolidated Basis.

#### **Non-Consolidated Indebtedness**

Non-consolidated indebtedness (as defined in the Indenture) is a measure of the amount of debt financing utilized by the Company on a Non-Consolidated Basis. Indebtedness is presented in this MD&A because management considers this non-GAAP financial measure to be an important input to the Company's compliance measure on a Non-Consolidated Basis.

#### **Non-Consolidated Aggregate Assets**

Non-consolidated aggregate assets (as defined in the Indenture) is a measure of the value of the Company's assets on a Non-Consolidated Basis, adjusted to exclude goodwill and deferred income tax assets and to add back accumulated amortization of hotel properties. Non-consolidated aggregate assets is presented in this MD&A because management considers this non-GAAP financial measure to be an important input to the Company's compliance measure on a Non-Consolidated Basis.

#### **Non-Consolidated Adjusted Shareholders' Equity**

Non-consolidated adjusted shareholders' equity is defined as shareholders' equity computed on a Non-Consolidated Basis adjusted to exclude deferred tax assets and liabilities and to add back accumulated amortization of hotel properties. Non-consolidated adjusted shareholders' equity is presented in this MD&A because management considers this non-GAAP financial measure to be an important compliance measure and establishes a minimum requirement of equity of the Company.

## NON-GAAP RATIOS

Non-GAAP ratios do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. The Company's management uses these measures to aid in assessing the Company's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP ratios described below, provide readers with a more comprehensive understanding of management's perspective on the Company's operating results and performance.

The following discussion describes the non-GAAP ratios the Company uses in evaluating its operating results:

### NON-CONSOLIDATED INTEREST COVERAGE RATIO

Non-consolidated interest coverage ratio measures the amount of cash flow available to meet annual interest payments on the Company's indebtedness on a Non-Consolidated Basis and is defined as non-consolidated EBITDA divided by non-consolidated interest expense. Generally, the higher the interest coverage ratio, the lower the credit risk. Non-consolidated interest coverage ratio is presented in this MD&A because management considers this non-GAAP measure to be an important compliance measure of the Company's operating performance.

### NON-CONSOLIDATED INDEBTEDNESS TO AGGREGATE ASSETS RATIO

Non-consolidated indebtedness to aggregate assets ratio is a compliance measure and establishes the limit for financial leverage of the Company on a Non-Consolidated Basis. Non-consolidated indebtedness to aggregate assets ratio as well as Non-Consolidated indebtedness to gross book value (defined below) ratio are presented in this MD&A because management considers these non-GAAP measures to be an important compliance measure of the Company's financial position.

## SUPPLEMENTARY FINANCIAL MEASURES

Supplementary financial measures represent a component of a financial statement line item (including ratios that are not non-GAAP ratios) that are presented in a more granular way outside the financial statements, calculated in accordance with the accounting policies used to prepare the line item presented in the financial statements.

The following discussion describes the supplementary financial measures the Company uses in evaluating its operating results:

### TOTAL REVENUE

Total revenue is calculated as the sum of revenue from real estate properties, revenue from hotel properties, management and advisory fees and interest and other income and is presented in this MD&A because management considers this supplementary financial measure to be an important measure in evaluating the operating performance of the Company's income generating assets and services.

### GROSS BOOK VALUE

Gross book value is a measure of the value of the Company's assets and is calculated as total assets less right-of-use assets accounted for under IFRS 16, Leases. Gross book value is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the Company's asset base and financial position.

### INDEBTEDNESS

Indebtedness is defined as the sum of the current and non-current portion of: (i) mortgages payable, (ii) Unsecured Debentures, (iii) convertible debentures, (iv) bank indebtedness, (v) loans payable, and (vi) outstanding letters of credit. Indebtedness is a measure of the amount of debt financing utilized by the Company. Indebtedness is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the Company's financial position.

### INDEBTEDNESS TO GROSS BOOK VALUE RATIO

Indebtedness to gross book value ratio is defined as indebtedness divided by gross book value and is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the Company's financial leverage.

**CAPITAL MANAGEMENT MEASURES**

The Company's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions, as well as existing debt covenants, while continuing to build long-term shareholder value and maintain sufficient capital contingencies.

The following discussion describes the Company's capital management measures:

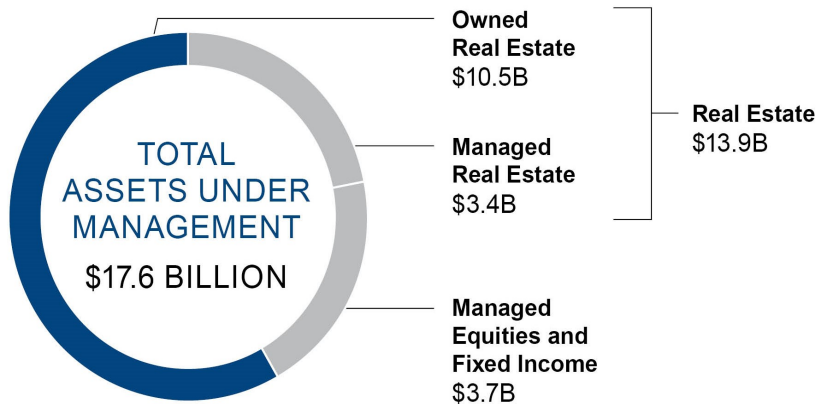
**LIQUIDITY**

Liquidity is calculated as the sum of cash, amounts available under its revolving credit facilities and any committed net additional mortgage financing proceeds and is presented in this MD&A because management considers this capital management measure to be an important measure of the Company's financial position as well as determining the annual level of dividends to common shareholders.

**PART II**

**BUSINESS OVERVIEW**

Morguard Corporation is a real estate investment company whose principal activities include the acquisition, development and ownership of multi-suite residential, commercial and hotel properties. Morguard is also one of Canada's premier real estate investment advisors and management companies, representing major institutional and private investors. Morguard's total assets under management (including both owned and managed assets) were valued at \$17.6 billion as at June 30, 2024. The Company's common shares are publicly traded and listed on the Toronto Stock Exchange ("TSX") under the symbol "MRC." The Company's primary goal is to accumulate a portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to shareholders.



**MANAGEMENT AND ADVISORY SERVICES**

The Company, through its wholly owned subsidiary, Morguard Investments Limited ("MIL"), provides real estate management services to Canadian institutional investors. Services include acquisitions, development, dispositions, leasing, performance measurement and asset and property management. For over 45 years, MIL has positioned itself as one of Canada's leading providers of real estate portfolio and asset and property management services. In addition, Morguard, through its 60% ownership interest in Lincluden Investment Management Limited ("Lincluden") offers institutional clients and private investors a broad range of global investment products across equity, fixed-income and balanced portfolios.

As of June 30, 2024, MIL together with Lincluden manage a portfolio (excluding Morguard's corporately owned assets and assets owned by Morguard REIT and Morguard Residential REIT) of assets having an estimated value of \$7.1 billion.

## BUSINESS STRATEGY

Morguard's strategy is to acquire a diversified portfolio of commercial and multi-suite residential real estate assets both for its own accounts and for its institutional clients. The Company's cash flows are well diversified given the revenue stream earned from its management and advisory services platform, the Company's corporately owned assets and the distributions received from its investment in Morguard REIT and Morguard Residential REIT. Diversification of the portfolio, by both asset type and location, serves to reduce investment risk. The Company will divest itself of non-core assets when proceeds can be reinvested to improve returns. A primary element of the Company's business strategy is to generate stable and increasing cash flow and asset value by improving the performance of its real estate investment portfolio and by acquiring or developing real estate properties in sound economic markets.

The Company's business strategy consists of the following elements:

- Increase property values and cash flow through aggressive leasing of available space and of space becoming available;
- Take advantage of long-standing relationships with national and regional tenants;
- Target and execute redevelopment and expansion projects that will generate substantial returns;
- Pursue opportunities to acquire or develop strategically located properties;
- Minimize operating costs by utilizing internalized functions, including property and asset management, leasing, finance, accounting, legal and information technology services; and
- Dispose of properties where the cash flows and values have been maximized.

Morguard's strategically diversified asset portfolio and healthy, conservative debt ratios and financial resources provide strength against economic and real estate cycles. Morguard has always been driven by our commitment to real estate for the long term. Our experience has proven that this persistence has driven greater value for our shareholders year over year, and our diversified portfolio and conservative debt level position us well against any potential challenges. We will continue to carry on with this approach.



## FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at	June 30, 2024	December 31, 2023	June 30, 2023
Real estate properties	<b>\$10,654,852</b>	\$10,493,655	\$10,684,836
Real estate properties held for sale	—	125,307	—
Hotel properties	<b>86,430</b>	87,376	332,291
Hotel properties held for sale	—	254,728	—
Equity-accounted and other fund investments	<b>53,370</b>	95,525	112,703
Gross book value <sup>(1)</sup>	<b>11,375,639</b>	11,483,769	11,634,105
Indebtedness	<b>\$5,241,202</b>	\$5,638,032	\$5,649,317
Indebtedness to gross book value (%)	<b>46.1</b>	49.1	48.6
Non-consolidated indebtedness to gross book value (%) <sup>(2)</sup>	<b>38.5</b>	43.2	42.0
Total equity	<b>\$4,572,861</b>	\$4,343,090	\$4,357,269
Shareholders' equity per common share	<b>381.89</b>	359.51	357.77

(1) As at June 30, 2024, gross book value is calculated as total assets less right-of-use assets in the amount of \$146,204 (December 31, 2023 - \$139,319, June 30, 2023 - \$138,452).

(2) Represents a non-GAAP financial ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. As at June 30, 2024, non-consolidated gross book value is calculated (on a non-consolidated basis) as aggregate assets less right-of-use assets in the amount of \$125,256 (December 31, 2023 - \$120,228, June 30, 2023 - \$119,261). This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial ratio can be found under the section "Part I, Specified Financial Measures."

	Three months ended		Six months ended	
	June 30 2024	2023	June 30 2024	2023
Revenue from real estate properties	<b>\$254,858</b>	\$246,546	<b>\$511,947</b>	\$492,918
Revenue from hotel properties	<b>8,826</b>	44,149	<b>19,263</b>	75,308
Management and advisory fees	<b>10,522</b>	10,984	<b>20,179</b>	21,134
Total revenue	<b>278,531</b>	306,022	<b>560,197</b>	598,799
Net operating income	<b>157,879</b>	165,228	<b>252,627</b>	260,347
Adjusted NOI <sup>(1)</sup>	<b>142,351</b>	151,188	<b>280,356</b>	287,356
Fair value gain (loss), net	<b>(11,726)</b>	31,173	<b>(55,261)</b>	6,982
Net income attributable to common shareholders	<b>53,858</b>	89,818	<b>184,304</b>	55,128
Per common share - basic and diluted	<b>4.98</b>	8.19	<b>17.04</b>	5.01
Funds from operations <sup>(1)</sup>	<b>47,381</b>	55,351	<b>79,324</b>	88,003
Per common share - basic and diluted <sup>(1)</sup>	<b>4.38</b>	5.05	<b>7.33</b>	8.00
Normalized FFO <sup>(1)</sup>	<b>51,270</b>	62,173	<b>103,846</b>	112,439
Per common share - basic and diluted <sup>(1)</sup>	<b>4.74</b>	5.67	<b>9.60</b>	10.23
Distributions received from Morguard REIT	<b>2,518</b>	2,491	<b>5,037</b>	4,900
Distributions received from Morguard Residential REIT	<b>4,689</b>	4,530	<b>9,377</b>	9,060
Dividends declared/paid	<b>(1,622)</b>	(1,622)	<b>(3,244)</b>	(3,275)

(1) Represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found under the section "Part I, Specified Financial Measures."

Total assets as at June 30, 2024, were \$11,521,843, compared to \$11,623,088 as at December 31, 2023. Total assets decreased by \$101,245 primarily due to the following:

- An increase in real estate properties of \$35,890 (including properties held for sale), mainly due to capital and development expenditures of \$47,226, tenant incentives and leasing commissions of \$16,255, a net fair value gain of \$1,391, and an increase of \$136,491 due to the change in the U.S. dollar exchange rate, partially offset by dispositions of \$162,562;
- A decrease in hotel properties (including properties held for sale) of \$255,674, mainly due to the sale of 14 hotel properties on January 18, 2024 ("Hotel Portfolio Disposition");

- A decrease in equity-accounted and other fund investments of \$42,155, mainly due to the sale of the Company's 50% interest in two hotel joint ventures for net proceeds of \$26,603 on April 16, 2024; and
- An increase in cash of \$180,970.

Total revenue during the three months ended June 30, 2024, decreased by \$27,491 to \$278,531, compared to \$306,022 in 2023, primarily due to the following:

- A decrease in revenue from hotel properties in the amount of \$35,323, primarily due to the Hotel Portfolio Disposition; and
- An increase in revenue from real estate properties in the amount of \$8,312, primarily due to higher average monthly rent ("AMR") within the multi-suite residential segment and from the net impact of acquisition and disposition of properties.

## PROPERTY PROFILE

As at June 30, 2024, the Company and its subsidiaries own a diversified portfolio of 159 multi-suite residential, retail, office, industrial and hotel properties located in Canada and in the United States.

### PORTFOLIO COMPOSITION BY ASSET TYPE

The composition of the Company's real estate properties by asset type as at June 30, 2024, was as follows:

Asset Type	Number of Properties	GLA Square Feet (000s) <sup>(1)</sup>	Apartment Suites/Hotel Rooms <sup>(2)</sup>	Real Estate/Hotel Properties
Multi-suite residential	56	—	17,798	\$6,514,285
Retail	36	8,134	—	2,120,980
Office <sup>(3)</sup>	65	8,637	—	1,871,893
Hotel	2	—	472	86,430
Properties and land held for and under development	—	—	—	147,694
<b>Total real estate properties</b>	<b>159</b>	<b>16,771</b>	<b>18,270</b>	<b>\$10,741,282</b>

(1) Total GLA is shown on a proportionate basis; on a 100% basis, total GLA of the Company's commercial properties is 20.4 million square feet.

(2) Total suites/hotel rooms include equity-accounted investments and non-controlling interest. The Company on a proportionate basis has ownership of 17,353 suites and 472 hotel rooms.

(3) Includes industrial properties with 1,044,000 square feet of GLA and a fair value of \$227,946.

The Company's multi-suite residential portfolio comprises 25 Canadian properties located primarily throughout the Greater Toronto Area ("GTA") and 31 U.S. properties in California, Texas, Louisiana, Illinois, Georgia, Florida, North Carolina, Virginia and Maryland. The combined multi-suite residential portfolio represents 17,798 suites.

The Company's retail portfolio includes two broad categories of income producing properties: (i) enclosed full-scale, regional shopping centres with 5.3 million square feet of gross leaseable area ("GLA"); and (ii) neighbourhood and community shopping centres that are primarily anchored by food retailers and discount department stores with 2.8 million square feet of GLA. The retail portfolio comprises 24 properties located in Canada and 12 properties located in Florida, Louisiana and Maryland. The combined retail portfolio represents 8.1 million square feet of GLA.

The Company's office portfolio is focused on well-located, high-quality office buildings in major Canadian urban centres primarily located throughout the GTA, downtown Ottawa, Calgary and Vancouver. The portfolio is balanced between single-tenant buildings under long-term lease to government and large national tenants and multi-tenant properties with well-distributed lease expiries that allow the Company to benefit from increased rent on lease renewals. This segment comprises 7.6 million square feet of office and 1.0 million square feet of industrial GLA.

The Company's hotel portfolio is comprised of one dual branded Hilton hotel located in downtown Ottawa, Ontario, and one unbranded hotel located in New Westminster, British Columbia. The hotel portfolio represents 472 rooms.

**AVERAGE OCCUPANCY LEVELS**  
**COMPARATIVE AVERAGE OCCUPANCY LEVELS**

	Suites/GLA Square Feet	Jun. 2024	Mar. 2024	Dec. 2023	Sep. 2023	Jun. 2023
Multi-suite residential	17,798	95.3%	95.6%	96.1%	96.1%	96.7%
Retail	7,754,000 <sup>(1)</sup>	93.6%	93.8%	94.0%	93.5%	93.2%
Office <sup>(2)</sup>	8,588,500	88.3%	87.9%	88.4%	88.1%	85.9%

(1) Retail occupancy has been adjusted to exclude development space of 379,562 square feet of GLA.

(2) Office includes industrial properties with 1,044,000 square feet of GLA.

**LEASE PROFILE**

The table below provides a summary of the lease maturities for the next three years:

Summary of Lease Expiries as at (000s) As at June 30, 2024	2024			2025		2026	
	Total SF	SF	%	SF	%	SF	%
Retail <sup>(1)</sup>	7,754	826	11%	718	9%	1,309	17%
Office <sup>(2)</sup>	8,589	414	5%	1,298	15%	1,914	22%
<b>Total</b>	<b>16,343</b>	<b>1,240</b>	<b>8%</b>	<b>2,016</b>	<b>12%</b>	<b>3,223</b>	<b>20%</b>

(1) Retail square feet has been adjusted to exclude development space of 379,562 square feet of GLA.

(2) Includes industrial properties with 1,044,000 square feet of GLA.

## PART III

### REVIEW OF OPERATIONAL RESULTS

The Company's operational results for the three and six months ended June 30, 2024, and 2023 are summarized below:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Revenue from real estate properties	\$254,858	\$246,546	\$511,947	\$492,918
Revenue from hotel properties	8,826	44,149	19,263	75,308
Property operating expenses				
Property operating costs	(62,545)	(60,176)	(124,978)	(118,689)
Utilities	(14,303)	(14,370)	(31,692)	(33,864)
Realty taxes	(22,993)	(22,105)	(106,315)	(100,927)
Hotel operating expenses	(5,964)	(28,816)	(15,598)	(54,399)
<b>Net operating income</b>	<b>157,879</b>	<b>165,228</b>	<b>252,627</b>	<b>260,347</b>
<b>OTHER REVENUE</b>				
Management and advisory fees	10,522	10,984	20,179	21,134
Interest and other income	4,325	4,343	8,808	9,439
	<b>14,847</b>	<b>15,327</b>	<b>28,987</b>	<b>30,573</b>
<b>EXPENSES</b>				
Interest	63,234	64,976	128,116	127,703
Property management and corporate	21,609	22,575	44,940	44,481
Amortization of hotel properties and other	2,997	6,241	5,664	13,751
	<b>87,840</b>	<b>93,792</b>	<b>178,720</b>	<b>185,935</b>
<b>OTHER INCOME (EXPENSE)</b>				
Fair value gain (loss), net	(11,726)	31,173	(55,261)	6,982
Gain on sale of hotel properties	—	—	150,587	—
Equity income (loss) from investments	459	(1,346)	1,491	(175)
Other income (expense)	191	703	(4)	(138)
	<b>(11,076)</b>	<b>30,530</b>	<b>96,813</b>	<b>6,669</b>
<b>Income before income taxes</b>	<b>73,810</b>	<b>117,293</b>	<b>199,707</b>	<b>111,654</b>
Provision for income taxes				
Current	7,235	4,122	23,902	4,151
Deferred	11,138	17,303	3,599	42,985
	<b>18,373</b>	<b>21,425</b>	<b>27,501</b>	<b>47,136</b>
<b>Net income for the period</b>	<b>\$55,437</b>	<b>\$95,868</b>	<b>\$172,206</b>	<b>\$64,518</b>
<b>Net income (loss) attributable to:</b>				
Common shareholders	\$53,858	\$89,818	\$184,304	\$55,128
Non-controlling interest	1,579	6,050	(12,098)	9,390
	<b>\$55,437</b>	<b>\$95,868</b>	<b>\$172,206</b>	<b>\$64,518</b>
<b>Net income per common share attributable to:</b>				
Common shareholders - basic and diluted	\$4.98	\$8.19	\$17.04	\$5.01

## FOR THE THREE MONTHS ENDED JUNE 30, 2024 NET INCOME

Net income for the three months ended June 30, 2024 was \$55,437, compared to \$95,868 in 2023. The decrease in net income of \$40,431 for the three months ended June 30, 2024, was primarily due to the following:

- A decrease in net operating income of \$7,349, mainly due to the Hotel Portfolio Disposition, partially offset by an increase in AMR at multi-suite residential properties;
- An increase in non-cash net fair value loss of \$42,899, mainly due to a lower fair value gain on real estate properties; and
- A decrease in income tax expense (current and deferred) of \$3,052, mainly due to a lower fair value gain recorded on the Company's Canadian and U.S. properties, partially offset by EIFEL Rules which became substantially enacted during the second quarter of 2024.

## FOR THE SIX MONTHS ENDED JUNE 30, 2024 NET INCOME

Net income for the six months ended June 30, 2024 was \$172,206, compared to \$64,518 in 2023. The increase in net income of \$107,688 for the six months ended June 30, 2024, was primarily due to the following:

- A decrease in net operating income of \$7,720, mainly due to the Hotel Portfolio Disposition, partially offset by an increase in AMR at multi-suite residential properties;
- A decrease in amortization of hotel properties and other of \$8,087, mainly due to the Hotel Portfolio Disposition;
- An increase in gain on sale of hotel properties of \$150,587, due to the Hotel Portfolio Disposition;
- An increase in non-cash net fair value loss of \$62,243, mainly due to a lower fair value gain on real estate properties; and
- A decrease in income tax expense (current and deferred) of \$19,635, mainly due to a lower fair value gain recorded on the Company's Canadian and U.S. properties, partially offset by EIFEL Rules which became substantially enacted during the second quarter of 2024.

## COMPARATIVE NET OPERATING INCOME

Comparative NOI is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure can be found under the section "Part I, Specified Financial Measures."

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Multi-suite residential (in local currency)	\$59,825	\$59,261	\$116,953	\$112,683
Retail (in local currency)	30,225	28,296	59,492	56,364
Office <sup>(1)</sup>	32,797	31,419	65,876	62,598
Hotel	3,259	3,838	4,669	4,789
Exchange amount to Canadian dollars	13,784	13,011	26,330	25,065
<b>Comparative NOI</b>	<b>139,890</b>	<b>135,825</b>	<b>273,320</b>	<b>261,499</b>
Acquired properties	971	—	4,151	1,109
Dispositions	(234)	13,929	871	20,860
Realty tax expense accounted for under IFRIC 21	15,528	14,040	(27,729)	(27,009)
Lease cancellation fees	2,579	1,294	3,776	1,709
Realty tax refund/reassessment	—	1,203	—	4,029
Other	(855)	(1,063)	(1,762)	(1,850)
<b>NOI</b>	<b>\$157,879</b>	<b>\$165,228</b>	<b>\$252,627</b>	<b>\$260,347</b>

(1) Includes industrial properties with Comparative NOI for the three and six months ended June 30, 2024 of \$2,633 (2023 - \$1,435) and \$5,119 (2023 - \$2,887), respectively.

The Company believes it is useful to provide an analysis of Comparative NOI, which eliminates non-recurring and non-cash items.

Comparative NOI for the three months ended June 30, 2024, increased by \$4,065 or 3.0%, to \$139,890 compared to \$135,825 in 2023 due to the following:

- Multi-suite residential increased by \$564 as a result of rental rate growth, partly offset by higher vacancy and an increase in operating expenses;
- Retail increased by \$1,929 mainly due to higher rents, higher recoveries, and lower bad debts;
- Office increased by \$1,378 mainly due to higher occupancy and recoveries of operating expenses;
- Hotel decreased by \$579 mainly due to a decrease in revenue per available room ("RevPar") and an increase in operating expenses; and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by \$773.

Comparative NOI for the six months ended June 30, 2024, increased by \$11,821 or 4.5%, to \$273,320 compared to \$261,499 in 2023 due to the following:

- Multi-suite residential increased by \$4,270 as a result of rental rate growth, partly offset by higher vacancy and an increase in operating expenses;
- Retail increased by \$3,128 mainly due to higher rents, higher recoveries, and lower bad debts;
- Office increased by \$3,278 mainly due to higher occupancy and recoveries of operating expenses;
- Hotel decreased by \$120 mainly due to an increase in operating expenses, partly offset by an increase in RevPar; and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by \$1,265.

#### FOR THE THREE MONTHS ENDED JUNE 30, 2024 NET OPERATING INCOME

Adjusted NOI is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure can be found under the section "Part I, Specified Financial Measures."

Net operating income decreased by \$7,349, or 4.4%, for the three months ended June 30, 2024, to \$157,879, compared to \$165,228 generated in 2023, and is further analyzed by asset type below.

#### ADJUSTED NOI BY ASSET TYPE

For the three months ended June 30	2024	2023
Multi-suite residential	\$73,081	\$70,378
Retail	32,065	31,845
Office <sup>(1)</sup>	34,343	33,632
Hotel	2,862	15,333
<b>Adjusted NOI</b>	<b>142,351</b>	<b>151,188</b>
IFRIC 21 adjustment - multi-suite residential	12,627	12,220
IFRIC 21 adjustment - retail	2,901	1,820
<b>NOI</b>	<b>\$157,879</b>	<b>\$165,228</b>

(1) Includes industrial properties with NOI for the three months ended June 30, 2024 of \$2,639 (2023 - \$1,457).

NOI from the multi-suite residential portfolio for the three months ended June 30, 2024, increased by \$3,110, or 3.8%, to \$85,708, compared to \$82,598 in 2023. The increase in NOI is due to the change in Adjusted NOI described below, and an increase in the IFRIC 21 adjustment of \$407.

Adjusted NOI from the multi-suite residential portfolio for the three months ended June 30, 2024, increased by \$2,703, or 3.8%, to \$73,081, compared to \$70,378 in 2023. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian multi-suite residential properties of \$2,180 primarily resulting from:
  - An increase of \$1,209 mainly due to an increase in AMR of 5.5% and higher parking income, partially offset by higher vacancy and property taxes. In addition, the Company's Canadian portfolio turned over 243 suites, or 3.0% of total suites, achieving AMR growth of 22.4% on suite turnover; and
  - An increase of \$971 from the acquisition of 50 Portland Street, Toronto, during the fourth quarter of 2023.

- A decrease in U.S. multi-suite residential properties of US\$239 primarily resulting from higher vacancy and an increase in operating costs of 3.8% mainly from higher repairs and maintenance expenses, payroll costs, and insurance premiums, partially offset by an increase in AMR of 2.6%.
- An increase of \$762 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the three months ended June 30, 2024, increased by \$1,301, or 3.9%, to \$34,966, compared to \$33,665 in 2023. The increase in NOI is primarily due to the change in Adjusted NOI described below, and an increase in the IFRIC 21 adjustment of \$1,081.

Adjusted NOI from the retail portfolio for the three months ended June 30, 2024, increased by \$220, or 0.7%, to \$32,065 compared to \$31,845 in 2023. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian retail properties of \$513 primarily resulting from:
  - An increase of \$1,988 primarily due to higher rents and recoveries and lower bad debt expense;
  - A decrease of \$1,203 due to non-recurring tax refunds received in 2023; and
  - A decrease of \$272 from the sale of Heritage Towne Centre, Calgary, during the second quarter of 2024.
- A decrease in U.S. retail properties of US\$303.

NOI from the office portfolio for the three months ended June 30, 2024, increased by \$711, or 2.1%, to \$34,343, compared to \$33,632 in 2023, primarily due to the following:

- An increase of \$1,316 due to higher occupancy and higher recoveries of operating expenses.
- An increase of \$1,369 due to non-recurring lease cancellation fees received in 2024.
- A decrease of \$1,974 from the sale of 181 Queen Street, Ottawa, during the first quarter of 2024.

NOI from the hotel portfolio for the three months ended June 30, 2024, decreased by \$12,471, or 81.3%, to \$2,862, compared to \$15,333 in 2023, primarily due to the following:

- A decrease of \$11,893 due to the Hotel Portfolio Disposition.
- A decrease of \$578 mainly due to a decrease in RevPar of \$3.31 and an increase in operating expenses.

## MANAGEMENT AND ADVISORY FEES

Morguard's management and advisory fees revenue for the three months ended June 30, 2024, decreased by \$462, or 4.2%, to \$10,522, compared to \$10,984 in 2023, primarily due to decrease in disposition fees earned, partially offset by an increase in asset and property management fees.

## INTEREST AND OTHER INCOME

Interest and other income for the three months ended June 30, 2024, decreased by \$18, or 0.4%, to \$4,325, compared to \$4,343 in 2023.

## INTEREST EXPENSE

Interest expense consists of the following:

For the three months ended June 30	2024	2023
Mortgages payable	<b>\$49,354</b>	\$47,388
Debentures payable, net of accretion	<b>9,010</b>	9,218
Bank indebtedness	<b>403</b>	4,369
Loans payable and other	<b>77</b>	243
Lease liabilities	<b>2,458</b>	2,474
Amortization of mark-to-market adjustments on mortgages, net	<b>(87)</b>	(467)
Amortization of deferred financing costs	<b>1,902</b>	2,100
Prepayment fee on mortgage extinguishment	<b>257</b>	—
	<b>63,374</b>	65,325
Less: Interest capitalized to properties under development	<b>(140)</b>	(349)
	<b>\$63,234</b>	\$64,976

Interest expense for the three months ended June 30, 2024, decreased by \$1,742, or 2.7%, to \$63,234, compared to \$64,976 in 2023, mainly due to a decrease in interest on bank indebtedness and interest on Debentures, partially offset by higher interest on mortgages payable and a lower amortization of mark-to-market adjustments on mortgages. The decrease in interest on bank indebtedness is a result of the Hotel Portfolio Disposition, the net proceeds of which

were used to repay bank indebtedness of \$165,000 and repay the maturing Series E unsecured debentures of \$225,000. The decrease in interest on Debentures is primarily due to the repayment of Series G and Series E senior unsecured debentures on September 28, 2023 and January 25, 2024, respectively, partially offset by the issuance of Series H senior unsecured debenture on September 26, 2023. The increase in interest on mortgages payable is largely attributable to properties financed at higher fixed and floating rates of interest, and a change in foreign exchange rates increasing U.S. mortgage interest by \$508.

#### PROPERTY MANAGEMENT AND CORPORATE

Property management and corporate expenses for the three months ended June 30, 2024, decreased by \$966, or 4.3%, to \$21,609, compared to \$22,575 in 2023, primarily due to a higher non-cash adjustment to reduce compensation expense related to the Company's SARs plan of \$413.

#### AMORTIZATION OF HOTEL PROPERTIES AND OTHER

Amortization of hotel properties and other for the three months ended June 30, 2024, decreased by \$3,244, or 52.0%, to \$2,997, compared to \$6,241 in 2023, primarily due to the Hotel Portfolio Disposition.

#### FAIR VALUE GAIN (LOSS) ON REAL ESTATE PROPERTIES

Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including changes in projected cash flows as a result of leasing, capitalization rates, discount rates and terminal capitalization rates. During the three months ended June 30, 2024, the Company recognized a net fair value loss on real estate properties of \$12,491, compared to fair value gain of \$29,837 in 2023.

Fair value gain (loss) on real estate properties consists of the following:

For the three months ended June 30	2024	2023
Multi-suite residential	\$18,998	\$79,224
Retail	8,824	(14,230)
Office <sup>(1)</sup>	(40,313)	(35,157)
	<b>(\$12,491)</b>	<b>\$29,837</b>

(1) Includes industrial properties with a fair value gain for the three months ended June 30, 2024 of \$154 (2023 - \$14,425).

For the three months ended June 30, 2024, the Company recognized the following fair value gain (loss):

- A net fair value gain of \$18,998 in the residential portfolio, mainly due to an increase in stabilized NOI across the Company's Canadian residential portfolio, partially offset by a 25 basis point increase in capitalization rate at a property located in Los Angeles and an adjustment to realty taxes accounted for under IFRIC 21.
- A net fair value gain of \$8,824 in the retail portfolio, due to an increase in projected cash flows at some of the Company's enclosed malls.
- A net fair value loss of \$40,313 in the office portfolio, primarily due to a 25 basis point increase in valuation parameters and a decrease in projected cash flows across several properties.

#### FAIR VALUE GAIN ON MORGUARD RESIDENTIAL REIT UNITS

For the three months ended June 30, 2024, the Company recorded a fair value gain on the Morguard Residential REIT units of \$6,062, which includes a mark-to-market gain of \$11,515 on the units as a result of a decrease in trading price and the distributions made to external unitholders of \$5,453.

#### FAIR VALUE LOSS ON INVESTMENT IN MARKETABLE SECURITIES

For the three months ended June 30, 2024, the Company recorded a fair value loss on investment in marketable securities of \$5,214 resulting from a decrease in trading value of the securities.

#### EQUITY INCOME (LOSS) FROM INVESTMENTS

Equity income (loss) from investments consists of the following:

For the three months ended June 30	2024	2023
Joint ventures	\$459	(\$1,470)
Associates	—	124
	<b>\$459</b>	<b>(\$1,346)</b>



Equity income from investments for the three months ended June 30, 2024, increased by \$1,805 to \$459, compared to a loss of \$1,346 in 2023, primarily due to a lower fair value loss on real estate properties, partly offset by lower NOI due to the disposition of the Company's 50% interest in two hotel properties.

### OTHER INCOME

Other income for the three months ended June 30, 2024, decreased by \$512 to \$191, compared to \$703 in 2023.

### INCOME TAXES

For the three months ended June 30, 2024, the Company recorded an income tax expense of \$18,373, compared to \$21,425 in 2023. The decrease in income tax expense of \$3,052 comprises a decrease of \$6,165 in deferred tax expense and an increase of \$3,113 in current tax expense.

The increase in current tax expense for the three months ended June 30, 2024 is primarily due to a U.S. federal and state tax limitation of the utilization of net operating losses and substantively enacted EIFEL Rules, compared to 2023.

The decrease in deferred income tax expense for the three months ended June 30, 2024 is primarily due to the utilization of net operating losses and a lower fair value gain recorded on the Company's Canadian and U.S. properties.

### 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 an assessment of forecasted EBITDA for the year ended December 31, 2024, the Company's current income tax expense for the six months ended June 30, 2024 increased by \$1,303 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. The Company will continue to review the relevant legislation and available guidance to assess ongoing implications of the EIFEL Rules.

### 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.

### PENSION PLANS

The Company's accounting policy under IFRS is to recognize actuarial gains/losses in the period in which they occur, and these gains/losses are reflected in the consolidated statements of comprehensive income. During the three months ended June 30, 2024, an actuarial loss of \$1,955 was recorded in the consolidated statements of comprehensive income, compared to \$1,815 in 2023; the losses are primarily due to a change in the trading price of the pension plan's underlying investments.

## FOR THE SIX MONTHS ENDED JUNE 30, 2024

### NET OPERATING INCOME

Adjusted NOI is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure can be found under the section "Part I, Specified Financial Measures."

Net operating income decreased by \$7,720, or 3.0%, for the six months ended June 30, 2024, to \$252,627, compared to \$260,347 generated in 2023, and is further analyzed by asset type below.

### ADJUSTED NOI BY ASSET TYPE

For the six months ended June 30	2024	2023
Multi-suite residential	\$143,502	\$135,012
Retail	64,352	64,810
Office <sup>(1)</sup>	68,837	66,625
Hotel	3,665	20,909
<b>Adjusted NOI</b>	<b>280,356</b>	<b>287,356</b>
IFRIC 21 adjustment - multi-suite residential	(24,576)	(23,561)
IFRIC 21 adjustment - retail	(3,153)	(3,448)
<b>NOI</b>	<b>\$252,627</b>	<b>\$260,347</b>

(1) Includes industrial properties with NOI for the six months ended June 30, 2024 of \$5,116 (2023 - \$2,964).

NOI from the multi-suite residential portfolio for the six months ended June 30, 2024, increased by \$7,475, or 6.7%, to \$118,926, compared to \$111,451 in 2023. The increase in NOI is due to the change in Adjusted NOI described below, partially offset by an increase in the IFRIC 21 adjustment of \$1,015.

Adjusted NOI from the multi-suite residential portfolio for the six months ended June 30, 2024, increased by \$8,490, or 6.3%, to \$143,502, compared to \$135,012 in 2023. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian multi-suite residential properties of \$4,928 primarily resulting from:
  - An increase of \$2,972 mainly due to an increase in AMR of 5.5% and a decrease in utilities due to lower gas rates and consumption, partially offset by higher vacancy and property taxes. In addition, the Company's Canadian portfolio turned over 366 suites, or 4.5% of total suites, achieving AMR growth of 23.0% on suite turnover; and
  - An increase of \$1,956 from the acquisition of 50 Portland Street, Toronto, during the fourth quarter of 2023.
- An increase in U.S. multi-suite residential properties of US\$2,094 primarily resulting from:
  - An increase of US\$1,268 mainly due to an increase in AMR of 2.6% and an increase in parking income, partially offset by higher vacancy and an increase in operating costs by 3.0% mainly from higher insurance premiums, payroll costs, and property taxes; and
  - An increase of US\$826 from the acquisition of Xavier, Chicago, during the first quarter of 2023.
- An increase of \$1,468 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the six months ended June 30, 2024, decreased by \$163, or 0.3%, to \$61,199, compared to \$61,362 in 2023. The decrease in NOI is primarily due to the change in Adjusted NOI described below, partially offset by a decrease in the IFRIC 21 adjustment of \$295.

Adjusted NOI from the retail portfolio for the six months ended June 30, 2024, decreased by \$458, or 0.7%, to \$64,352 compared to \$64,810 in 2023. The decrease in Adjusted NOI is primarily due to the following:

- A decrease in Canadian retail properties of \$393 primarily resulting from:
  - A decrease of \$4,029 due to non-recurring tax refunds received in 2023;
  - An increase of \$3,750 primarily due to higher rents and recoveries and lower bad debt expense; and
  - A decrease of \$114 from the sale of Heritage Towne Centre, Calgary, during the second quarter of 2024.
- A decrease in U.S. retail properties of US\$125.

NOI from the office portfolio for the six months ended June 30, 2024, increased by \$2,212, or 3.3%, to \$68,837, compared to \$66,625 in 2023, primarily due to the following:

- An increase of \$2,794 due to higher occupancy and higher recoveries of operating expenses.
- An increase of \$2,083 due to non-recurring lease cancellation fees received in 2024.
- A decrease of \$2,665 from the sale of 181 Queen Street, Ottawa, during the first quarter of 2024.

NOI from the hotel portfolio for the six months ended June 30, 2024, decreased by \$17,244, or 82.5%, to \$3,665, compared to \$20,909 in 2023, primarily due to the following:

- A decrease of \$17,124 due to the Hotel Portfolio Disposition.
- A decrease of \$120 mainly due to an increase in operating expenses, partially offset by an increase in RevPar of \$3.29.

### MANAGEMENT AND ADVISORY FEES

Morguard's management and advisory fees revenue for the six months ended June 30, 2024, decreased by \$955, or 4.5%, to \$20,179, compared to \$21,134 in 2023, primarily due to decrease in asset management fees and disposition fees earned, partially offset by a higher project management fee.

### INTEREST AND OTHER INCOME

Interest and other income for the six months ended June 30, 2024, decreased by \$631, or 6.7%, to \$8,808, compared to \$9,439 in 2023. The decrease was primarily due to lower interest earned on restricted cash of \$565 held as part of a 1031 Exchange.

### INTEREST EXPENSE

Interest expense consists of the following:

For the six months ended June 30	2024	2023
Mortgages payable	\$99,010	\$92,993
Debentures payable, net of accretion	18,720	18,545
Bank indebtedness	1,373	8,028
Loans payable and other	237	505
Lease liabilities	4,919	4,958
Amortization of mark-to-market adjustments on mortgages, net	(218)	(963)
Amortization of deferred financing costs	4,078	4,265
Prepayment fee on mortgage extinguishment	257	—
	<b>128,376</b>	128,331
Less: Interest capitalized to properties under development	(260)	(628)
	<b>\$128,116</b>	\$127,703

Interest expense for the six months ended June 30, 2024, increased by \$413, or 0.3%, to \$128,116, compared to \$127,703 in 2023, mainly due to an increase in interest on mortgages payable and interest on Debentures, and a lower amortization of mark-to market adjustments on mortgages, partially offset by lower interest on bank indebtedness. The decrease in interest on bank indebtedness is a result of the Hotel Portfolio Disposition, the net proceeds of which were used to repay bank indebtedness of \$165,000 and repay the maturing Series E unsecured debentures of \$225,000. The increase in interest on Debentures is primarily due to issuance of Series H senior unsecured debentures on September 26, 2023, partially offset by the repayment of Series G and Series E senior unsecured debentures on September 28, 2023 and January 25, 2024, respectively. The increase in interest on mortgages payable is largely attributable to properties financed at higher fixed and floating rates of interest, and a change in foreign exchange rates increasing U.S. mortgage interest by \$800.

### PROPERTY MANAGEMENT AND CORPORATE

Property management and corporate expenses for the six months ended June 30, 2024, increased by \$459, or 1.0%, to \$44,940, compared to \$44,481 in 2023, primarily due to a higher non-cash adjustment to increase compensation expense related to the Company's SARs plan of \$1,119.

### AMORTIZATION OF HOTEL PROPERTIES AND OTHER

Amortization of hotel properties and other for the six months ended June 30, 2024, decreased by \$8,087, or 58.8%, to \$5,664, compared to \$13,751 in 2023, primarily due to the Hotel Portfolio Disposition.

## FAIR VALUE GAIN (LOSS) ON REAL ESTATE PROPERTIES

Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including changes in projected cash flows as a result of leasing, capitalization rates, discount rates and terminal capitalization rates. During the six months ended June 30, 2024, the Company recognized a net fair value gain on real estate properties of \$1,391, compared to \$63,593 in 2023.

Fair value gain (loss) on real estate properties consists of the following:

For the six months ended June 30	2024	2023
Multi-suite residential	\$87,179	\$158,357
Retail	(3,765)	(6,037)
Office <sup>(1)</sup>	(82,023)	(88,727)
	<b>\$1,391</b>	<b>\$63,593</b>

(1) Includes industrial properties with a fair value gain for the six months ended June 30, 2024 of \$407 (2023 - \$15,784).

For the six months ended June 30, 2024, the Company recognized the following fair value gain (loss):

- A net fair value gain of \$87,179 in the residential portfolio, mainly due to an increase in stabilized NOI across the Company's Canadian residential portfolio and an adjustment to realty taxes accounted for under IFRIC 21, partially offset by a 25 basis point increase in capitalization rates across several U.S. properties.
- A net fair value loss of \$3,765 in the retail portfolio, due to a 25 basis point increase in valuation parameters at few of the Company's enclosed malls, partially offset by an increase in projected cash flows.
- A net fair value loss of \$82,023 in the office portfolio, primarily due to a 25 to 75 basis point increase in valuation parameters and decrease in projected cash flows across several properties.

## FAIR VALUE LOSS ON MORGUARD RESIDENTIAL REIT UNITS

For the six months ended June 30, 2024, the Company recorded a fair value loss on the Morguard Residential REIT units of \$30,873, which includes a mark-to-market loss of \$19,939 on the units as a result of a increase in trading price and the distributions made to external unitholders of \$10,934.

## FAIR VALUE LOSS ON INVESTMENT IN MARKETABLE SECURITIES

For the six months ended June 30, 2024, the Company recorded a fair value loss on investment in marketable securities of \$11,723 resulting from a decrease in trading value of the securities.

## GAIN ON SALE OF HOTEL PROPERTIES

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. On disposition, the net proceeds of the 14 hotels exceeded the carrying value of \$255,214, resulting in a gain of \$150,587.

## EQUITY INCOME (LOSS) FROM INVESTMENTS

Equity income (loss) from investments consists of the following:

For the six months ended June 30	2024	2023
Joint ventures	\$1,520	(\$507)
Associates	(29)	332
	<b>\$1,491</b>	<b>(\$175)</b>

Equity income from investments for the six months ended June 30, 2024, increased by \$1,666 to \$1,491, compared to a loss of \$175 in 2023, primarily due to a lower fair value loss on real estate properties, partly offset by lower NOI due to the disposition of the Company's 50% interest in two hotel properties.

## OTHER EXPENSE

Other expense for the six months ended June 30, 2024, decreased by \$134 to \$4, compared to \$138 in 2023.

## **INCOME TAXES**

For the six months ended June 30, 2024, the Company recorded an income tax expense of \$27,501, compared to \$47,136 in 2023. The decrease in income tax expense of \$19,635 comprises a decrease of \$39,386 in deferred tax expense and an increase of \$19,751 in current tax expense.

The increase in current tax expense for the six months ended June 30, 2024 is primarily a result of an increase of \$17,022 relating to the disposal of properties, an increase of \$1,303 due to the EIFEL Rules being substantially enacted during the second quarter of 2024, and as a result of U.S. federal and state tax limitation of utilization of net operating losses, compared to 2023.

The decrease in deferred income tax expense for the six months ended June 30, 2024 is primarily due to the utilization of net operating losses, the derecognition of deferred taxes relating to a property disposition, and a lower fair value gain recorded on the Company's Canadian and U.S. properties.

## **PENSION PLANS**

The Company's accounting policy under IFRS is to recognize actuarial gains/losses in the period in which they occur, and these gains/losses are reflected in the consolidated statements of comprehensive income. During the six months ended June 30, 2024, an actuarial loss of \$1,133 was recorded in the consolidated statements of comprehensive income, compared to \$72 in 2023; the losses are primarily due to a change in the trading price of the pension plan's underlying investments.

## FUNDS FROM OPERATIONS

FFO (and FFO per common share) is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. FFO is computed by the Company in accordance with the current definition of the Real Property Association of Canada ("REALPAC") and is widely used as a real estate industry standard that supplements net income and evaluates operating performance but is not indicative of funds available to meet the Company's cash requirements. Additional information on this non-GAAP financial measure can be found under the section "Part I, Specified Financial Measures."

The following table provides an analysis of the Company's FFO by component:

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Multi-suite residential	\$73,081	\$70,378	\$143,502	\$135,012
Retail	32,065	31,845	64,352	64,810
Office	34,343	33,632	68,837	66,625
Hotel	2,862	15,333	3,665	20,909
<b>Adjusted NOI<sup>(1)</sup></b>	<b>142,351</b>	<b>151,188</b>	<b>280,356</b>	<b>287,356</b>
<b>Other Revenue</b>				
Management and advisory fees	10,522	10,984	20,179	21,134
Interest and other income	4,325	4,343	8,808	9,439
Equity-accounted FFO <sup>(2)</sup>	573	1,681	1,648	3,069
	<b>15,420</b>	<b>17,008</b>	<b>30,635</b>	<b>33,642</b>
<b>Expenses and Other</b>				
Interest	(63,234)	(64,976)	(128,116)	(127,703)
Principal repayment of lease liabilities	(382)	(414)	(783)	(824)
Property management and corporate	(21,609)	(22,575)	(44,940)	(44,481)
Internal leasing costs	932	1,432	2,137	2,074
Amortization of capital assets	(309)	(330)	(590)	(661)
Current income taxes <sup>(3)</sup>	(5,772)	(2,229)	(4,820)	(2,091)
Non-controlling interests' share of FFO <sup>(4)</sup>	(13,912)	(15,932)	(27,569)	(32,043)
Unrealized changes in the fair value of financial instruments	(6,272)	(7,874)	(26,906)	(26,450)
Other income (expense)	168	53	(80)	(816)
<b>FFO</b>	<b>\$47,381</b>	<b>\$55,351</b>	<b>\$79,324</b>	<b>\$88,003</b>
<b>FFO per common share amounts – basic and diluted</b>	<b>\$4.38</b>	<b>\$5.05</b>	<b>\$7.33</b>	<b>\$8.00</b>
Weighted average number of common shares outstanding (in thousands):				
Basic and diluted	10,813	10,967	10,813	10,994

(1) For three and six months ended June 30, 2024, an IFRIC 21 adjustment of \$15,528 (2023 - \$14,040) was added and \$27,729 (2023 - \$27,009) was deducted, respectively, to the IFRS presentation of realty tax expense.

(2) Equity-accounted FFO exclude fair value adjustments on real estate properties, provision for (recovery of) impairment, deferred income taxes and amortization of hotel properties.

(3) Current income taxes for the three and six months ended June 30, 2024, excludes \$1,463 (2023 - \$1,893) and \$19,082 (2023 - \$2,060), respectively, of income tax relating to the disposal of properties.

(4) For the three and six months ended June 30, 2024, non-controlling interests' share of FFO includes Morguard Residential REIT's non-controlling interest share of FFO in the amount of \$7,814 (2023 - \$8,534) and \$15,650 (2023 - \$16,497), respectively.

For the three months ended June 30, 2024, the Company recorded FFO of \$47,381 (\$4.38 per common share), compared to \$55,351 (\$5.05 per common share) in 2023. The decrease in FFO of \$7,970 is mainly due to a decrease in Adjusted NOI of \$8,837, a decrease in equity-accounted FFO of \$1,108, and an increase in current income taxes of \$3,543, partially offset by a decrease in non-controlling interests' share of FFO of \$2,020, decrease in unrealized changes in the fair value of financial instruments of \$1,602 and decrease in interest expense of \$1,742.

The change in foreign exchange rate had a positive impact on FFO of \$328 (\$0.03 per common share).

For the six months ended June 30, 2024, the Company recorded FFO of \$79,324 (\$7.33 per common share), compared to \$88,003 (\$8.00 per common share) in 2023. The decrease in FFO of \$8,679 is mainly due to a decrease in Adjusted NOI of \$7,000, a decrease in management and advisory fees of \$955, a decrease in equity-accounted FFO of \$1,421, and an increase in current income taxes of \$2,729, partially offset by a decrease in non-controlling interests' share of FFO of \$4,474.

The change in foreign exchange rate had a positive impact on FFO of \$281 (\$0.03 per common share).

Normalized FFO (and Normalized FFO per common share) is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Normalized FFO is computed as FFO excluding non-recurring items on a net of tax basis and other non-cash fair value adjustments. The Company believes it is useful to provide an analysis of Normalized FFO which excludes non-recurring items on a net of tax basis and other non-cash fair value adjustments excluded from REALPAC's definition of FFO described above. Additional information on this non-GAAP financial measure can be found under the section "Part I, Specified Financial Measures."

### Normalized FFO

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
FFO (from above)	\$47,381	\$55,351	\$79,324	\$88,003
Add/(deduct):				
Unrealized changes in the fair value of financial instruments	6,272	7,874	26,906	26,450
SARs plan increase (decrease) in compensation expense	(547)	(134)	310	(809)
Lease cancellation fee and other	(2,399)	(1,112)	(3,436)	(1,456)
Tax effect of above adjustments	563	194	742	251
<b>Normalized FFO</b>	<b>\$51,270</b>	<b>\$62,173</b>	<b>\$103,846</b>	<b>\$112,439</b>
Per common share amounts – basic and diluted	<b>\$4.74</b>	<b>\$5.67</b>	<b>\$9.60</b>	<b>\$10.23</b>

Normalized FFO for the three months ended June 30, 2024, was \$51,270 or \$4.74 per common share, versus \$62,173, or \$5.67 per common share, for the same period in 2023, which represents a decrease of \$10,903, or 17.5%.

Normalized FFO for the six months ended June 30, 2024, was \$103,846 or \$9.60 per common share, versus \$112,439, or \$10.23 per common share, for the same period in 2023, which represents a decrease of \$8,593, or 7.6%.

The following table provides the Company's net income attributable to common shareholders reconciled to FFO:

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
<b>Net income attributable to common shareholders</b>	<b>\$53,858</b>	<b>\$89,818</b>	<b>\$184,304</b>	<b>\$55,128</b>
Add/(deduct):				
Fair value loss (gain) on real estate properties, net <sup>(1)</sup>	12,605	(27,114)	(1,234)	(60,940)
Non-controlling interests' share of fair value loss on real estate properties, net <sup>(1)</sup>	(5,257)	(2,018)	(22,597)	(4,802)
Fair value loss (gain) on Morguard Residential REIT units	(11,515)	(14,514)	19,939	19,540
Distribution to Morguard Residential REIT's external unitholders	5,453	5,553	10,934	11,159
Non-controlling interest - Morguard Residential REIT	(7,814)	(8,534)	(15,650)	(16,497)
Fair value gain on conversion option of MRG convertible debentures	(975)	(249)	(1,127)	(538)
Amortization of intangible asset	1,728	1,732	3,457	4,638
Amortization of hotel properties <sup>(2)</sup>	960	4,483	1,617	9,043
Foreign exchange gain	(23)	(650)	(76)	(678)
Deferred income taxes	11,138	17,303	3,599	42,985
Principal repayment of lease liabilities	(382)	(414)	(783)	(824)
Internal leasing costs	932	1,432	2,137	2,074
Realty taxes accounted for under IFRIC 21 <sup>(3)</sup>	(14,790)	(13,370)	26,309	25,655
Gain on sale of hotel properties	—	—	(150,587)	—
Current tax on disposition of properties	1,463	1,893	19,082	2,060
<b>FFO</b>	<b>\$47,381</b>	<b>\$55,351</b>	<b>\$79,324</b>	<b>\$88,003</b>
FFO per common share – basic and diluted	<b>\$4.38</b>	<b>\$5.05</b>	<b>\$7.33</b>	<b>\$8.00</b>
Weighted average number of common shares outstanding (in thousands):				
Basic and diluted	<b>10,813</b>	<b>10,967</b>	<b>10,813</b>	<b>10,994</b>

(1) Includes fair value adjustments on real estate properties for equity-accounted investments.

(2) Includes amortization of hotel properties for equity-accounted investments.

(3) Realty taxes accounted for under IFRIC 21 exclude non-controlling interests' share.



## PART IV

### BALANCE SHEET ANALYSIS

#### REAL ESTATE PROPERTIES

The Company's real estate properties, together with hotel properties and equity-accounted and other real estate fund investments, represent approximately 94% of Morguard's total assets. Real estate properties include multi-suite residential, retail, office and industrial properties held to earn rental income and for capital appreciation. Real estate properties also include properties or land being constructed or developed for future use as income producing properties.

The following table details the Company's real estate assets:

As at	June 30, 2024	December 31, 2023
Real estate properties		
Multi-suite residential	\$6,514,285	\$6,274,851
Retail	2,120,980	2,134,485
Office <sup>(1)</sup>	1,871,893	2,063,987
	<b>10,507,158</b>	10,473,323
Properties under development	13,068	12,175
Land held for development	134,626	133,464
<b>Real estate properties</b>	<b>10,654,852</b>	10,618,962
Real estate properties	10,654,852	10,493,655
Real estate properties held for sale	—	125,307
<b>Total</b>	<b>\$10,654,852</b>	\$10,618,962

(1) As at June 30, 2024, includes industrial properties in the amount of \$227,946 (December 31, 2023 - \$226,727).

Real estate properties (including real estate properties held for sale) increased by \$35,890 at June 30, 2024, to \$10,654,852, compared to \$10,618,962 at December 31, 2023. The increase is primarily the result of the following:

- Capitalization of property enhancements, including capital expenditures and tenant improvements totalling \$55,415;
- Development expenditures of \$8,066;
- A fair value gain on real estate properties of \$1,391;
- An increase of \$136,491 due to the change in the U.S. dollar exchange rate; and
- Dispositions of real estate properties of \$162,562.

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.

#### APPRAISAL CAPITALIZATION AND DISCOUNT RATES

The Company's internal valuation team consists of Appraisal Institute of Canada ("AIC") designated Accredited Appraiser Canadian Institute ("AACI") members who are qualified to offer valuation and consulting services and expertise for all types of real property, all of whom are knowledgeable and have recent experience in the fair value techniques for investment properties. AACI members must adhere to AIC's Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP") and undertake ongoing professional development. The Company's appraisal division is responsible for determining the fair value of investment properties every quarter, which include co-owned properties and properties classified as equity-accounted investments. The Company's valuation processes and results are reviewed by the Company's senior management at least once every quarter, in line with the Company's quarterly reporting dates.

As at June 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 product type are set out in the following table:

As at	June 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%	7.8%	100.0%	85.0%	9.0%	4.8%	7.1%

(1) 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	June 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%	7.3%	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.

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

As at	June 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	(\$337,600)	\$377,485	(\$315,323)	\$351,896
Retail	(62,743)	67,111	(63,503)	67,930
Office <sup>(1)</sup>	(58,744)	62,702	(70,489)	75,687
	<b>(\$459,087)</b>	<b>\$507,298</b>	<b>(\$449,315)</b>	<b>\$495,513</b>

(1) Includes industrial properties comprising approximately 12% of the segment's total assets.

## HOTEL PROPERTIES

Hotel properties consist of the following:

As at	June 30, 2024	December 31, 2023
Cost	\$111,565	\$463,986
Accumulated impairment provision	—	(2,249)
Accumulated amortization	(25,135)	(119,633)
	<b>\$86,430</b>	<b>\$342,104</b>
Hotel properties held for sale	—	(254,728)
<b>Hotel properties</b>	<b>\$86,430</b>	<b>\$87,376</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.

### EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

Equity-accounted and other real estate fund investments consist of the following:

As at	June 30, 2024	December 31, 2023
Joint ventures	\$10,870	\$36,037
Associates	175	2,964
Equity-accounted investments	11,045	39,001
Other real estate fund investments	42,325	56,524
<b>Equity-accounted and other fund investments</b>	<b>\$53,370</b>	<b>\$95,525</b>

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

Property/Investment	Principal Place of Business	Investment Type	Asset Type	Company's Ownership		Carrying Value	
				June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	50.0%	50.0%	\$8,127	\$7,755
Quinte Courthouse	Belleville, ON	Joint Venture	Office	50.0%	50.0%	2,743	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	18.8%	18.8%	175	2,964
						<b>\$11,045</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 joint ventures for net proceeds of \$26,603 including working capital adjustments and closing costs.

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

As at	June 30, 2024	December 31, 2023
Balance, beginning of period	\$39,001	\$46,789
Additions	—	7,250
Share of net income	1,491	4,334
Distributions received	(3,414)	(19,372)
Distributions received - sale of hotel joint ventures	(26,033)	—
<b>Balance, end of period</b>	<b>\$11,045</b>	<b>\$39,001</b>

### MORTGAGES PAYABLE

Mortgages payable totalled \$4,684,460 at June 30, 2024, compared to \$4,680,092 at December 31, 2023, an increase of \$4,368, mainly due to net proceeds from new mortgage financing of \$391,915 and a change in foreign exchange of \$61,469, partially offset by the repayment on extinguishment of mortgages of \$214,777, mortgage repayments on maturity of \$180,380 and scheduled principal repayments of \$56,579.

## MORTGAGE CONTINUITY SCHEDULE

As at	June 30, 2024	December 31, 2023
Opening mortgage balance	\$4,680,092	\$4,642,151
New mortgage financing	398,132	679,085
New mortgage financing costs	(6,217)	(5,929)
Mortgages assumed on acquisition	—	26,259
Mortgage repayments on maturity	(180,380)	(503,847)
Mortgage repayments on extinguishment	(214,777)	—
Scheduled principal repayments	(56,579)	(118,434)
Change in foreign exchange rate	61,469	(43,810)
Mortgages mark-to-market adjustment, net	(218)	(3,379)
Deferred financing costs (including extinguishment)	2,938	7,996
<b>Closing mortgage balance</b>	<b>\$4,684,460</b>	<b>\$4,680,092</b>

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at June 30, 2024, mortgages payable bear interest at rates ranging between 2.03% and 7.92% per annum with a weighted average interest rate of 4.33% (December 31, 2023 - 4.36%), mature between 2024 and 2058 with a weighted average term to maturity of 4.2 years (December 31, 2023 - 4.1 years). Approximately 92% of the Company's mortgages have fixed interest rates.

## MORTGAGE REPAYMENT SCHEDULE

As at June 30, 2024	Principal Instalment Repayments	Balance Maturing	Total	Weighted Average Contractual Interest Rate
2024 (remainder of year)	\$56,140	\$596,649	\$652,789	6.20%
2025	103,465	496,812	600,277	3.38%
2026	86,096	486,764	572,860	3.64%
2027	57,965	636,189	694,154	4.58%
2028	47,375	340,771	388,146	4.26%
Thereafter	146,149	1,658,048	1,804,197	4.06%
	\$497,190	\$4,215,233	4,712,423	4.33%
Mark-to-market adjustment, net			(1,327)	
Deferred financing costs			(26,636)	
			\$4,684,460	

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 June 30, 2024, and December 31, 2023, the Company was in compliance with all financial covenants.

The following table details the new and refinancing activities completed during the six months ended June 30, 2024:

Date	Asset Type	Location	New Interest Rate	Maturing Interest Rate	Term (years)	Mortgage Proceeds	Mortgage Repayment
January 21, 2024	Retail	Red Deer, AB	—%	5.97%	—	\$—	\$2,393
February 1, 2024	Retail	Toronto, ON	5.10%	8.35%	4.0	80,000	72,389
April 1, 2024	Office	Ottawa, ON	7.75%	3.50%	3.0	8,500	12,000
June 12, 2024	Office	Ottawa, ON	6.65%	7.25%	3.0	25,000	28,500
June 24, 2024	Retail	Prince George, BC	6.93%	7.47%	4.9	75,000	65,098
May 15, 2024	Residential	Mississauga, ON	4.73%	3.36%	10.5	64,352	26,906
June 5, 2024	Residential	Mississauga, ON	4.59%	3.36%	10.5	86,677	38,341
June 10, 2024	Residential	Mississauga, ON	4.60%	3.36%	10.5	58,603	26,164
<b>Weighted Averages and Total</b>			<b>5.35%</b>	<b>6.11%</b>	<b>7.5</b>	<b>\$398,132</b>	<b>\$271,791</b>

(1) Mortgage repayment includes early mortgage extinguishments of \$91,411 that were refinanced ahead of their scheduled maturity.

## MORTGAGE MATURITY SCHEDULE

The following table details the Company's contractual maturities over the next two years:

Asset Type	2024				2025			
	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio
Multi-suite residential	4	\$256,889	6.71%	51.1%	3	\$303,291	2.97%	39.9%
Retail	4	148,500	5.95%	65.5%	1	37,097	2.88%	51.9%
Office	3	191,260	5.71%	69.3%	5	129,167	3.56%	50.5%
Hotels	—	—	—%	—%	1	27,257	7.71%	61.9%
	<b>11</b>	<b>\$596,649</b>	<b>6.20%</b>	<b>59.3%</b>	<b>10</b>	<b>\$496,812</b>	<b>3.38%</b>	<b>43.9%</b>

## UNSECURED DEBENTURES

The Company's Unsecured Debentures consist of the following:

As at	Maturity Date	Coupon Interest Rate	June 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			(1,870)	(2,389)
			<b>\$398,130</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.

On November 27, 2019, the Company issued \$225,000 (net proceeds including issuance costs - \$224,000) of Series F senior unsecured debentures due on November 27, 2024. Interest on the Series F senior unsecured debentures is payable semi-annually, not in advance, on May 27 and November 27 of each year. The Company has the option to redeem the Series F senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 0.675%.

On September 26, 2023, the Company issued \$175,000 (net proceeds including issuance costs - \$172,600) of Series H senior unsecured debentures due on September 26, 2026. Interest on the Series H senior unsecured debentures is payable semi-annually, not in advance, on March 26 and September 26 of each year, commencing on March 26, 2024. Paros Enterprises, a related party, acquired \$25,000 aggregate principal amount of the Series H senior unsecured debentures. The Company has the option to redeem the Series H senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 1.235%.

The presentation of Non-Consolidated Basis measures represents a non-GAAP financial measure and is presented in this MD&A because management considers these non-GAAP financial measures to be an important measure to evaluate and monitor the Company's compliance with its Indenture.

The covenants that govern the Unsecured Debentures are calculated using the Company's published results prepared in accordance with IFRS adjusted as required to account for the Company's Public Entity Investments using the equity method of accounting and other adjustments defined by the Indenture. The presentation of the Non-Consolidated balance sheet does not classify short-term and long-term assets and liabilities. In addition, other assets as presented in the non-consolidated balance sheet, group amounts receivable; prepaid expenses and other; and cash that are presented as a separate financial statement line in the Company's consolidated balance sheet, and loans payable and bank indebtedness that are presented as separate financial statement lines in the Company's consolidated balance sheet have been grouped as one single financial statement line in the non-consolidated balance sheet.

The Company must maintain an interest coverage ratio computed on a Non-Consolidated Basis above 1.65 times, an indebtedness to aggregate assets ratio computed on a Non-Consolidated Basis not to exceed 65% and a minimum equity requirement computed on a Non-Consolidated Basis 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 lenders.

Non-Consolidated Basis adjustments include the following:

- An adjustment (as defined in the Indenture) to account for the Company's Public Entity Investments using the equity method of accounting ("Equity Adjustment"). The adjustment requires the Public Entity Investments which are consolidated under IFRS to each respective financial statement line presented within the balance sheet and statement of income to be presented on a single line within equity-accounted investments;
- An adjustment (as defined in the Indenture) to the balance sheet to exclude deferred tax assets and liabilities, goodwill and to add back accumulated amortization of hotel properties ("Balance Sheet Indenture Adjustment"); and
- An adjustment (as defined in the Indenture) to the statement of income (loss) to exclude other non-cash items (such as the Company's SARs expense, IFRIC 21 and any gain or loss attributed to the sale or disposition of any asset or liability), non-recurring items (such as acquisition-related costs and debt settlement or other costs), and to include the distributions received from Morguard REIT and Morguard Residential REIT ("Income Statement Indenture Adjustment").

The covenants computed on a Non-Consolidated Basis are as follows:

Non-Consolidated Basis	Covenant Requirements	June 30, 2024	June 30, 2023
Interest coverage ratio <sup>(1)(2)</sup>	1.65	<b>2.27</b>	2.29
Indebtedness to aggregate assets ratio <sup>(2)</sup>	Less than or equal to 65%	<b>40.0%</b>	44.1%
Adjusted shareholders' equity <sup>(2)</sup>	Not less than \$300,000	<b>\$3,598,381</b>	\$3,558,733

(1) Calculated on a trailing twelve-month basis.

(2) Represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found under the section Part I, "Specified Financial Measures."

As at June 30, 2024, on a Non-Consolidated Basis, the Company's unencumbered assets which include real estate, hotel properties, and other investments amounted to \$722,662 (December 31, 2023 - \$807,219).

The Company's financial results on a Non-Consolidated Basis are as follows:

## MORGUARD NON-CONSOLIDATED FINANCIAL STATEMENTS

### BALANCE SHEET

						June 30, 2024	December 31, 2023
As at	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Balance Sheet Indenture Adjustment	Morguard Non- Consolidated Basis	Morguard Non- Consolidated Basis
<b>ASSETS</b>							
Real estate properties	\$10,654,852	(\$2,173,269)	(\$4,172,893)	(\$160,892)	\$—	<b>\$4,147,798</b>	\$4,086,828
Real estate / hotel properties held for sale	—	—	—	—	—	—	380,035
Hotel properties	86,430	—	—	—	25,135	<b>111,565</b>	207,009
Equity-accounted and other fund investments	53,370	(8,127)	(57,661)	1,400,398	—	<b>1,387,980</b>	1,436,086
Other assets	727,191	(31,402)	(146,946)	77,960	(24,488)	<b>602,315</b>	490,280
<b>Total assets</b>	<b>\$11,521,843</b>	<b>(\$2,212,798)</b>	<b>(\$4,377,500)</b>	<b>\$1,317,466</b>	<b>\$647</b>	<b>\$6,249,658</b>	<b>\$6,600,238</b>
<b>LIABILITIES</b>							
Mortgages payable	\$4,684,460	(\$985,884)	(\$1,627,631)	(\$108,176)	\$—	<b>\$1,962,769</b>	\$2,064,478
Construction financing, loans and bank indebtedness	14,642	(84,642)	—	70,000	—	—	115,259
Class B LP units	—	—	(266,613)	266,613	—	—	—
Unsecured debentures	398,130	—	—	—	—	<b>398,130</b>	622,611
Convertible debentures	141,157	(153,018)	(51,806)	63,667	—	—	—
Lease liabilities	170,527	(16,340)	(16,601)	68	—	<b>137,654</b>	138,413
Morguard Residential REIT units	405,802	—	—	(405,802)	—	—	—
Deferred income tax liabilities	851,596	—	(283,525)	—	(568,071)	—	—
Accounts payable and accrued liabilities	282,668	(58,389)	(76,986)	5,431	—	<b>152,724</b>	138,420
<b>Total liabilities</b>	<b>6,948,982</b>	<b>(1,298,273)</b>	<b>(2,323,162)</b>	<b>(108,199)</b>	<b>(568,071)</b>	<b>2,651,277</b>	<b>3,079,181</b>
Equity / Adjusted shareholders' equity	4,572,861	(914,525)	(2,054,338)	1,425,665	568,718	<b>3,598,381</b>	3,521,057
<b>Total liabilities and equity</b>	<b>\$11,521,843</b>	<b>(\$2,212,798)</b>	<b>(\$4,377,500)</b>	<b>\$1,317,466</b>	<b>\$647</b>	<b>\$6,249,658</b>	<b>\$6,600,238</b>

### COMPUTATION FOR INTEREST COVERAGE RATIO

						2024	2023
Twelve months ended June 30	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Income Statement Indenture Adjustment	Morguard Non- Consolidated Basis	Morguard Non- Consolidated Basis
Revenue from real estate properties	\$1,019,755	(\$256,813)	(\$339,158)	(\$15,933)	\$—	<b>\$407,851</b>	\$388,255
Revenue from hotel properties	105,556	—	—	—	—	<b>105,556</b>	163,910
Property operating expenses	(461,203)	130,116	156,484	(10,439)	(548)	<b>(185,590)</b>	(174,364)
Hotel operating expenses	(76,412)	—	—	—	—	<b>(76,412)</b>	(119,371)
Net operating income	587,696	(126,697)	(182,674)	(26,372)	(548)	<b>251,405</b>	258,430
Management and advisory fees/distributions	42,617	—	—	46,671	—	<b>89,288</b>	89,050
Interest and other income	17,488	—	—	5,057	—	<b>22,545</b>	21,069
Property management and corporate <sup>(1)</sup>	(87,590)	3,730	22,173	(25,244)	456	<b>(86,475)</b>	(85,528)
Other income (expense) <sup>(2)</sup>	89	(11)	25	378	—	<b>481</b>	(92)
Distributions from Morguard REIT and Morguard Residential REIT	—	—	—	—	28,612	<b>28,612</b>	27,579
<b>EBITDA</b>	<b>\$560,300</b>	<b>(\$122,978)</b>	<b>(\$160,476)</b>	<b>\$490</b>	<b>\$28,520</b>	<b>\$305,856</b>	<b>\$310,508</b>
Interest expense	\$265,088	(\$67,364)	(\$77,697)	\$14,695	\$—	<b>\$134,722</b>	\$135,566
Interest capitalized to development projects	787	(787)	—	—	—	—	—
<b>Interest expense for interest coverage ratio</b>	<b>\$265,875</b>	<b>(\$68,151)</b>	<b>(\$77,697)</b>	<b>\$14,695</b>	<b>\$—</b>	<b>\$134,722</b>	<b>\$135,566</b>

<sup>(1)</sup> Morguard consolidated property management and corporate expense for the twelve months ended June 30, 2024, includes a non-cash fair value adjustment relating to the Company's SARs liability and has been adjusted to remove the impact of the increase in SARs expense of \$456 (2023 - decrease in SARs expense of \$1,986).

<sup>(2)</sup> Excludes acquisition-related costs, debt settlement or other costs, any gain or loss attributed to the sale or disposition of any asset or liability, provision for (recovery of) impairment, other non-cash items and non-recurring items.

## CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	June 30, 2024	December 31, 2023
Morguard Residential REIT <sup>(1)</sup>	March 31, 2028	\$24.15	6.00%	\$56,000	\$5,000	\$46,806	\$47,277
Morguard REIT	December 31, 2026	\$7.80	5.25%	\$159,000	\$60,000	94,351	93,498
						\$141,157	\$140,775

(1) As at June 30, 2024, the liability includes the fair value of the conversion option of \$1,004 (December 31, 2023 - \$2,131).

### Morguard Residential REIT

On February 13, 2018, Morguard Residential REIT issued \$75,000 principal amount of 4.50% convertible unsecured subordinated debentures. On February 21, 2018, an additional principal amount of \$10,500 was issued pursuant to the exercise of the over-allotment option. On March 24, 2023, the 4.50% convertible unsecured subordinated debentures were redeemed in advance of their March 31, 2023 maturity date.

On March 9, 2023, Morguard Residential REIT issued \$50,000 principal amount of 6.00% convertible unsecured subordinated debentures maturing on March 31, 2028. On March 17, 2023, an additional principal amount of \$6,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on March 31 and September 30 of each year, commencing September 30, 2023. The underwriter's commissions, legal and other issue costs attributable to the debentures in the amount of \$2,410 have been capitalized and are being amortized over the term to maturity. Morguard owns \$5,000 aggregate principal amount of the 6.00% convertible unsecured subordinated debentures.

### Morguard REIT

On December 7, 2021, Morguard REIT issued \$150,000 principal amount of 5.25% convertible unsecured subordinated debentures maturing on December 31, 2026. On December 13, 2021, an additional principal amount of \$9,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on June 30 and December 31 of each year. The underwriter's commissions, legal and other issue costs attributable to the debentures in the amount of \$4,213 have been capitalized and are being amortized over the term to maturity. The convertible debentures, with the exception of \$4,213, the value assigned to the holder's conversion option, have been recorded as debt on the consolidated balance sheets. Morguard owns \$60,000 aggregate principal amount of the 5.25% convertible unsecured subordinated debentures.

## MORGUARD RESIDENTIAL REIT UNITS

As at June 30, 2024, the Company owned a 46.5% (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. Although the Company owns less than 50% of Morguard Residential REIT, it continues to consolidate its investment on the basis of *de facto* control.

The non-controlling interest in Morguard Residential REIT units has been presented as a liability. 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 June 30, 2024, the Company valued the non-controlling interest in Morguard Residential REIT units at \$405,802 (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 gain for the three months ended June 30, 2024 of \$6,062 (2023 - \$8,961) and a fair value loss for the six months ended June 30, 2024 of \$30,873 (2023 - \$30,699) in the consolidated statements of income.



## BANK INDEBTEDNESS

As at June 30, 2024, the Company had borrowed \$14,642 (December 31, 2023 - \$191,369) on its operating lines of credit and had issued letters of credit in the amount of \$2,813 (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 June 30, 2024, the maximum amount that can be borrowed on the operating lines of credit is \$349,889 (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 that were secured against one of the Company's lines of credit. As at June 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 June 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 June 30, 2024, the Company is in compliance with all undertakings.

## LEASE LIABILITIES

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

As at	June 30, 2024	December 31, 2023
Balance, beginning of period	\$170,753	\$172,517
Interest on lease liabilities	4,919	9,899
Payments	(5,702)	(11,521)
Additions	—	241
Foreign exchange loss (gain)	557	(383)
<b>Balance, end of period</b>	<b>\$170,527</b>	<b>\$170,753</b>

Future minimum lease payments under lease liabilities are as follows:

As at	June 30, 2024	December 31, 2023
Within 12 months	\$11,481	\$11,445
2 to 5 years	44,836	44,785
Over 5 years	346,814	351,114
Total minimum lease payments	403,131	407,344
Less: future interest costs	(232,604)	(236,591)
<b>Present value of minimum lease payments</b>	<b>\$170,527</b>	<b>\$170,753</b>

## EQUITY

Total equity increased by \$229,771 to \$4,572,861 at June 30, 2024, compared to \$4,343,090 at December 31, 2023.

The increase in equity was primarily the result of:

- Net income for the six months ended June 30, 2024 of \$172,206;
- Non-controlling interest distributions of \$3,692;
- Dividends paid of \$3,244; and
- Unrealized foreign currency translation gain of \$78,234.

As at June 30, 2024, and August 7, 2024, 10,813,445 common shares were outstanding.

## PART V

### LIQUIDITY

Morguard uses a combination of existing cash, cash generated from operations, mortgages, bank indebtedness, project-specific financing and equity to finance its activities. For the three and six months ended June 30, 2024, Morguard received \$7,540 and \$15,068, respectively, in recurring distributions and dividends from subsidiaries and affiliated entities.

The Company has liquidity of approximately \$632,500 comprised of \$297,500 in cash, \$335,000 available under its revolving credit facilities. In addition, the Company has approximately \$1,103,000 of unencumbered income producing properties and other investments which could be utilized for financing.

The Company has approximately \$1,093,500 of mortgages payable maturing during 2024 and 2025 having an aggregate loan-to-value ratio of 51% which management expects to be able to refinance at similar or favourable terms. In addition, the Company has \$225,000 of senior unsecured debentures maturing in November 2024. The Company expects to be able to issue new debt instruments and use current liquidity to permit the repayment of 2024 and 2025 maturities.

Net cash flows provided by operating activities represent the primary source of liquidity to fund dividends and maintenance capital expenditures (excluding new acquisition and development spending) on the Company's real estate properties. The Company's net cash flows provided by operating activities are dependent upon the occupancy level of its rental properties, rental rates on its leases, collectibility of rent from its tenants, level of operating expenses and other factors. Accordingly, the Company does not repay maturing debt from cash flow but rather with proceeds from refinancing such debt or financing unencumbered properties. Material changes in these factors may adversely affect the Company's cash flows provided by operating activities and liquidity.

#### THREE MONTHS ENDED JUNE 30, 2024

##### Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended June 30, 2024, was \$78,193, compared to \$94,837 in 2023. The cash provided by operating activities has been used to meet the Company's liquidity requirements, which consisted primarily of property re-leasing costs, maintenance costs and dividends to shareholders.

##### Cash Provided by (Used in) Investing Activities

Cash provided by investing activities during the three months ended June 30, 2024, totalled \$30,772, compared to cash used in investing activities of \$31,621 in 2023. The cash provided by investing activities reflects:

- Additions to real estate properties and tenant improvements of \$33,125;
- Additions to hotel properties of \$489;
- Additions to capital and intangible assets of \$1,122;
- Investment in properties under development of \$3,307;
- Net proceeds from the sale of real estate properties of \$37,050;
- Net decrease in mortgages and loans receivable of \$360; and
- Net distributions from equity-accounted and other fund investments of \$31,405.

##### Cash Provided by (Used in) Financing Activities

Cash provided by financing activities during the three months ended June 30, 2024, totalled \$49,610, compared to cash used in financing activities of \$21,963 in 2023. The cash provided by financing activities reflects:

- Proceeds from new mortgages, net of financing cost of \$313,550;
- Mortgage principal repayments of \$28,506;
- Repayment of mortgages on maturity of \$105,598;
- Repayment of mortgages due to early extinguishments of \$108,441;
- Net repayment of bank indebtedness of \$10,998;
- Dividends paid of \$1,616;
- Distributions to non-controlling interest of \$1,841;
- Morguard Residential REIT units repurchased for cancellation of \$8,107; and
- Decrease in restricted cash of \$1,549.

**SIX MONTHS ENDED JUNE 30, 2024****Cash Provided by Operating Activities**

Cash provided by operating activities during the six months ended June 30, 2024, was \$111,847, compared to \$141,909 in 2023. The cash provided by operating activities has been used to meet the Company's liquidity requirements, which consisted primarily of property re-leasing costs, maintenance costs and dividends to shareholders.

**Cash Provided by (Used in) Investing Activities**

Cash provided by investing activities during the six months ended June 30, 2024, totalled \$538,417, compared to cash used in investing activities of \$180,087 in 2023. The cash provided by investing activities reflects:

- Additions to real estate properties and tenant improvements of \$49,497;
- Additions to hotel properties of \$1,157;
- Additions to capital and intangible assets of \$1,806;
- Investment in properties under development of \$8,066;
- Net proceeds from the sale of real estate properties of \$162,562;
- Net proceeds from sale of hotel properties of \$405,801;
- Net decrease in mortgages and loans receivable of \$878; and
- Net distributions from equity-accounted and other fund investments of \$29,702.

**Cash Provided by (Used in) Financing Activities**

Cash used in financing activities during the six months ended June 30, 2024, totalled \$470,312, compared to cash provided by financing activities of \$88,104 in 2023. The cash used in financing activities reflects:

- Proceeds from new mortgages, net of financing cost of \$391,915;
- Mortgage principal repayments of \$56,579;
- Repayment of mortgages on maturity of \$180,380;
- Repayment of mortgages due to early extinguishments of \$214,777;
- Net repayment of bank indebtedness of \$176,727;
- Redemption of debentures payable of \$225,000;
- Dividends paid of \$3,232;
- Distributions to non-controlling interest of \$3,240;
- Morguard Residential REIT units repurchased for cancellation of \$8,316; and
- Decrease in restricted cash of \$6,807.

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## PART VI

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### TRANSACTIONS WITH RELATED PARTIES

Related party transactions that are in the normal course of operations are subject to the same processes and controls as other transactions; that is, they are subject to standard approval procedures and management oversight, but are also considered by management for reasonability against fair value. Related party transactions that are material are subject to review and approval by a committee of independent Directors.

#### 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 June 30, 2024, Paros Holdings owns a 61.9% interest in Morguard through its ownership of 6,691,000 common shares. As at June 30, 2024, 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, \$25,000 (December 31, 2023 - \$25,000) Series H senior unsecured debentures, and \$2,000 (December 31, 2023 - \$2,000) of Morguard Residential REIT's 6.00% convertible unsecured subordinated debentures. As at June 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 June 30, 2024, and December 31, 2023, no amounts were drawn and no net interest expense was incurred.

#### TWC ENTERPRISES LIMITED

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 six months ended June 30, 2024, the Company received a management fee of \$331 (2023 - \$328) and \$660 (2023 - \$657), respectively, and paid rent and operating expenses of \$164 (2023 - \$200) and \$388 (2023 - \$359), respectively.

As at June 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 June 30, 2024 was \$nil (December 31, 2023 - \$nil). During the three and six months ended June 30, 2024, the Company paid net interest of \$nil (2023 - \$67) and \$nil (2023 - \$216), respectively.

#### SHARE/UNIT PURCHASE AND OTHER LOANS

As at June 30, 2024, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of \$1,514 (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 on the consolidated balance sheets. As at June 30, 2024, the fair market value of the common shares/units held as collateral is \$3,497.

## PART VII

### SUMMARY OF MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The Company's unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the IASB. The condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, which include the material accounting policies most affected by estimates and judgements, and should be read in conjunction with the most recent annual audited consolidated financial statements.

The MD&A for the year ended December 31, 2023, contains a discussion of the material accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being the accounting policies relating to *de facto* control, estimates of fair value of real estate properties, estimating deferred tax assets and liabilities, revenue recognition, valuation of financial instruments and the determination of whether an acquisition represents a business combination or an asset acquisition. Management determined that as at June 30, 2024, there is no change to the assessment of the material accounting policies most affected by estimates and judgments as detailed in the MD&A for the year ended December 31, 2023.

### FINANCIAL INSTRUMENTS

The following describes the Company's recognized and unrecognized financial instruments.

The Company's financial assets and financial liabilities comprise cash, restricted cash, amounts receivable, finance lease receivable, accounts payable and accrued liabilities, bank indebtedness, mortgages payable, loans payable, lease liabilities, Unsecured Debentures and convertible debentures (excluding any conversion option).

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets subsequent to initial recognition are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Fair values of financial assets and financial liabilities are presented as follows:

#### 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 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 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 June 30, 2024, market rates for debts of similar terms. Based on these assumptions, the fair value as at June 30, 2024, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at \$4,479,477 (December 31, 2023 - \$4,351,345), compared with the carrying value of \$4,712,423 (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. As at June 30, 2024, the fair value of the Unsecured Debentures has been estimated at \$409,565 (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. As at June 30, 2024, the fair value of the convertible debentures before deferred financing costs has been estimated at \$143,780 (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 June 30, 2024, market rates for debt on similar terms. Based on these assumptions, as at June 30, 2024, the fair value of the finance lease receivable has been estimated at \$59,109 (December 31, 2023 - \$58,386).

## RISKS AND UNCERTAINTIES

All investment properties are subject to a degree of risk and uncertainty. Income from real estate assets is affected by various factors, including general economic conditions and local market circumstances. Local business conditions such as oversupply of space or a reduction in demand particularly affect income property investments. The major categories of risk the Company encounters in conducting its business and some of the actions it takes to mitigate these risks are outlined in the Company's MD&A for the year ended December 31, 2023 and the Company's most recent Annual Information Form, dated February 22, 2024 and provide a more detailed discussion of these and other risks.

## CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

The financial certification process project team has documented and assessed the design of the internal controls in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. This undertaking has enabled the Chief Executive Officer and Chief Financial Officer to attest that the design of the internal controls with regard to financial information are effective using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework (2013). In order to ensure that the consolidated financial statements and MD&A present fairly, in all material respects, the financial position of the Company and the results of its operations, management is responsible for establishing and maintaining disclosure controls and procedures, as well as internal control over financial reporting.

The Company's management has evaluated the effectiveness of the Company's disclosure controls and procedures and, based on such evaluation, has concluded that their design is adequate and effective as of and for the six months ended June 30, 2024. The Company's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design is effective as of and for the six months ended June 30, 2024.

An information disclosure policy constitutes the framework for the information disclosure process with regard to the annual and interim filings, as well as to other reports filed or submitted under securities legislation. This policy aims in particular at identifying material information and validating the related reporting. The Disclosure Committee, established in 2005, is responsible for ensuring compliance with this policy. Senior management acts as the Disclosure Committee, ensuring compliance with this policy and reviewing main documents to be filed with regulatory authorities to ensure that all significant information regarding operations is communicated in a timely manner.

## PART VIII

### SUMMARY OF QUARTERLY INFORMATION

(In thousands of dollars, except per common share amounts)	Total Revenue	NOI	Adjusted NOI	Normalized FFO	Net Income (Loss)	Net Income (Loss) Attributable to Common Shareholders	Net Income (Loss) to Common Shareholders per Share - Basic/Diluted
<b>June 30, 2024</b>	<b>\$278,531</b>	<b>\$157,879</b>	<b>\$142,351</b>	<b>\$51,270</b>	<b>\$55,437</b>	<b>\$53,858</b>	<b>\$4.98</b>
March 31, 2024	281,666	94,748	138,005	52,576	116,769	130,446	12.06
December 31, 2023	312,858	169,277	155,280	62,867	3,162	13,554	1.25
September 30, 2023	312,361	165,792	151,731	64,394	(9,444)	5,494	0.51
June 30, 2023	306,022	165,228	151,188	62,173	95,868	89,818	8.19
March 31, 2023	292,777	95,119	136,168	50,266	(31,350)	(34,690)	(3.15)
December 31, 2022	289,468	156,776	145,416	60,160	(423,305)	(383,030)	(34.48)
September 30, 2022	299,501	158,034	145,539	63,396	55,755	66,824	6.02

### SUMMARY OF QUARTERLY RESULTS

A significant portion of the Company's real estate properties are located in the United States. As a result, the Company is exposed to foreign currency exchange rate fluctuations with respect to its quarterly results derived from its properties located in the U.S.

Quarterly results fluctuate due to acquisitions and dispositions, the impact of foreign exchange rate fluctuations and new mortgage financing as well as mortgage refinancing. In addition, net income (loss) includes a number of non-cash components, such as fair value gain/loss on Morguard Residential REIT units, fair value gain/loss on real estate properties, fair value gain/loss on investments in marketable securities and other fund investments, an IFRIC 21 adjustment to realty taxes, equity income (loss) from investment, provision for (recovery of) impairment and deferred taxes.

The Company's significant real estate property transactions for the previous eight quarters are as follows:

Year	Quarter	Asset Class	Transaction	Sq. feet	# of rooms/suites
2024	Second	Retail	Disposition	131,000	—
2024	Second	Hotels <sup>(1)</sup>	Disposition	—	299
2024	First	Industrial	Disposition	12,275	—
2024	First	Office	Disposition	250,500	—
2024	First	Hotels	Disposition	—	2,115
2023	Fourth	Residential	Acquisition	—	232
2023	First	Residential	Acquisition	—	240
2023	First	Industrial	Disposition	19,875	—
2022	Fourth	Office <sup>(2)</sup>	Acquisition	109,208	—
2022	Fourth	Industrial	Disposition	21,536	—
2022	Fourth	Multi-suite residential	Disposition	—	340
2022	Fourth	Hotels	Disposition	—	616
2022	Third	Hotels	Disposition	—	566
2022	Third	Multi-suite residential	Disposition	—	144
2022	Third	Retail	Acquisition	186,712	—
2022	Third	Multi-suite residential	Acquisition	—	350

(1) The Company sold its 50% interest in two joint ventures, total number of rooms is stated at 100% basis.

(2) The Company acquired a 50% interest in the property, total square feet is stated at 100% basis.

### Revenue and Net Operating Income

The regional distribution of the Company's properties serves to add stability to the Company's cash flows because it reduces the Company's vulnerability to economic fluctuations affecting any particular region. In addition, the Company's tenant mix is diversified therefore limiting its exposure to any one tenant.

The Company has seen steady revenue growth leading up to the first quarter of 2024. The decline in revenue during the first and second quarters of 2024 was primarily impacted by the sale of hotel properties. In addition, lower hotel revenue during the first quarter of 2024 and 2023 is seasonally impacted by the colder months. The change in foreign exchange rates and the impact of acquisition net of disposal of properties (described above) also contributed to the fluctuation in revenue during the last eight quarters.

Similar to the reasons described above, NOI over the last eight quarters has followed a similar pattern from an increase in revenue and the Company's ability to control expenses as a percentage of revenue. The impact of foreign exchange rates and of acquisitions and dispositions also factor into the variance from quarter to quarter. The first quarter results (three months ended March 31) are impacted by IFRIC 21, whereby the Company records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition. As a result, the second, third and fourth quarters typically have no realty tax expense which results in higher NOI and NOI margins. Adjusted NOI which excludes IFRIC 21 is presented in the table above to illustrate a more comparable quarter-to-quarter analysis.

### Net Income (Loss) Attributable to Common Shareholders

Taking into account the above factors for revenue and NOI variations, the change in net income (loss) resulted from the following non-cash components:

- The Company valued the Morguard Residential REIT units (presented as a liability under IFRS) based on the closing price of the TSX-listed units, resulting in a fair value gain/loss on MRG units recorded to net income (loss);
- The Company recorded a fair value gain on real estate properties for the six months ended June 30, 2024, mainly due to increase in stabilized NOI and an IFRIC 21 adjustment at the Company's residential portfolio. The Company recorded fair value loss on real estate properties during the year ended December 31, 2023, mainly due to an increase in capitalization rates at the Company's retail and office properties;
- During the six months ended June 30, 2024, the Company recorded a deferred income tax expense due to the utilization of net operating income losses and the derecognition of deferred taxes relating to a property disposition, partly offset by a net fair value gain recorded on the Company's Canadian and U.S. properties. For the year ended December 31, 2023, the Company recorded a deferred tax expense primarily as a result of the utilization of net operating losses, partly offset by fair value losses recorded on the Company's real estate properties;
- During the three months ended March 31, 2024, the Company recorded a gain on sale of hotel properties of \$150,587; and
- The Company recorded a recovery of impairment of \$11,000 during the third quarter of 2023.



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## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	June 30, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Real estate properties	4	\$10,654,852	\$10,493,655
Hotel properties	5	86,430	87,376
Equity-accounted and other fund investments	6	53,370	95,525
Other assets	7	322,541	340,275
		11,117,193	11,016,831
<b>Current assets</b>			
Amounts receivable	8	51,156	59,861
Prepaid expenses and other		56,007	49,844
Cash		297,487	116,517
		404,650	226,222
Real estate and hotel properties held for sale		—	380,035
		\$11,521,843	\$11,623,088
<b>LIABILITIES AND EQUITY</b>			
<b>Non-current liabilities</b>			
Mortgages payable	9	\$3,818,904	\$3,550,358
Debentures payable	10	315,168	314,386
Lease liabilities	12	168,932	169,140
Morguard Residential REIT units	11	405,802	393,695
Deferred income tax liabilities		851,596	835,481
		5,560,402	5,263,060
<b>Current liabilities</b>			
Mortgages payable	9	865,556	1,129,734
Debentures payable	10	224,119	449,000
Accounts payable and accrued liabilities	13	284,263	246,835
Bank indebtedness	14	14,642	191,369
		1,388,580	2,016,938
<b>Total liabilities</b>		<b>6,948,982</b>	<b>7,279,998</b>
<b>EQUITY</b>			
Shareholders' equity		4,129,569	3,887,550
Non-controlling interest		443,292	455,540
<b>Total equity</b>		<b>4,572,861</b>	<b>4,343,090</b>
		\$11,521,843	\$11,623,088

### 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

	Note	Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
Revenue from real estate properties	16	\$254,858	\$246,546	\$511,947	\$492,918
Revenue from hotel properties	16	8,826	44,149	19,263	75,308
Property operating expenses					
Property operating costs		(62,545)	(60,176)	(124,978)	(118,689)
Utilities		(14,303)	(14,370)	(31,692)	(33,864)
Realty taxes		(22,993)	(22,105)	(106,315)	(100,927)
Hotel operating expenses		(5,964)	(28,816)	(15,598)	(54,399)
<b>Net operating income</b>		<b>157,879</b>	<b>165,228</b>	<b>252,627</b>	<b>260,347</b>
<b>OTHER REVENUE</b>					
Management and advisory fees	16	10,522	10,984	20,179	21,134
Interest and other income		4,325	4,343	8,808	9,439
		<b>14,847</b>	<b>15,327</b>	<b>28,987</b>	<b>30,573</b>
<b>EXPENSES</b>					
Interest	17	63,234	64,976	128,116	127,703
Property management and corporate	15(c)	21,609	22,575	44,940	44,481
Amortization of hotel properties and other		2,997	6,241	5,664	13,751
		<b>87,840</b>	<b>93,792</b>	<b>178,720</b>	<b>185,935</b>
<b>OTHER INCOME (EXPENSE)</b>					
Fair value gain (loss), net	18	(11,726)	31,173	(55,261)	6,982
Gain on sale of hotel properties	5	—	—	150,587	—
Equity income (loss) from investments	6	459	(1,346)	1,491	(175)
Other income (expense)	19	191	703	(4)	(138)
		<b>(11,076)</b>	<b>30,530</b>	<b>96,813</b>	<b>6,669</b>
<b>Income before income taxes</b>		<b>73,810</b>	<b>117,293</b>	<b>199,707</b>	<b>111,654</b>
Provision for income taxes	21				
Current		7,235	4,122	23,902	4,151
Deferred		11,138	17,303	3,599	42,985
		<b>18,373</b>	<b>21,425</b>	<b>27,501</b>	<b>47,136</b>
<b>Net income for the period</b>		<b>\$55,437</b>	<b>\$95,868</b>	<b>\$172,206</b>	<b>\$64,518</b>
<b>Net income (loss) attributable to:</b>					
Common shareholders		\$53,858	\$89,818	\$184,304	\$55,128
Non-controlling interest		1,579	6,050	(12,098)	9,390
		<b>\$55,437</b>	<b>\$95,868</b>	<b>\$172,206</b>	<b>\$64,518</b>
<b>Net income per common share attributable to:</b>					
Common shareholders - basic and diluted	22	\$4.98	\$8.19	\$17.04	\$5.01

See accompanying notes to the condensed consolidated financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME

In thousands of Canadian dollars

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
<b>Net income for the period</b>	<b>\$55,437</b>	<b>\$95,868</b>	<b>\$172,206</b>	<b>\$64,518</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that may be reclassified subsequently to net income:</b>				
Unrealized foreign currency translation gain (loss)	24,852	(52,980)	78,234	(54,710)
Deferred income tax recovery (provision)	(3,815)	8,152	(12,048)	8,435
	<b>21,037</b>	<b>(44,828)</b>	<b>66,186</b>	<b>(46,275)</b>
<b>Items that will not be reclassified subsequently to net income:</b>				
Actuarial loss on defined benefit pension plans	(1,955)	(1,815)	(1,133)	(72)
Deferred income tax recovery	495	479	314	14
	<b>(1,460)</b>	<b>(1,336)</b>	<b>(819)</b>	<b>(58)</b>
Other comprehensive income (loss)	19,577	(46,164)	65,367	(46,333)
<b>Total comprehensive income for the period</b>	<b>\$75,014</b>	<b>\$49,704</b>	<b>\$237,573</b>	<b>\$18,185</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Common shareholders	\$72,313	\$45,953	\$246,129	\$11,165
Non-controlling interest	2,701	3,751	(8,556)	7,020
	<b>\$75,014</b>	<b>\$49,704</b>	<b>\$237,573</b>	<b>\$18,185</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		55,128	—	—	55,128	9,390	64,518
Other comprehensive loss		—	(43,963)	—	(43,963)	(2,370)	(46,333)
Dividends		(3,275)	—	—	(3,275)	—	(3,275)
Distributions		—	—	—	—	(3,463)	(3,463)
Issuance of common shares		—	—	13	13	—	13
Repurchase of common shares		(19,410)	—	(1,900)	(21,310)	—	(21,310)
Change in ownership of Morguard REIT		23,296	—	—	23,296	(35,151)	(11,855)
Tax impact of increase in subsidiary ownership interest		(6,497)	—	—	(6,497)	—	(6,497)
Shareholders' equity, June 30, 2023		\$3,513,917	\$256,377	\$98,352	\$3,868,646	\$488,623	\$4,357,269
Changes during the period:							
Net income (loss)		19,048	—	—	19,048	(25,330)	(6,282)
Other comprehensive income (loss)		—	2,146	—	2,146	(31)	2,115
Dividends		(3,243)	—	—	(3,243)	—	(3,243)
Distributions		—	—	—	—	(3,387)	(3,387)
Issuance of common shares		—	—	12	12	—	12
Change in ownership of Morguard REIT		2,831	—	—	2,831	(4,335)	(1,504)
Tax impact of increase in subsidiary ownership interest		(1,890)	—	—	(1,890)	—	(1,890)
<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>184,304</b>	—	—	<b>184,304</b>	<b>(12,098)</b>	<b>172,206</b>
Other comprehensive income		—	<b>61,825</b>	—	<b>61,825</b>	<b>3,542</b>	<b>65,367</b>
Dividends	15(a)	<b>(3,244)</b>	—	—	<b>(3,244)</b>	—	<b>(3,244)</b>
Distributions		—	—	—	—	<b>(3,692)</b>	<b>(3,692)</b>
Issuance of common shares	15(a)	—	—	<b>12</b>	<b>12</b>	—	<b>12</b>
Tax impact of increase in subsidiary ownership interest		<b>(878)</b>	—	—	<b>(878)</b>	—	<b>(878)</b>
<b>Shareholders' equity, June 30, 2024</b>		<b>\$3,710,845</b>	<b>\$320,348</b>	<b>\$98,376</b>	<b>\$4,129,569</b>	<b>\$443,292</b>	<b>\$4,572,861</b>

See accompanying notes to the condensed consolidated financial statements.

## STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

	Note	Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
<b>OPERATING ACTIVITIES</b>					
Net income for the period		\$55,437	\$95,868	\$172,206	\$64,518
Add (deduct) items not affecting cash	23(a)	8,259	(22,054)	(62,730)	72,899
Distributions from equity-accounted and other fund investments		333	582	654	1,313
Additions to tenant incentives and leasing commissions	4	(3,344)	(3,656)	(6,288)	(5,387)
Net change in operating assets and liabilities	23(b)	17,508	24,097	8,005	8,566
<b>Cash provided by operating activities</b>		<b>78,193</b>	<b>94,837</b>	<b>111,847</b>	<b>141,909</b>
<b>INVESTING ACTIVITIES</b>					
Additions to real estate properties and tenant improvements	4	(33,125)	(26,478)	(49,497)	(152,876)
Additions to hotel properties	5	(489)	(1,973)	(1,157)	(3,504)
Additions to capital and intangible assets		(1,122)	(466)	(1,806)	(981)
Investment in properties under development	4	(3,307)	(3,021)	(8,066)	(9,896)
Proceeds from the sale of real estate properties, net	4	37,050	—	162,562	1,549
Proceeds from the sale of hotel properties, net	5	—	—	405,801	—
Decrease in mortgages and loans receivable		360	317	878	132
Investment in marketable securities		—	—	—	(8,194)
Distribution from (investment in) equity-accounted and other fund investments, net	6	31,405	—	29,702	(6,317)
<b>Cash provided by (used in) investing activities</b>		<b>30,772</b>	<b>(31,621)</b>	<b>538,417</b>	<b>(180,087)</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from new mortgages		318,132	166,211	398,132	251,571
Financing costs on new mortgages		(4,582)	(3,308)	(6,217)	(3,598)
Repayment of mortgages					
Principal instalment repayments		(28,506)	(29,692)	(56,579)	(60,052)
Repayments on maturity		(105,598)	(98,191)	(180,380)	(181,051)
Repayments due to mortgage extinguishments	4, 5	(108,441)	—	(214,777)	—
Principal payment of lease liabilities		(382)	(414)	(783)	(824)
Proceeds from bank indebtedness		—	42,543	50,270	174,255
Repayment of bank indebtedness		(10,998)	(36,968)	(226,997)	(94,581)
Proceeds from issuance of debentures payable, net of costs		—	—	—	48,590
Redemption of debentures payable	10	—	—	(225,000)	(80,500)
Proceeds from (repayment of) loans payable, net		—	(27,092)	—	265
Dividends paid		(1,616)	(1,615)	(3,232)	(3,261)
Distributions to non-controlling interest, net		(1,841)	(1,691)	(3,240)	(3,017)
Morguard Residential REIT units repurchased for cancellation		(8,107)	(7,980)	(8,316)	(11,458)
Shares repurchased for cancellation		—	(21,310)	—	(21,310)
Investment in subsidiaries	15(b)	—	(3,936)	—	(11,855)
Decrease in restricted cash		1,549	1,480	6,807	84,930
<b>Cash provided by (used in) financing activities</b>		<b>49,610</b>	<b>(21,963)</b>	<b>(470,312)</b>	<b>88,104</b>
<b>Net increase in cash during the period</b>		<b>158,575</b>	<b>41,253</b>	<b>179,952</b>	<b>49,926</b>
Net effect of foreign currency translation on cash balance		366	161	1,018	218
Cash, beginning of period		138,546	120,538	116,517	111,808
<b>Cash, end of period</b>		<b>\$297,487</b>	<b>\$161,952</b>	<b>\$297,487</b>	<b>\$161,952</b>

See accompanying notes to the condensed consolidated financial statements.

## NOTES

For the three and six months ended June 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 August 7, 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 June 30	<b>\$0.7306</b>	\$0.7553
- As at December 31	—	0.7561
- Average for the three months ended June 30	<b>0.7308</b>	0.7447
- Average for the six months ended June 30	<b>0.7361</b>	0.7420
United States dollar to Canadian dollar exchange rates:		
- As at June 30	<b>1.3687</b>	1.3240
- As at December 31	—	1.3226
- Average for the three months ended June 30	<b>1.3683</b>	1.3428
- Average for the six months ended June 30	<b>1.3585</b>	1.3477

#### 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 June 30, 2024, the Company owned a 46.5% (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 June 30, 2024, Morguard Residential REIT recorded distributions of \$6,956, or \$0.18501 per unit (2023 - \$6,983, or \$0.18 per unit), of which \$1,503 was paid to the Company (2023 - \$1,430) and \$5,453 was paid to the remaining unitholders (2023 - \$5,553). In addition, during the three months ended June 30, 2024, Morguard Residential REIT paid distributions to the Company on the Class B LP units of \$3,186 (2023 - \$3,100).

During the six months ended June 30, 2024, Morguard Residential REIT recorded distributions of \$13,939, or \$0.37002 per unit (2023 - \$14,019, or \$0.36 per unit), of which \$3,005 was paid to the Company (2023 - \$2,860) and \$10,934 was paid to the remaining unitholders (2023 - \$11,159). In addition, during the six months ended June 30, 2024, Morguard Residential REIT paid distributions to the Company on the Class B LP units of \$6,372 (2023 - \$6,200).

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

As at June 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 June 30, 2024, Morguard REIT recorded distributions of \$3,856, or \$0.06 per unit (2023 - \$3,855, or \$0.06 per unit), of which \$2,518 (2023 - \$2,491) was paid to the Company and \$1,338 was paid to the remaining unitholders (2023 - \$1,364).

During the six months ended June 30, 2024, Morguard REIT recorded distributions of \$7,717, or \$0.12 per unit (2023 - \$7,704, or \$0.12 per unit), of which \$5,037 (2023 - \$4,900) was paid to the Company and \$2,680 was paid to the remaining unitholders (2023 - \$2,804).

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	June 30, 2024		December 31, 2023	
	MRT	MRG	MRT	MRG
Non-current assets	\$2,179,891	\$4,230,554	\$2,260,976	\$4,052,763
Current assets	31,402	146,946	17,762	43,168
<b>Total assets</b>	<b>\$2,211,293</b>	<b>\$4,377,500</b>	<b>\$2,278,738</b>	<b>\$4,095,931</b>
Non-current liabilities	\$904,021	\$2,139,378	\$854,965	\$1,913,882
Current liabilities	394,205	183,784	464,238	222,398
<b>Total liabilities</b>	<b>\$1,298,226</b>	<b>\$2,323,162</b>	<b>\$1,319,203</b>	<b>\$2,136,280</b>
<b>Equity</b>	<b>\$913,067</b>	<b>\$2,054,338</b>	<b>\$959,535</b>	<b>\$1,959,651</b>
<b>Non-controlling interest</b>	<b>\$320,348</b>	<b>\$1,098,455</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):

	2024		2023	
	MRT	MRG	MRT	MRG
<b>For the three months ended June 30</b>				
Revenue	\$64,046	\$85,756	\$61,891	\$83,326
Expenses	(49,937)	(62,254)	(48,118)	(67,839)
Fair value gain (loss) on real estate properties, net	(16,242)	18,974	(15,297)	62,555
Fair value gain on Class B LP units	—	8,095	—	9,473
<b>Net income (loss) for the period</b>	<b>(\$2,133)</b>	<b>\$50,571</b>	<b>(\$1,524)</b>	<b>\$87,515</b>
<b>Non-controlling interest</b>	<b>(\$756)</b>	<b>\$26,936</b>	<b>(\$491)</b>	<b>\$47,840</b>

	2024		2023	
	MRT	MRG	MRT	MRG
<b>For the three months ended June 30</b>				
Cash provided by operating activities	\$6,962	\$32,134	\$7,591	\$34,433
Cash provided by (used in) investing activities	25,950	(12,088)	(10,795)	(9,709)
Cash provided by (used in) financing activities	(31,975)	89,200	5,083	(9,863)
<b>Net increase in cash during the period</b>	<b>\$937</b>	<b>\$109,246</b>	<b>\$1,879</b>	<b>\$14,861</b>

	2024		2023	
	MRT	MRG	MRT	MRG
<b>For the six months ended June 30</b>				
Revenue	\$128,444	\$170,512	\$126,707	\$162,974
Expenses	(100,788)	(154,077)	(96,186)	(159,258)
Fair value gain (loss) on real estate properties, net	(66,465)	71,140	(36,838)	129,243
Fair value loss on Class B LP units	—	(12,228)	—	(11,195)
<b>Net income (loss) for the period</b>	<b>(\$38,809)</b>	<b>\$75,347</b>	<b>(\$6,317)</b>	<b>\$121,764</b>
<b>Non-controlling interest</b>	<b>(\$13,479)</b>	<b>\$40,288</b>	<b>(\$2,043)</b>	<b>\$66,739</b>

	2024		2023	
	MRT	MRG	MRT	MRG
<b>For the six months ended June 30</b>				
Cash provided by operating activities	\$13,188	\$50,646	\$24,161	\$52,330
Cash provided by (used in) investing activities	17,206	(17,449)	(20,478)	(179,389)
Cash provided by (used in) financing activities	(30,474)	76,294	(2,044)	150,883
<b>Net increase (decrease) in cash during the period</b>	<b>(\$80)</b>	<b>\$109,491</b>	<b>\$1,639</b>	<b>\$23,824</b>

## NOTE 4

### REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	June 30, 2024	December 31, 2023
Income producing properties	\$10,507,158	\$10,348,016
Properties under development	13,068	12,175
Land held for development	134,626	133,464
Real estate properties	\$10,654,852	\$10,493,655
Real estate properties held for sale	—	125,307
<b>Total</b>	<b>\$10,654,852</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	39,160	—	—	39,160
Development expenditures	—	7,246	820	8,066
Tenant improvements, incentives and leasing commissions	16,255	—	—	16,255
Transfers	6,353	(6,353)	—	—
Dispositions	(162,562)	—	—	(162,562)
Fair value gain (loss), net (Note 18)	1,517	—	(126)	1,391
Foreign currency translation	136,023	—	468	136,491
Other	(3,281)	—	—	(3,281)
<b>Balance as at June 30, 2024</b>	<b>\$10,507,158</b>	<b>\$13,068</b>	<b>\$134,626</b>	<b>\$10,654,852</b>

### Transactions completed during the six months ended June 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)
<b>Real estate properties</b>				<b>\$10,493,655</b>

### Capitalization Rates

As at June 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 June 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	June 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%	7.8%	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	June 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%	7.3%	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 June 30, 2024 would decrease by \$459,087 and increase by \$507,298, respectively.

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

As at	June 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	(\$337,600)	\$377,485	(\$315,323)	\$351,896
Retail	(62,743)	67,111	(63,503)	67,930
Office	(58,744)	62,702	(70,489)	75,687
	<b>(\$459,087)</b>	<b>\$507,298</b>	(\$449,315)	\$495,513

## NOTE 5

### HOTEL PROPERTIES

Hotel properties consist of the following:

As at June 30, 2024	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	84,167	(13,067)	71,100
Furniture, fixtures, equipment and other	12,821	(12,068)	753
	<b>\$111,565</b>	<b>(\$25,135)</b>	<b>\$86,430</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)
				<b>\$87,376</b>

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

As at June 30, 2024	Opening Net Book Value	Additions	Dispositions	Amortization	Closing Net Book Value
Land	\$55,416	\$—	(\$40,839)	\$—	\$14,577
Buildings	273,230	492	(201,339)	(1,283)	71,100
Furniture, fixtures, equipment and other	13,458	665	(13,036)	(334)	753
	<b>\$342,104</b>	<b>\$1,157</b>	<b>(\$255,214)</b>	<b>(\$1,617)</b>	<b>\$86,430</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>

## NOTE 6

### EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	June 30, 2024	December 31, 2023
Joint ventures	\$10,870	\$36,037
Associates	175	2,964
<b>Equity-accounted investments</b>	<b>11,045</b>	<b>39,001</b>
Other real estate fund investments	42,325	56,524
<b>Equity-accounted and other fund investments</b>	<b>\$53,370</b>	<b>\$95,525</b>

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

Property/Investment	Principal Place of Business	Investment Type	Asset Type	Company's Ownership		Carrying Value	
				June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	50.0%	50.0%	\$8,127	\$7,755
Quinte Courthouse	Belleville, ON	Joint Venture	Office	50.0%	50.0%	2,743	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	18.8%	18.8%	175	2,964
						<b>\$11,045</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 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	June 30, 2024	December 31, 2023
Balance, beginning of period	\$39,001	\$46,789
Additions	—	7,250
Share of net income	1,491	4,334
Distributions received	(3,414)	(19,372)
Distributions received - sale of hotel joint ventures	(26,033)	—
<b>Balance, end of period</b>	<b>\$11,045</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	June 30, 2024			December 31, 2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Non-current assets	\$108,618	\$—	\$108,618	\$156,001	\$14,647	\$170,648
Current assets	4,061	956	5,017	11,642	1,164	12,806
<b>Total assets</b>	<b>\$112,679</b>	<b>\$956</b>	<b>\$113,635</b>	<b>\$167,643</b>	<b>\$15,811</b>	<b>\$183,454</b>
Non-current liabilities	\$38,136	\$—	\$38,136	\$38,750	\$—	\$38,750
Current liabilities	53,780	22	53,802	56,940	257	57,197
<b>Total liabilities</b>	<b>\$91,916</b>	<b>\$22</b>	<b>\$91,938</b>	<b>\$95,690</b>	<b>\$257</b>	<b>\$95,947</b>
<b>Net assets</b>	<b>\$20,763</b>	<b>\$934</b>	<b>\$21,697</b>	<b>\$71,953</b>	<b>\$15,554</b>	<b>\$87,507</b>
<b>Equity-accounted investments</b>	<b>\$10,870</b>	<b>\$175</b>	<b>\$11,045</b>	<b>\$36,037</b>	<b>\$2,964</b>	<b>\$39,001</b>

	For the three months ended June 30			2024			2023		
			Total			Total			Total
	Joint Venture	Associate		Joint Venture	Associate				
Revenue	\$4,267	\$—	\$4,267	\$8,550	\$2,033	\$10,583			
Expenses	(3,097)	—	(3,097)	(6,465)	(1,155)	(7,620)			
Fair value loss on real estate properties, net	(228)	—	(228)	(3,064)	(217)	(3,281)			
<b>Net income (loss) for the period</b>	<b>\$942</b>	<b>\$—</b>	<b>\$942</b>	<b>(\$979)</b>	<b>\$661</b>	<b>(\$318)</b>			
<b>Income (loss) in equity-accounted investments</b>	<b>\$459</b>	<b>\$—</b>	<b>\$459</b>	<b>(\$1,470)</b>	<b>\$124</b>	<b>(\$1,346)</b>			

	For the six months ended June 30			2024			2023		
			Total			Total			Total
	Joint Venture	Associate		Joint Venture	Associate				
Revenue	\$12,303	\$117	\$12,420	\$16,754	\$4,138	\$20,892			
Expenses	(9,004)	—	(9,004)	(12,565)	(2,088)	(14,653)			
Fair value loss on real estate properties, net	(212)	(272)	(484)	(2,898)	(278)	(3,176)			
<b>Net income (loss) for the period</b>	<b>\$3,087</b>	<b>(\$155)</b>	<b>\$2,932</b>	<b>\$1,291</b>	<b>\$1,772</b>	<b>\$3,063</b>			
<b>Income (loss) in equity-accounted investments</b>	<b>\$1,520</b>	<b>(\$29)</b>	<b>\$1,491</b>	<b>(\$507)</b>	<b>\$332</b>	<b>(\$175)</b>			

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

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Distribution income	\$—	\$91	\$—	\$187
Fair value loss for the period (Note 18)	(1,058)	(1,225)	(15,183)	(11,148)
<b>Loss from other real estate fund investments</b>	<b>(\$1,058)</b>	<b>(\$1,134)</b>	<b>(\$15,183)</b>	<b>(\$10,961)</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	June 30, 2024	December 31, 2023
Investment in marketable securities	\$87,349	\$97,881
Accrued pension benefit asset	75,803	76,698
Finance lease receivable	59,109	58,860
Mortgages receivable	41,589	45,331
Goodwill	24,488	24,488
Capital assets, net	17,975	17,843
Intangible assets, net	12,467	14,587
Receivables from related parties (Note 20(c))	1,514	1,508
Inventory	1,699	2,395
Right-of-use asset - office lease	530	665
Other	18	19
	<b>\$322,541</b>	<b>\$340,275</b>

As at June 30, 2024, mortgages receivable amounted to \$44,770 (December 31, 2023 - \$45,658), of which \$3,181 (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 2.0 years (December 31, 2023 - 2.5 years) and a weighted average effective interest rate of 7.50% (December 31, 2023 - 7.53%).

## NOTE 8 AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	June 30, 2024	December 31, 2023
Tenant receivables	\$16,626	\$21,377
Unbilled other tenant receivables	5,788	10,300
Other receivables	34,284	35,614
Allowance for expected credit loss	(5,542)	(7,430)
	<b>\$51,156</b>	<b>\$59,861</b>

## NOTE 9 MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	June 30, 2024	December 31, 2023
Mortgages payable	\$4,712,423	\$4,704,260
Mark-to-market adjustments, net	(1,327)	(1,109)
Deferred financing costs	(26,636)	(23,059)
	<b>\$4,684,460</b>	<b>\$4,680,092</b>
Current	<b>\$865,556</b>	<b>\$1,129,734</b>
Non-current	<b>3,818,904</b>	<b>3,550,358</b>
	<b>\$4,684,460</b>	<b>\$4,680,092</b>
Range of interest rates	<b>2.03 - 7.92%</b>	2.03 - 8.75%
Weighted average contractual interest rate	<b>4.33%</b>	4.36%
Estimated fair value of mortgages payable	<b>\$4,479,477</b>	\$4,351,345

As at June 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 June 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)	\$56,140	\$596,649	\$652,789	6.20%
2025	103,465	496,812	600,277	3.38%
2026	86,096	486,764	572,860	3.64%
2027	57,965	636,189	694,154	4.58%
2028	47,375	340,771	388,146	4.26%
Thereafter	146,149	1,658,048	1,804,197	4.06%
	<b>\$497,190</b>	<b>\$4,215,233</b>	<b>\$4,712,423</b>	<b>4.33%</b>

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at June 30, 2024, mortgages payable mature between 2024 and 2058 and have a weighted average term to maturity of 4.2 years (December 31, 2023 - 4.1 years). Approximately 92% 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 June 30, 2024, and December 31, 2023, the Company was in compliance with all financial covenants.

## NOTE 10 DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	June 30, 2024	December 31, 2023
Unsecured debentures	\$398,130	\$622,611
Convertible debentures	141,157	140,775
	<b>\$539,287</b>	<b>\$763,386</b>
Current	\$224,119	\$449,000
Non-current	315,168	314,386
	<b>\$539,287</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	June 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			(1,870)	(2,389)
			<b>\$398,130</b>	<b>\$622,611</b>
Current			\$224,119	\$449,000
Non-current			174,011	173,611
			<b>\$398,130</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 June 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 six months ended June 30, 2024, interest on the Unsecured Debentures of \$6,503 (2023 - \$6,923) and \$13,733 (2023 - \$13,771), 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	June 30, 2024	December 31, 2023
Morguard Residential REIT <sup>(1)</sup>	March 31, 2028	\$24.15	6.00%	\$56,000	\$5,000	\$46,806	\$47,277
Morguard REIT	December 31, 2026	\$7.80	5.25%	\$159,000	\$60,000	94,351	93,498
						<b>\$141,157</b>	<b>\$140,775</b>
Current						\$—	\$—
Non-current						141,157	140,775
						<b>\$141,157</b>	<b>\$140,775</b>

<sup>(1)</sup> As at June 30, 2024, the liability includes the fair value of the conversion option of \$1,004 (December 31, 2023 - \$2,131).



As at March 31, 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 six months ended June 30, 2024, interest on convertible debentures net of accretion of \$2,507 (2023 - \$2,295) and \$4,987 (2023 - \$4,774), 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 June 30, 2024, the Company valued the non-controlling interest in the Morguard Residential REIT units at \$405,802 (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 gain for the three months ended June 30, 2024 of \$6,062 (2023 - \$8,961) and a fair value loss for the six months ended June 30, 2024 of \$30,873 (2023 - \$30,699) in the consolidated statements of income (Note 18).

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

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Fair value gain (loss) on Morguard Residential REIT units	\$11,515	\$14,514	(\$19,939)	(\$19,540)
Distributions to external unitholders (Note 3)	(5,453)	(5,553)	(10,934)	(11,159)
<b>Fair value gain (loss) on Morguard Residential REIT units</b>	<b>\$6,062</b>	<b>\$8,961</b>	<b>(\$30,873)</b>	<b>(\$30,699)</b>

## NOTE 12

### LEASE LIABILITIES

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

As at	June 30, 2024	December 31, 2023
Balance, beginning of period	\$170,753	\$172,517
Interest on lease liabilities (Note 17)	4,919	9,899
Payments	(5,702)	(11,521)
Additions	—	241
Foreign exchange loss (gain)	557	(383)
<b>Balance, end of period</b>	<b>\$170,527</b>	<b>\$170,753</b>
Current (Note 13)	\$1,595	\$1,613
Non-current	168,932	169,140
	<b>\$170,527</b>	<b>\$170,753</b>

Future minimum lease payments under lease liabilities are as follows:

As at	June 30, 2024	December 31, 2023
Within 12 months	\$11,481	\$11,445
2 to 5 years	44,836	44,785
Over 5 years	346,814	351,114
<b>Total minimum lease payments</b>	<b>403,131</b>	<b>407,344</b>
Less: future interest costs	(232,604)	(236,591)
<b>Present value of minimum lease payments</b>	<b>\$170,527</b>	<b>\$170,753</b>

## NOTE 13

### ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	June 30, 2024	December 31, 2023
Accounts payable and accrued liabilities	\$203,856	\$211,128
Accrued liabilities (IFRIC 21, Levies)	28,363	—
Tenant deposits	26,342	26,537
Stock Appreciation Rights (“SARs”) liability (Note 15(c))	4,600	4,290
Income taxes payable	16,765	—
Lease liabilities (Note 12)	1,595	1,613
Other	2,742	3,267
	<b>\$284,263</b>	<b>\$246,835</b>

## NOTE 14

### BANK INDEBTEDNESS

As at June 30, 2024, the Company had borrowed \$14,642 (December 31, 2023 - \$191,369) on its operating lines of credit and had issued letters of credit in the amount of \$2,813 (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 June 30, 2024, the maximum amount that can be borrowed on the operating lines of credit is \$349,889 (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 June 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 June 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 June 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>12</b>
<b>Balance, June 30, 2024</b>	<b>10,813</b>	<b>\$98,376</b>

On September 15, 2023, the Company obtained the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 540,661 common shares, being approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2024. The daily repurchase restriction for the common shares is 1,000. During the six months ended June 30, 2024, there were no repurchases of common shares under the Company's NCIB plan.

Total dividends declared during the three and six months ended June 30, 2024, amounted to \$1,622, or \$0.15 per common share (2023 - \$1,622, or \$0.15 per common share) and \$3,244, or \$0.30 per common share (2023 - \$3,275, or \$0.30 per common share), respectively. On August 7, 2024, the Company declared a common share dividend of \$0.15 per common share to be paid in the third quarter of 2024.

#### (b) Contributed Surplus

During the three months ended June 30, 2024, the Company acquired nil units (2023 - 724,621 units) of Morguard REIT for cash consideration of \$nil (2023 - \$3,936) and for the six months ended June 30, 2024, the Company acquired nil units (2023 - 2,163,621 units) of Morguard REIT for cash consideration of \$nil (2023 - \$11,855). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended June 30, 2024 amounted to \$nil (2023 - \$7,675) and for the six months ended June 30, 2024, amounted to \$nil (2023 - \$23,296) 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 June 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 six months ended June 30, 2024, the Company recorded a fair value adjustment to reduce compensation expense of \$547 (2023 - \$134) and a fair value adjustment to increase compensation expense of \$310 (2023 - reduce compensation expense of \$809). 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 June 30, 2024: a dividend yield of 0.54% (2023 - 0.59%), expected volatility of approximately 25.11% (2023 - 26.56%) and the 10-year Bank of Canada Bond Yield of 3.68% (2023 - 3.89%).

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

#### (e) Accumulated Other Comprehensive Income

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

As at	June 30, 2024	December 31, 2023
Actuarial gain on defined benefit pension plans	\$45,016	\$45,835
Unrealized foreign currency translation gain	275,332	212,688
	<b>\$320,348</b>	<b>\$258,523</b>

### NOTE 16 REVENUE

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

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
	Rental income	\$142,288	\$139,246	\$284,166
Realty taxes and insurance	41,787	38,838	84,874	80,188
Common area maintenance recoveries	23,602	24,294	49,627	50,569
Property management and ancillary income	47,181	44,168	93,280	87,655
	<b>\$254,858</b>	<b>\$246,546</b>	<b>\$511,947</b>	<b>\$492,918</b>

The components of revenue from hotel properties are as follows:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
	Room revenue	\$7,542	\$36,963	\$15,968
Other hotel revenue	1,284	7,186	3,295	12,635
	<b>\$8,826</b>	<b>\$44,149</b>	<b>\$19,263</b>	<b>\$75,308</b>

The components of management and advisory fees are as follows:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
	Property and asset management fees	\$7,893	\$7,532	\$14,738
Other fees	2,629	3,452	5,441	5,771
	<b>\$10,522</b>	<b>\$10,984</b>	<b>\$20,179</b>	<b>\$21,134</b>

## NOTE 17

### INTEREST EXPENSE

The components of interest expense are as follows:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Interest on mortgages	\$49,354	\$47,388	\$99,010	\$92,993
Interest on debentures payable, net of accretion (Note 10)	9,010	9,218	18,720	18,545
Interest on bank indebtedness	403	4,369	1,373	8,028
Interest on loans payable and other	77	243	237	505
Interest on lease liabilities (Note 12)	2,458	2,474	4,919	4,958
Amortization of mark-to-market adjustments on mortgages, net	(87)	(467)	(218)	(963)
Amortization of deferred financing costs	1,902	2,100	4,078	4,265
Prepayment fee on mortgage extinguishment	257	—	257	—
	<b>63,374</b>	65,325	<b>128,376</b>	128,331
Less: Interest capitalized to properties under development	(140)	(349)	(260)	(628)
	<b>\$63,234</b>	\$64,976	<b>\$128,116</b>	\$127,703

## NOTE 18

### FAIR VALUE GAIN (LOSS), NET

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

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Fair value gain (loss) on real estate properties, net (Note 4)	(\$12,491)	\$29,837	\$1,391	\$63,593
Financial assets (liabilities):				
Fair value gain on conversion option of MRG convertible debentures	975	249	1,127	538
Fair value gain (loss) on MRG units (Note 11)	6,062	8,961	(30,873)	(30,699)
Fair value loss on other real estate fund investments (Note 6(b))	(1,058)	(1,225)	(15,183)	(11,148)
Fair value loss on investment in marketable securities	(5,214)	(6,649)	(11,723)	(15,302)
<b>Total fair value gain (loss), net</b>	<b>(\$11,726)</b>	\$31,173	<b>(\$55,261)</b>	\$6,982

## NOTE 19

### OTHER INCOME (EXPENSE)

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

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Foreign exchange gain	\$23	\$650	\$76	\$678
Other income (expense)	168	53	(80)	(816)
	<b>\$191</b>	\$703	<b>(\$4)</b>	(\$138)

## 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 June 30, 2024, Paros Holdings owns a 61.9% interest in Morguard through its ownership of 6,691,000 common shares. As at June 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 June 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 six months ended June 30, 2024, the Company received a management fee of \$331 (2023 - \$328) and \$660 (2023 - \$657), respectively, and paid rent and operating expenses of \$164 (2023 - \$200) and \$388 (2023 - \$359), respectively.

As at June 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 June 30, 2024 was \$nil (December 31, 2023 - \$nil). During the three and six months ended June 30, 2024, the Company paid net interest of \$nil (2023 - \$67) and \$nil (2023 - \$216), respectively.

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

As at June 30, 2024, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of \$1,514 (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 June 30, 2024, the fair market value of the common shares/units held as collateral is \$3,497.

### **NOTE 21**

#### **INCOME TAXES**

##### **(a) Unrecognized Deductible Temporary Differences**

As at June 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 June 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 June 30, 2024, the Company's U.S. subsidiaries have total net operating losses of approximately US\$17,170 (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 June 30, 2024, the Company's U.S. subsidiaries have a total of US\$82,306 (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 an assessment of forecasted EBITDA for the year ended December 31, 2024, the Company's current income tax expense for the three and six months ended June 30, 2024 increased by \$1,303 and \$1,303, respectively, 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. The Company will continue to review the relevant legislation and available guidance to assess ongoing 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 June 30		Six months ended June 30	
	2024	2023	2024	2023
Net income attributable to common shareholders	<b>\$53,858</b>	\$89,818	<b>\$184,304</b>	\$55,128
Weighted average number of common shares outstanding (000s) - basic and diluted	<b>10,813</b>	10,967	<b>10,813</b>	10,994
<b>Net income per common share - basic and diluted</b>	<b>\$4.98</b>	\$8.19	<b>\$17.04</b>	\$5.01

#### NOTE 23

##### CONSOLIDATED STATEMENTS OF CASH FLOWS

##### (a) Items Not Affecting Cash

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Fair value loss (gain) on real estate properties, net	<b>(\$3,037)</b>	(\$43,877)	<b>\$26,338</b>	(\$36,584)
Fair value gain on conversion option of MRG convertible debentures (Note 18)	<b>(975)</b>	(249)	<b>(1,127)</b>	(538)
Fair value loss (gain) on MRG units (Note 11)	<b>(11,515)</b>	(14,514)	<b>19,939</b>	19,540
Fair value loss on other real estate investment funds (Note 18)	<b>1,058</b>	1,225	<b>15,183</b>	11,148
Fair value loss on investment in marketable securities (Note 18)	<b>5,214</b>	6,649	<b>11,723</b>	15,302
Equity loss (income) from investments	<b>(459)</b>	1,346	<b>(1,491)</b>	175
Amortization of hotel properties and other	<b>2,997</b>	6,241	<b>5,664</b>	13,751
Amortization of deferred financing costs (Note 17)	<b>1,902</b>	2,100	<b>4,078</b>	4,265
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	<b>(87)</b>	(467)	<b>(218)</b>	(963)
Amortization of tenant incentives	<b>628</b>	928	<b>1,207</b>	1,570
Stepped rent - adjustment for straight-line method	<b>950</b>	1,060	<b>2,074</b>	1,847
Deferred income taxes	<b>11,138</b>	17,303	<b>3,599</b>	42,985
Accretion of convertible debentures	<b>445</b>	201	<b>888</b>	401
Gain on sale of hotel properties (Note 5)	<b>—</b>	—	<b>(150,587)</b>	—
	<b>\$8,259</b>	(\$22,054)	<b>(\$62,730)</b>	\$72,899

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

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Amounts receivable	\$2,812	\$5,811	\$9,049	\$15,477
Prepaid expenses and other	2,513	11,730	(7,784)	(9,617)
Accounts payable and accrued liabilities	12,183	6,556	6,740	2,706
<b>Net change in operating assets and liabilities</b>	<b>\$17,508</b>	<b>\$24,097</b>	<b>\$8,005</b>	<b>\$8,566</b>

### (c) Supplemental Cash Flow Information

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Interest paid	\$51,821	\$57,109	\$120,505	\$115,470
Interest received	2,161	2,392	4,322	4,096
Income taxes paid (recovered)	2,343	1,075	4,510	(1,841)

During the three and six months ended June 30, 2024, the Company issued non-cash dividends under the distribution reinvestment plan of \$6 (2023 - \$6) and \$12 (2023 - \$13), 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	(56,579)	—	—	(783)	(226,997)	(284,359)
New financing, net	391,915	—	—	—	50,270	442,185
Lump-sum repayments	(395,157)	(225,000)	—	—	—	(620,157)
Non-cash changes	2,720	519	382	—	—	3,621
Foreign exchange	61,469	—	—	557	—	62,026
<b>Balance, June 30, 2024</b>	<b>\$4,684,460</b>	<b>\$398,130</b>	<b>\$141,157</b>	<b>\$170,527</b>	<b>\$14,642</b>	<b>\$5,408,916</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 June 30, 2024, and December 31, 2023, is summarized below:

As at	June 30, 2024	December 31, 2023
Mortgages payable, principal balance	<b>\$4,712,423</b>	\$4,704,260
Unsecured Debentures, principal balance	<b>400,000</b>	625,000
Convertible debentures, principal balance	<b>150,000</b>	150,000
Bank indebtedness	<b>14,642</b>	191,369
Lease liabilities	<b>170,527</b>	170,753
Shareholders' equity	<b>4,129,569</b>	3,887,550
	<b>\$9,577,161</b>	\$9,728,932

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, 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 June 30, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at June 30, 2024, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at \$4,479,477 (December 31, 2023 - \$4,351,345), compared with the carrying value of \$4,712,423 (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 June 30, 2024, the fair value of the Unsecured Debentures has been estimated at \$409,565 (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 June 30, 2024, the fair value of the convertible debentures before deferred financing costs has been estimated at \$143,780 (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 June 30, 2024, market rates for debt on similar terms (Level 3). Based on these assumptions, as at June 30, 2024, the fair value of the finance lease receivable has been estimated at \$59,109 (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	June 30, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets:</b>						
Real estate properties	\$—	\$—	\$10,654,852	\$—	\$—	\$10,618,962
Investments in marketable securities	87,349	—	—	97,881	—	—
Investments in real estate funds	—	—	42,325	—	—	56,524
<b>Financial liabilities:</b>						
Morguard Residential REIT units	—	405,802	—	—	393,695	—
Conversion option on MRG convertible debentures	—	1,004	—	—	2,131	—

## 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 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 June 30, 2024	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$128,181	\$63,119	\$63,558	\$8,826	\$263,684
Property/hotel operating expenses	(42,473)	(28,153)	(29,215)	(5,964)	(105,805)
<b>Net operating income</b>	<b>\$85,708</b>	<b>\$34,966</b>	<b>\$34,343</b>	<b>\$2,862</b>	<b>\$157,879</b>

For the three months ended June 30, 2023	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$122,457	\$60,146	\$63,943	\$44,149	\$290,695
Property/hotel operating expenses	(39,859)	(26,481)	(30,311)	(28,816)	(125,467)
Net operating income	\$82,598	\$33,665	\$33,632	\$15,333	\$165,228

For the six months ended June 30, 2024	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$254,530	\$127,695	\$129,722	\$19,263	\$531,210
Property/hotel operating expenses	(135,604)	(66,496)	(60,885)	(15,598)	(278,583)
<b>Net operating income</b>	<b>\$118,926</b>	<b>\$61,199</b>	<b>\$68,837</b>	<b>\$3,665</b>	<b>\$252,627</b>

For the six months ended June 30, 2023	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$240,527	\$124,441	\$127,950	\$75,308	\$568,226
Property/hotel operating expenses	(129,076)	(63,079)	(61,325)	(54,399)	(307,879)
Net operating income	\$111,451	\$61,362	\$66,625	\$20,909	\$260,347

	Multi-suite Residential	Retail	Office	Hotel	Total
<b>As at June 30, 2024</b>					
Real estate/hotel properties	\$6,542,158	\$2,176,192	\$1,936,502	\$86,430	\$10,741,282
Mortgages payable	\$2,790,130	\$883,520	\$983,168	\$27,642	\$4,684,460
<b>For the six months ended June 30, 2024</b>					
Additions to real estate/hotel properties	\$29,462	\$13,230	\$21,159	\$1,157	\$65,008
Fair value gain (loss) on real estate properties	\$87,179	(\$3,765)	(\$82,023)	\$—	\$1,391
<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 six months ended June 30, 2023</b>					
Additions to real estate/hotel properties	\$138,062	\$19,797	\$10,300	\$3,504	\$171,663
Fair value gain (loss) on real estate properties	\$158,357	(\$6,037)	(\$88,727)	\$—	\$63,593

### (b) Regional Segments

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

As at	June 30, 2024		December 31, 2023	
<b>Real estate and hotel properties</b>				
Canada	\$6,676,905		\$7,061,612	
United States	4,064,377		3,899,454	
	<b>\$10,741,282</b>		<b>\$10,961,066</b>	
	<b>Three months ended June 30</b>		<b>Six months ended June 30</b>	
	2024	2023	2024	2023
<b>Revenue from real estate and hotel properties</b>				
Canada	\$168,865	\$198,654	\$342,693	\$388,414
United States	94,819	92,041	188,517	179,812
	<b>\$263,684</b>	<b>\$290,695</b>	<b>\$531,210</b>	<b>\$568,226</b>