



Real Estate Potential. *Realized.*

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# MORGUARD CORPORATION

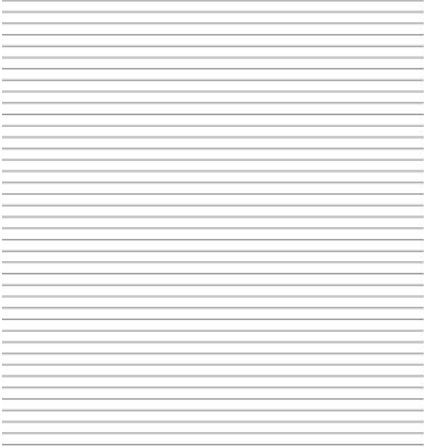
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MARCH 31, 2024

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CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
(UNAUDITED)

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## BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Real estate properties	4	<b>\$10,585,415</b>	\$10,493,655
Hotel properties	5	<b>86,901</b>	87,376
Equity-accounted and other fund investments	6	<b>59,146</b>	95,525
Other assets	7	<b>330,507</b>	340,275
		<b>11,061,969</b>	11,016,831
<b>Current assets</b>			
Amounts receivable	8	<b>54,176</b>	59,861
Prepaid expenses and other		<b>60,738</b>	49,844
Cash		<b>138,546</b>	116,517
		<b>253,460</b>	226,222
Real estate and hotel properties held for sale	4, 6	<b>63,083</b>	380,035
		<b>\$11,378,512</b>	\$11,623,088
<b>LIABILITIES AND EQUITY</b>			
<b>Non-current liabilities</b>			
Mortgages payable	9	<b>\$3,577,259</b>	\$3,550,358
Debentures payable	10	<b>315,184</b>	314,386
Lease liabilities	12	<b>169,127</b>	169,140
Morguard Residential REIT units	11	<b>425,175</b>	393,695
Deferred income tax liabilities		<b>836,271</b>	835,481
		<b>5,323,016</b>	5,263,060
<b>Current liabilities</b>			
Mortgages payable	9	<b>1,015,359</b>	1,129,734
Debentures payable	10	<b>224,069</b>	449,000
Accounts payable and accrued liabilities	13	<b>288,244</b>	246,835
Bank indebtedness	14	<b>25,640</b>	191,369
		<b>1,553,312</b>	2,016,938
<b>Total liabilities</b>		<b>6,876,328</b>	7,279,998
<b>EQUITY</b>			
Shareholders' equity		<b>4,059,750</b>	3,887,550
Non-controlling interest		<b>442,434</b>	455,540
<b>Total equity</b>		<b>4,502,184</b>	4,343,090
		<b>\$11,378,512</b>	\$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"

K. Rai Sahi,

Director

(Signed) "Bruce K. Robertson"

Bruce K. Robertson,

Director

## STATEMENTS OF INCOME (LOSS)

In thousands of Canadian dollars, except per common share amounts

For the three months ended March 31	Note	2024	2023
Revenue from real estate properties	16	\$257,089	\$246,372
Revenue from hotel properties	16	10,437	31,159
Property operating expenses			
Property operating costs		(62,433)	(58,513)
Utilities		(17,389)	(19,494)
Realty taxes		(83,322)	(78,822)
Hotel operating expenses		(9,634)	(25,583)
<b>Net operating income</b>		<b>94,748</b>	<b>95,119</b>
<b>OTHER REVENUE</b>			
Management and advisory fees	16	9,657	10,150
Interest and other income		4,483	5,096
		<b>14,140</b>	<b>15,246</b>
<b>EXPENSES</b>			
Interest	17	64,882	62,727
Property management and corporate	15(c)	23,331	21,906
Amortization of hotel properties and other		2,667	7,510
		<b>90,880</b>	<b>92,143</b>
<b>OTHER INCOME (EXPENSE)</b>			
Fair value loss, net	18	(43,535)	(24,191)
Gain on sale of hotel properties	5	150,587	—
Equity income from investments	6	1,032	1,171
Other income (expense)	19	(195)	(841)
		<b>107,889</b>	<b>(23,861)</b>
<b>Income (loss) before income taxes</b>		<b>125,897</b>	<b>(5,639)</b>
Provision for (recovery of) income taxes	21		
Current		16,667	29
Deferred		(7,539)	25,682
		<b>9,128</b>	<b>25,711</b>
<b>Net income (loss) for the period</b>		<b>\$116,769</b>	<b>(\$31,350)</b>
<b>Net income (loss) attributable to:</b>			
Common shareholders		\$130,446	(\$34,690)
Non-controlling interest		(13,677)	3,340
		<b>\$116,769</b>	<b>(\$31,350)</b>
<b>Net income (loss) per common share attributable to:</b>			
Common shareholders - basic and diluted	22	\$12.06	(\$3.15)

See accompanying notes to the condensed consolidated financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

In thousands of Canadian dollars

<b>For the three months ended March 31</b>	<b>2024</b>	<b>2023</b>
<b>Net income (loss) for the period</b>	<b>\$116,769</b>	<b>(\$31,350)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<b>Items that may be reclassified subsequently to net income (loss):</b>		
Unrealized foreign currency translation gain (loss)	53,382	(1,730)
Deferred income tax recovery (provision)	(8,233)	283
	<b>45,149</b>	<b>(1,447)</b>
<b>Items that will not be reclassified subsequently to net income (loss):</b>		
Actuarial gain on defined benefit pension plans	822	1,743
Deferred income tax provision	(181)	(465)
	<b>641</b>	<b>1,278</b>
Other comprehensive income (loss)	<b>45,790</b>	<b>(169)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>\$162,559</b>	<b>(\$31,519)</b>
<b>Total comprehensive income (loss) attributable to:</b>		
Common shareholders	\$173,816	(\$34,788)
Non-controlling interest	(11,257)	3,269
	<b>\$162,559</b>	<b>(\$31,519)</b>

See accompanying notes to the condensed consolidated financial statements.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Canadian dollars

	Note	Retained Earnings	Accumulated Other Comprehensive Income	Share Capital	Total Shareholders' Equity	Non- controlling Interest	Total
Shareholders' equity, January 1, 2023		\$3,464,675	\$300,340	\$100,239	\$3,865,254	\$520,217	\$4,385,471
Changes during the period:							
Net income (loss)		(34,690)	—	—	(34,690)	3,340	(31,350)
Other comprehensive loss		—	(98)	—	(98)	(71)	(169)
Dividends		(1,653)	—	—	(1,653)	—	(1,653)
Distributions		—	—	—	—	(1,784)	(1,784)
Issuance of common shares		—	—	7	7	—	7
Change in ownership of Morguard REIT		15,621	—	—	15,621	(23,540)	(7,919)
Tax impact of increase in subsidiary ownership interest		(4,056)	—	—	(4,056)	—	(4,056)
Shareholders' equity, March 31, 2023		\$3,439,897	\$300,242	\$100,246	\$3,840,385	\$498,162	\$4,338,547
Changes during the period:							
Net income (loss)		108,866	—	—	108,866	(19,280)	89,586
Other comprehensive loss		—	(41,719)	—	(41,719)	(2,330)	(44,049)
Dividends		(4,865)	—	—	(4,865)	—	(4,865)
Distributions		—	—	—	—	(5,066)	(5,066)
Issuance of common shares		—	—	18	18	—	18
Repurchase of common shares		(19,410)	—	(1,900)	(21,310)	—	(21,310)
Change in ownership of Morguard REIT		10,506	—	—	10,506	(15,946)	(5,440)
Tax impact of increase in subsidiary ownership interest		(4,331)	—	—	(4,331)	—	(4,331)
<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>130,446</b>	—	—	<b>130,446</b>	<b>(13,677)</b>	<b>116,769</b>
Other comprehensive income		—	<b>43,370</b>	—	<b>43,370</b>	<b>2,420</b>	<b>45,790</b>
Dividends	15(a)	<b>(1,622)</b>	—	—	<b>(1,622)</b>	—	<b>(1,622)</b>
Distributions		—	—	—	—	<b>(1,849)</b>	<b>(1,849)</b>
Issuance of common shares	15(a)	—	—	<b>6</b>	<b>6</b>	—	<b>6</b>
<b>Shareholders' equity, March 31, 2024</b>		<b>\$3,659,487</b>	<b>\$301,893</b>	<b>\$98,370</b>	<b>\$4,059,750</b>	<b>\$442,434</b>	<b>\$4,502,184</b>

See accompanying notes to the condensed consolidated financial statements.

## STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

For the three months ended March 31	Note	2024	2023
<b>OPERATING ACTIVITIES</b>			
Net income (loss) for the period		<b>\$116,769</b>	(\$31,350)
Add (deduct) items not affecting cash	23(a)	<b>(70,989)</b>	94,953
Distributions from equity-accounted and other fund investments		<b>321</b>	731
Additions to tenant incentives and leasing commissions	4	<b>(2,944)</b>	(1,731)
Net change in operating assets and liabilities	23(b)	<b>(9,503)</b>	(15,531)
<b>Cash provided by operating activities</b>		<b>33,654</b>	47,072
<b>INVESTING ACTIVITIES</b>			
Additions to real estate properties and tenant improvements	4	<b>(16,372)</b>	(126,398)
Additions to hotel properties	5	<b>(668)</b>	(1,531)
Additions to capital and intangible assets		<b>(684)</b>	(515)
Investment in properties under development	4	<b>(4,759)</b>	(6,875)
Proceeds from the sale of real estate properties, net	4	<b>125,512</b>	1,549
Proceeds from the sale of hotel properties, net	5	<b>405,801</b>	—
Decrease (increase) in mortgages and loans receivable		<b>518</b>	(185)
Investment in marketable securities		<b>—</b>	(8,194)
Investment in equity-accounted and other fund investments, net		<b>(1,703)</b>	(6,317)
<b>Cash provided by (used in) investing activities</b>		<b>507,645</b>	(148,466)
<b>FINANCING ACTIVITIES</b>			
Proceeds from new mortgages		<b>80,000</b>	85,360
Financing costs on new mortgages		<b>(1,635)</b>	(290)
Repayment of mortgages			
Principal instalment repayments		<b>(28,073)</b>	(30,360)
Repayments on maturity		<b>(74,782)</b>	(82,860)
Repayments due to mortgage extinguishments	4, 5	<b>(106,336)</b>	—
Principal payment of lease liabilities		<b>(401)</b>	(410)
Proceeds from bank indebtedness		<b>50,270</b>	131,712
Repayment of bank indebtedness		<b>(215,999)</b>	(57,613)
Proceeds from issuance of debentures payable, net of costs		<b>—</b>	48,590
Redemption of debentures payable	10	<b>(225,000)</b>	(80,500)
Proceeds from loans payable, net		<b>—</b>	27,357
Dividends paid		<b>(1,616)</b>	(1,646)
Distributions to non-controlling interest, net		<b>(1,399)</b>	(1,326)
Morguard Residential REIT units repurchased for cancellation		<b>(209)</b>	(3,478)
Investment in subsidiaries	15(b)	<b>—</b>	(7,919)
Decrease in restricted cash		<b>5,258</b>	83,450
<b>Cash provided by (used in) financing activities</b>		<b>(519,922)</b>	110,067
<b>Net increase in cash during the period</b>		<b>21,377</b>	8,673
Net effect of foreign currency translation on cash balance		<b>652</b>	57
Cash, beginning of period		<b>116,517</b>	111,808
<b>Cash, end of period</b>		<b>\$138,546</b>	\$120,538

See accompanying notes to the condensed consolidated financial statements.

## NOTES

For the three months ended March 31, 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 May 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 March 31	<b>\$0.7386</b>	\$0.7389
- As at December 31	—	0.7561
- Average for the three months ended March 31	<b>0.7414</b>	0.7394
United States dollar to Canadian dollar exchange rates:		
- As at March 31	<b>1.3540</b>	1.3533
- As at December 31	—	1.3226
- Average for the three months ended March 31	<b>1.3488</b>	1.3525

### NOTE 3

#### SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at March 31, 2024, the Company owned a 46.1% (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 March 31, 2024, Morguard Residential REIT recorded distributions of \$6,983, or \$0.18501 per unit (2023 - \$7,036, or \$0.18 per unit), of which \$1,502 was paid to the Company (2023 - \$1,430) and \$5,481 was paid to the remaining unitholders (2023 - \$5,606). In addition, during the three months ended March 31, 2024, Morguard Residential REIT paid distributions to the Company on the Class B LP units of \$3,186 (2023 - \$3,100).

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

As at March 31, 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 March 31, 2024, Morguard REIT recorded distributions of \$3,861, or \$0.06 per unit (2023 - \$3,849, or \$0.06 per unit), of which \$2,519 (2023 - \$2,409) was paid to the Company and \$1,342 was paid to the remaining unitholders (2023 - \$1,440).

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

As at	March 31, 2024		December 31, 2023	
	MRT	MRG	MRT	MRG
Non-current assets	\$2,184,333	\$4,170,670	\$2,260,976	\$4,052,763
Current assets	60,905	41,563	17,762	43,168
<b>Total assets</b>	<b>\$2,245,238</b>	<b>\$4,212,233</b>	<b>\$2,278,738</b>	<b>\$4,095,931</b>
Non-current liabilities	\$843,837	\$1,931,061	\$854,965	\$1,913,882
Current liabilities	482,379	275,574	464,238	222,398
<b>Total liabilities</b>	<b>\$1,326,216</b>	<b>\$2,206,635</b>	<b>\$1,319,203</b>	<b>\$2,136,280</b>
<b>Equity</b>	<b>\$919,022</b>	<b>\$2,005,598</b>	<b>\$959,535</b>	<b>\$1,959,651</b>
<b>Non-controlling interest</b>	<b>\$322,408</b>	<b>\$1,080,817</b>	<b>\$336,449</b>	<b>\$1,056,360</b>

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

For the three months ended March 31	2024		2023	
	MRT	MRG	MRT	MRG
Revenue	\$64,398	\$84,756	\$64,816	\$79,648
Expenses	(50,851)	(91,823)	(48,068)	(91,419)
Fair value gain (loss) on real estate properties, net	(50,223)	52,166	(21,541)	66,688
Fair value loss on Class B LP units	—	(20,323)	—	(20,668)
<b>Net income (loss) for the period</b>	<b>(\$36,676)</b>	<b>\$24,776</b>	<b>(\$4,793)</b>	<b>\$34,249</b>
<b>Non-controlling interest</b>	<b>(\$12,723)</b>	<b>\$13,352</b>	<b>(\$1,552)</b>	<b>\$18,899</b>

For the three months ended March 31	2024		2023	
	MRT	MRG	MRT	MRG
Cash provided by operating activities	\$6,226	\$18,512	\$16,570	\$17,897
Cash used in investing activities	(8,744)	(5,361)	(9,683)	(169,680)
Cash provided by (used in) financing activities	1,501	(12,906)	(7,127)	160,746
<b>Net increase (decrease) in cash during the period</b>	<b>(\$1,017)</b>	<b>\$245</b>	<b>(\$240)</b>	<b>\$8,963</b>



## NOTE 4

### REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	March 31, 2024	December 31, 2023
Income producing properties	\$10,437,034	\$10,348,016
Properties under development	14,254	12,175
Land held for development	134,127	133,464
Real estate properties	\$10,585,415	\$10,493,655
Real estate properties held for sale	37,050	125,307
<b>Total</b>	<b>\$10,622,465</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:				
Capital expenditures	13,200	—	—	13,200
Development expenditures	—	4,326	433	4,759
Tenant improvements, incentives and leasing commissions	6,116	—	—	6,116
Transfers	2,247	(2,247)	—	—
Dispositions	(125,512)	—	—	(125,512)
Fair value gain (loss), net (Note 18)	13,970	—	(88)	13,882
Foreign currency translation	92,443	—	318	92,761
Other	(1,703)	—	—	(1,703)
<b>Balance as at March 31, 2024</b>	<b>\$10,474,084</b>	<b>\$14,254</b>	<b>\$134,127</b>	<b>\$10,622,465</b>
Real estate properties held for sale				(37,050)
<b>Real estate properties</b>				<b>\$10,585,415</b>

Real estate properties held for sale are assets that the Company intends to sell rather than hold on a long-term basis and meet the criteria established in IFRS 5, Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5") for separate classification. As at March 31, 2024, the Company has entered into a binding agreement to sell a retail property consisting of 131,000 square feet located in Calgary, Alberta, for gross proceeds of \$37,500, excluding closing costs and will repay the mortgage payable secured by the property in the amount of \$16,984. The transaction is expected to close during the second quarter of 2024.

### Transactions completed during the three months ended March 31, 2024

#### Dispositions

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

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

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

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

### Capitalization Rates

As at March 31, 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 March 31, 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	March 31, 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%	7.5%	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	March 31, 2024			December 31, 2023		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
<b>Retail</b>						
Discount rate	11.3%	5.8%	7.7%	11.3%	5.8%	7.7%
Terminal cap rate	10.3%	5.3%	6.7%	10.3%	5.0%	6.7%
<b>Office</b>						
Discount rate	9.5%	6.0%	7.2%	9.5%	5.8%	7.1%
Terminal cap rate	8.5%	5.0%	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 March 31, 2024 would decrease by \$457,847 and increase by \$505,902, respectively.

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

As at	March 31, 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	(\$332,990)	\$372,348	(\$315,323)	\$351,896
Retail	(63,228)	67,631	(63,503)	67,930
Office	(61,629)	65,923	(70,489)	75,687
	<b>(\$457,847)</b>	<b>\$505,902</b>	(\$449,315)	\$495,513

## NOTE 5

### HOTEL PROPERTIES

Hotel properties consist of the following:

As at March 31, 2024	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	83,840	(12,309)	71,531
Furniture, fixtures, equipment and other	12,659	(11,866)	793
	<b>\$111,076</b>	<b>(\$24,175)</b>	<b>\$86,901</b>

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

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

Changes in the carrying amounts of hotel properties for the three months ended March 31, 2024, are summarized as follows:

As at March 31, 2024	Opening Net Book Value	Additions	Dispositions	Amortization	Closing Net Book Value
Land	\$55,416	\$—	(\$40,839)	\$—	\$14,577
Buildings	273,230	165	(201,339)	(525)	71,531
Furniture, fixtures, equipment and other	13,458	503	(13,036)	(132)	793
	\$342,104	\$668	(\$255,214)	(\$657)	\$86,901

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
	\$337,239	\$7,460	\$11,000	(\$13,595)	\$342,104

## NOTE 6

### EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	March 31, 2024	December 31, 2023
Joint ventures	\$36,777	\$36,037
Associates	237	2,964
<b>Equity-accounted investments</b>	<b>37,014</b>	39,001
Other real estate fund investments	48,165	56,524
	\$85,179	\$95,525
Equity-accounted investments held for sale	(26,033)	—
<b>Equity-accounted and other fund investments</b>	<b>\$59,146</b>	<b>\$95,525</b>

Equity-accounted investments held for sale are assets that the Company intends to sell rather than hold on a long-term basis and meet the criteria established in IFRS 5 for separate classification. As at March 31, 2024, the Company's two hotel 50% joint venture investments were classified as held for sale.

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

Property/Investment	Principal Place of Business	Investment Type	Asset Type	Company's Ownership		Carrying Value	
				March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	50.0%	50.0%	\$7,995	\$7,755
Quinte Courthouse	Belleville, ON	Joint Venture	Office	50.0%	50.0%	2,749	2,757
Courtyard by Marriott <sup>(1)</sup>	Ottawa, ON	Joint Venture	Hotel	50.0%	50.0%	16,675	16,400
Marriott Residence Inn <sup>(1)</sup>	London, ON	Joint Venture	Hotel	50.0%	50.0%	9,358	9,125
MIL Industrial Fund II LP <sup>(2)(3)</sup>	Various	Associate	Industrial	18.8%	18.8%	237	2,964
						<b>\$37,014</b>	<b>\$39,001</b>

<sup>(1)</sup> On April 16, 2024, the Company sold its 50% interest in two joint ventures for gross proceeds of \$25,500 before working capital adjustments and closing costs.

<sup>(2)</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>(3)</sup> On February 28, 2024, the fund disposed of the remaining two industrial properties and distributed net proceeds in the amount of \$2,698.

### Equity-accounted investments

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

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	\$39,001	\$46,789
Additions	—	7,250
Share of net income	1,032	4,334
Distributions received	(3,019)	(19,372)
<b>Balance, end of period</b>	<b>\$37,014</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	March 31, 2024			December 31, 2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Non-current assets	\$108,939	\$—	\$108,939	\$156,001	\$14,647	\$170,648
Current assets	57,952	1,308	59,260	11,642	1,164	12,806
<b>Total assets</b>	<b>\$166,891</b>	<b>\$1,308</b>	<b>\$168,199</b>	<b>\$167,643</b>	<b>\$15,811</b>	<b>\$183,454</b>
Non-current liabilities	\$38,449	\$—	\$38,449	\$38,750	\$—	\$38,750
Current liabilities	55,515	44	55,559	56,940	257	57,197
<b>Total liabilities</b>	<b>\$93,964</b>	<b>\$44</b>	<b>\$94,008</b>	<b>\$95,690</b>	<b>\$257</b>	<b>\$95,947</b>
<b>Net assets</b>	<b>\$72,927</b>	<b>\$1,264</b>	<b>\$74,191</b>	<b>\$71,953</b>	<b>\$15,554</b>	<b>\$87,507</b>
<b>Equity-accounted investments</b>	<b>\$36,777</b>	<b>\$237</b>	<b>\$37,014</b>	<b>\$36,037</b>	<b>\$2,964</b>	<b>\$39,001</b>

For the three months ended March 31	2024			2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	\$8,036	\$117	\$8,153	\$8,204	\$2,105	\$10,309
Expenses	(5,907)	—	(5,907)	(6,100)	(933)	(7,033)
Fair value gain (loss) on real estate properties, net	16	(272)	(256)	166	(61)	105
<b>Net income (loss) for the period</b>	<b>\$2,145</b>	<b>(\$155)</b>	<b>\$1,990</b>	<b>\$2,270</b>	<b>\$1,111</b>	<b>\$3,381</b>
<b>Income (loss) in equity-accounted investments</b>	<b>\$1,061</b>	<b>(\$29)</b>	<b>\$1,032</b>	<b>\$963</b>	<b>\$208</b>	<b>\$1,171</b>

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

For the three months ended March 31	2024	2023
Distribution income	\$—	\$96
Fair value loss for the year (Note 18)	(14,125)	(9,923)
<b>Loss from other real estate fund investments</b>	<b>(\$14,125)</b>	<b>(\$9,827)</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 (loss).

**NOTE 7**

**OTHER ASSETS**

Other assets consist of the following:

As at	March 31, 2024	December 31, 2023
Investment in marketable securities	\$92,221	\$97,881
Accrued pension benefit asset	77,636	76,698
Finance lease receivable	58,984	58,860
Mortgages receivable	41,949	45,331
Goodwill	24,488	24,488
Capital assets, net	17,869	17,843
Intangible assets, net	13,391	14,587
Receivables from related parties (Note 20(c))	1,512	1,508
Inventory	1,848	2,395
Right-of-use asset - office lease	589	665
Other	20	19
	<b>\$330,507</b>	<b>\$340,275</b>

As at March 31, 2024, mortgages receivable amounted to \$45,140 (December 31, 2023 - \$45,658), of which \$3,191 (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 2.3 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	March 31, 2024	December 31, 2023
Tenant receivables	\$18,635	\$21,377
Unbilled other tenant receivables	7,348	10,300
Other receivables	34,342	35,614
Allowance for expected credit loss	(6,149)	(7,430)
	<b>\$54,176</b>	<b>\$59,861</b>

## NOTE 9

### MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2024	December 31, 2023
Mortgages payable	\$4,617,173	\$4,704,260
Mark-to-market adjustments, net	(1,240)	(1,109)
Deferred financing costs	(23,315)	(23,059)
	<b>\$4,592,618</b>	<b>\$4,680,092</b>
Current	<b>\$1,015,359</b>	<b>\$1,129,734</b>
Non-current	<b>3,577,259</b>	<b>3,550,358</b>
	<b>\$4,592,618</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>4.26%</b>	4.36%
Estimated fair value of mortgages payable	<b>\$4,368,500</b>	\$4,351,345

As at March 31, 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 March 31, 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)	\$81,934	\$791,711	\$873,645	5.77%
2025	98,530	511,477	610,007	3.38%
2026	80,047	485,778	565,825	3.64%
2027	52,162	602,423	654,585	4.46%
2028	41,685	339,233	380,918	4.26%
Thereafter	118,058	1,414,135	1,532,193	3.85%
	<b>\$472,416</b>	<b>\$4,144,757</b>	<b>\$4,617,173</b>	<b>4.26%</b>

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2024, mortgages payable mature between 2024 and 2058 and have a weighted average term to maturity of 4.0 years (December 31, 2023 - 4.1 years). Approximately 91% of the Company's mortgages have fixed interest rates.

Some of the Company's mortgages payable require it to maintain annual debt service coverage ratios and/or debt to equity ratios and/or debt to appraised value ratios and arrange for capital expenditures in accordance with predetermined limits. As at March 31, 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	March 31, 2024	December 31, 2023
Unsecured debentures	\$397,880	\$622,611
Convertible debentures	141,373	140,775
	<b>\$539,253</b>	<b>\$763,386</b>
Current	<b>\$224,069</b>	<b>\$449,000</b>
Non-current	<b>315,184</b>	<b>314,386</b>
	<b>\$539,253</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	March 31, 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			(2,120)	(2,389)
			<b>\$397,880</b>	<b>\$622,611</b>
Current			<b>\$224,069</b>	\$449,000
Non-current			<b>173,811</b>	173,611
			<b>\$397,880</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 March 31, 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 months ended March 31, 2024, interest on the Unsecured Debentures of \$7,230 (2023 - \$6,848), is included in interest expense (Note 17).

### (b) Convertible Debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	March 31, 2024	December 31, 2023
Morguard Residential REIT <sup>(1)</sup>	March 31, 2028	\$24.15	6.00%	\$56,000	\$5,000	<b>\$47,452</b>	\$47,277
Morguard REIT	December 31, 2026	\$7.80	5.25%	\$159,000	\$60,000	<b>93,921</b>	93,498
						<b>\$141,373</b>	<b>\$140,775</b>
Current						\$—	\$—
Non-current						<b>141,373</b>	140,775
						<b>\$141,373</b>	<b>\$140,775</b>

<sup>(1)</sup> As at March 31, 2024, the liability includes the fair value of the conversion option of \$1,979 (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 months ended March 31, 2024, interest on convertible debentures net of accretion of \$2,480 (2023 - \$2,479), is included in interest expense (Note 17).

## NOTE 11

### MORGUARD RESIDENTIAL REIT UNITS

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



As at March 31, 2024, the Company valued the non-controlling interest in the Morguard Residential REIT units at \$425,175 (December 31, 2023 - \$393,695) and classified the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended March 31, 2024 of \$36,935 (2023 - \$39,660), in the consolidated statements of income (loss) (Note 18).

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

For the three months ended March 31	2024	2023
Fair value loss on Morguard Residential REIT units	(\$31,454)	(\$34,054)
Distributions to external unitholders (Note 3)	(5,481)	(5,606)
<b>Fair value loss on Morguard Residential REIT units</b>	<b>(\$36,935)</b>	<b>(\$39,660)</b>

## NOTE 12 LEASE LIABILITIES

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

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	\$170,753	\$172,517
Interest on lease liabilities (Note 17)	2,461	9,899
Payments	(2,862)	(11,521)
Additions	—	241
Foreign exchange loss (gain)	377	(383)
<b>Balance, end of period</b>	<b>\$170,729</b>	<b>\$170,753</b>
Current (Note 13)	\$1,602	\$1,613
Non-current	169,127	169,140
	<b>\$170,729</b>	<b>\$170,753</b>

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2024	December 31, 2023
Within 12 months	\$11,478	\$11,445
2 to 5 years	44,873	44,785
Over 5 years	349,309	351,114
<b>Total minimum lease payments</b>	<b>405,660</b>	<b>407,344</b>
Less: future interest costs	(234,931)	(236,591)
<b>Present value of minimum lease payments</b>	<b>\$170,729</b>	<b>\$170,753</b>

## NOTE 13 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2024	December 31, 2023
Accounts payable and accrued liabilities	\$196,198	\$211,128
Accrued liabilities (IFRIC 21, Levies)	43,424	—
Tenant deposits	26,206	26,537
Stock Appreciation Rights ("SARs") liability (Note 15(c))	5,147	4,290
Income taxes payable	13,532	—
Lease liabilities (Note 12)	1,602	1,613
Other	2,135	3,267
	<b>\$288,244</b>	<b>\$246,835</b>

**NOTE 14****BANK INDEBTEDNESS**

As at March 31, 2024, the Company had borrowed \$25,640 (December 31, 2023 - \$191,369) on its operating lines of credit and had issued letters of credit in the amount of \$2,758 (December 31, 2023 - \$3,185). The Company has six revolving lines of credit of which five are subject to borrowing limitations that are based on performance metrics of the underlying security. As at March 31, 2024, the maximum amount that can be borrowed on the operating lines of credit is \$322,112 (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 March 31, 2024, the Company has operating lines of credit totalling \$407,500 (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 ten properties have been pledged as collateral on these operating lines of credit. As at March 31, 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, bankers' acceptance for amounts borrowed in Canadian dollars, or the Secured Overnight Financing Rate ("SOFR") on amounts borrowed in United States dollars.

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

<b>Issued and Fully Paid Common Shares</b>	<b>Number (000s)</b>	<b>Amount</b>
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>6</b>
<b>Balance, March 31, 2024</b>	<b>10,813</b>	<b>\$98,370</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 three months ended March 31, 2024, there were no repurchases of common shares under the Company's NCIB plan.

Total dividends declared during the three months ended March 31, 2024, amounted to \$1,622, or \$0.15 per common share (2023 - \$1,653, or \$0.15 per common share). On May 7, 2024, the Company declared a common share dividend of \$0.15 per common share to be paid in the second quarter of 2024.

**(b) Contributed Surplus**

During the three months ended March 31, 2024, the Company acquired nil units (2023 - 1,439,000 units) of Morguard REIT for cash consideration of \$nil (2023 - \$7,919). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended March 31, 2024, amounted to \$nil (2023 - \$15,621) 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 March 31, 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 months ended March 31, 2024, the Company recorded a fair value adjustment to increase compensation expense of \$857 (2023 - reduce compensation expense of \$675). The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income (loss), and the liability is classified as accounts payable and accrued liabilities (Note 13).

The fair value for the SARs was calculated using the Black-Scholes option pricing model. In determining the fair value of the SARs, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions that were used in determining the fair value as at March 31, 2024: a dividend yield of 0.51% (2023 - 0.58%), expected volatility of approximately 25.51% (2023 - 27.34%) and the 10-year Bank of Canada Bond Yield of 3.74% (2023 - 3.29%).

### (d) Stock Option Plan

The Company established a stock option plan (“SOP”) during 2022. The SOP entitles specified officers to receive common share options of the Company. Under the SOP, the Company may grant up to a maximum of 1,000,000 options. As at March 31, 2024, the Company has granted nil options.

### (e) Accumulated Other Comprehensive Income

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

As at	March 31, 2024	December 31, 2023
Actuarial gain on defined benefit pension plans	\$46,476	\$45,835
Unrealized foreign currency translation gain	255,417	212,688
	<b>\$301,893</b>	<b>\$258,523</b>

## NOTE 16

### REVENUE

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

For the three months ended March 31	2024	2023
Rental income	\$141,878	\$135,260
Realty taxes and insurance	43,087	41,350
Common area maintenance recoveries	26,025	26,275
Property management and ancillary income	46,099	43,487
	<b>\$257,089</b>	<b>\$246,372</b>

The components of revenue from hotel properties are as follows:

For the three months ended March 31	2024	2023
Room revenue	\$8,426	\$25,710
Other hotel revenue	2,011	5,449
	<b>\$10,437</b>	<b>\$31,159</b>

The components of management and advisory fees are as follows:

For the three months ended March 31	2024	2023
Property and asset management fees	\$6,845	\$7,831
Other fees	2,812	2,319
	<b>\$9,657</b>	<b>\$10,150</b>

## NOTE 17

### INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2024	2023
Interest on mortgages	\$49,656	\$45,605
Interest on debentures payable, net of accretion (Note 10)	9,710	9,327
Interest on bank indebtedness	970	3,659
Interest on loans payable and other	160	262
Interest on lease liabilities (Note 12)	2,461	2,484
Amortization of mark-to-market adjustments on mortgages, net	(131)	(496)
Amortization of deferred financing costs	2,176	2,165
	<b>65,002</b>	<b>63,006</b>
Less: Interest capitalized to properties under development	(120)	(279)
	<b>\$64,882</b>	<b>\$62,727</b>

## NOTE 18

### FAIR VALUE LOSS, NET

The components of fair value loss are as follows:

For the three months ended March 31	2024	2023
Fair value gain on real estate properties, net (Note 4)	\$13,882	\$33,756
Financial assets (liabilities):		
Fair value gain on conversion option of MRG convertible debentures	152	289
Fair value loss on MRG units (Note 11)	(36,935)	(39,660)
Fair value loss on other real estate fund investments (Note 6(b))	(14,125)	(9,923)
Fair value loss on investment in marketable securities	(6,509)	(8,653)
<b>Total fair value loss, net</b>	<b>(\$43,535)</b>	<b>(\$24,191)</b>

## NOTE 19

### OTHER INCOME (EXPENSE)

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

For the three months ended March 31	2024	2023
Foreign exchange gain	\$53	\$28
Other expense	(248)	(869)
	<b>(\$195)</b>	<b>(\$841)</b>

**NOTE 20****RELATED PARTY TRANSACTIONS**

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

**(a) Paros Holdings Corporation and Paros Enterprises Limited**

Paros Holdings Corporation (“Paros Holdings”) and Paros Enterprises are owned by the Company’s Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at March 31, 2024, Paros Holdings owns a 61.9% interest in Morguard through its ownership of 6,691,000 common shares. As at March 31, 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 March 31, 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 months ended March 31, 2024, the Company received a management fee of \$329 (2023 - \$329), and paid rent and operating expenses of \$224 (2023 - \$159).

As at March 31, 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 the lender’s short-term bank borrowing rate plus ten basis points. The total loan payable as at March 31, 2024 was \$nil (December 31, 2023 - \$nil). During the three months ended March 31, 2024, the Company paid net interest of \$nil (2023 - \$149).

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

As at March 31, 2024, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of \$1,512 (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 March 31, 2024, the fair market value of the common shares/units held as collateral is \$3,624.

**NOTE 21****INCOME TAXES****(a) Unrecognized Deductible Temporary Differences**

As at March 31, 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 March 31, 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 March 31, 2024, the Company’s U.S. subsidiaries have total net operating losses of approximately US\$23,478 (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 March 31, 2024, the Company’s U.S. subsidiaries have a total of US\$76,252 (December 31, 2023 - \$68,027) of unutilized interest expense deductions of which deferred income tax assets were recognized and can be carried forward indefinitely.

## NOTE 22

### NET INCOME (LOSS) PER COMMON SHARE

For the three months ended March 31	2024	2023
Net income (loss) attributable to common shareholders	\$130,446	(\$34,690)
Weighted average number of common shares outstanding (000s) - basic and diluted	10,813	11,022
<b>Net income (loss) per common share - basic and diluted</b>	<b>\$12.06</b>	<b>(\$3.15)</b>

## NOTE 23

### CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (a) Items Not Affecting Cash

For the three months ended March 31	2024	2023
Fair value loss on real estate properties, net	\$29,375	\$7,293
Fair value gain on conversion option of MRG convertible debentures (Note 18)	(152)	(289)
Fair value loss on MRG units (Note 11)	31,454	34,054
Fair value loss on other real estate investment funds (Note 18)	14,125	9,923
Fair value loss on investment in marketable securities (Note 18)	6,509	8,653
Equity income from investments	(1,032)	(1,171)
Amortization of hotel properties and other	2,667	7,510
Amortization of deferred financing costs (Note 17)	2,176	2,165
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	(131)	(496)
Amortization of tenant incentives	579	642
Stepped rent - adjustment for straight-line method	1,124	787
Deferred income taxes	(7,539)	25,682
Accretion of convertible debentures	443	200
Gain on sale of hotel properties	(150,587)	—
	<b>(\$70,989)</b>	<b>\$94,953</b>

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

For the three months ended March 31	2024	2023
Amounts receivable	\$6,237	\$9,666
Prepaid expenses and other	(10,297)	(21,347)
Accounts payable and accrued liabilities	(5,443)	(3,850)
<b>Net change in operating assets and liabilities</b>	<b>(\$9,503)</b>	<b>(\$15,531)</b>

#### (c) Supplemental Cash Flow Information

For the three months ended March 31	2024	2023
Interest paid	\$68,684	\$58,361
Interest received	2,161	1,704
Income taxes paid (recovered)	2,167	(2,916)

During the three months ended March 31, 2024, the Company issued non-cash dividends under the distribution reinvestment plan of \$6 (2023 - \$7).

### (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	(28,073)	—	—	(401)	(215,999)	(244,473)
New financing, net	78,365	—	—	—	50,270	128,635
Lump-sum repayments	(181,118)	(225,000)	—	—	—	(406,118)
Non-cash changes	1,469	269	598	—	—	2,336
Foreign exchange	41,883	—	—	377	—	42,260
<b>Balance, March 31, 2024</b>	<b>\$4,592,618</b>	<b>\$397,880</b>	<b>\$141,373</b>	<b>\$170,729</b>	<b>\$25,640</b>	<b>\$5,328,240</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 March 31, 2024, and December 31, 2023, is summarized below:

As at	March 31, 2024	December 31, 2023
Mortgages payable, principal balance	\$4,617,173	\$4,704,260
Unsecured Debentures, principal balance	400,000	625,000
Convertible debentures, principal balance	150,000	150,000
Bank indebtedness	25,640	191,369
Lease liabilities	170,729	170,753
Shareholders' equity	4,059,750	3,887,550
	<b>\$9,423,292</b>	<b>\$9,728,932</b>

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

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

## NOTE 26

### 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 March 31, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at March 31, 2024, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at \$4,368,500 (December 31, 2023 - \$4,351,345), compared with the carrying value of \$4,617,173 (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 March 31, 2024, the fair value of the Unsecured Debentures has been estimated at \$406,995 (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 March 31, 2024, the fair value of the convertible debentures before deferred financing costs has been estimated at \$144,184 (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 March 31, 2024, market rates for debt on similar terms (Level 3). Based on these assumptions, as at March 31, 2024, the fair value of the finance lease receivable has been estimated at \$58,984 (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	March 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets:</b>						
Real estate properties	\$—	\$—	\$10,622,465	\$—	\$—	\$10,618,962
Investments in marketable securities	92,221	—	—	97,881	—	—
Investments in real estate funds	—	—	48,165	—	—	56,524
<b>Financial liabilities:</b>						
Morguard Residential REIT units	—	425,175	—	—	393,695	—
Conversion option on MRG convertible debentures	—	1,979	—	—	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:

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

<b>For the three months ended March 31, 2023</b>	<b>Multi-suite Residential</b>	<b>Retail</b>	<b>Office</b>	<b>Hotel</b>	<b>Total</b>
Revenue from real estate/hotel properties	\$118,070	\$64,295	\$64,007	\$31,159	\$277,531
Property/hotel operating expenses	(89,217)	(36,598)	(31,014)	(25,583)	(182,412)
<b>Net operating income</b>	<b>\$28,853</b>	<b>\$27,697</b>	<b>\$32,993</b>	<b>\$5,576</b>	<b>\$95,119</b>

<b>As at March 31, 2024</b>	<b>Multi-suite Residential</b>	<b>Retail</b>	<b>Office</b>	<b>Hotel</b>	<b>Total</b>
Real estate/hotel properties	\$6,463,247	\$2,192,763	\$1,966,455	\$86,901	\$10,709,366
Mortgages payable	\$2,671,451	\$894,353	\$998,999	\$27,815	\$4,592,618
<b>For the three months ended March 31, 2024</b>					
Additions to real estate/hotel properties	\$8,761	\$5,881	\$9,433	\$668	\$24,743
Fair value gain (loss) on real estate properties	\$68,181	(\$12,589)	(\$41,710)	\$—	\$13,882

<b>As at December 31, 2023</b>	<b>Multi-suite Residential</b>	<b>Retail</b>	<b>Office</b>	<b>Hotel</b>	<b>Total</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 three months ended March 31, 2023</b>					
Additions to real estate/hotel properties	\$122,002	\$9,045	\$3,957	\$1,531	\$136,535
Fair value gain (loss) on real estate properties	\$79,133	\$8,193	(\$53,570)	\$—	\$33,756

### (b) Regional Segments

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

<b>As at</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Real estate and hotel properties</b>		
Canada	\$6,686,765	\$7,061,612
United States	4,022,601	3,899,454
	<b>\$10,709,366</b>	<b>\$10,961,066</b>
<b>For the three months ended March 31</b>	<b>2024</b>	<b>2023</b>
<b>Revenue from real estate and hotel properties</b>		
Canada	\$173,828	\$189,760
United States	93,698	87,771
	<b>\$267,526</b>	<b>\$277,531</b>

## NOTE 28

### SUBSEQUENT EVENT

Subsequent to March 31, 2024, the Company entered into binding commitment letters for the Canada Mortgage and Housing Corporation ("CMHC") insured refinancing of three multi-suite residential properties located in Mississauga, Ontario, providing gross proceeds of up to \$203,680. The Company expects to close the refinancing during the second quarter of 2024. The maturing mortgages amount to \$90,907, and have a weighted average interest rate of 3.36%.