



**MORGUARD CORPORATION
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

MARCH 31, 2026

BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2026	December 31, 2025
ASSETS			
Non-current assets			
Real estate properties	4	\$11,126,960	\$10,944,914
Hotel properties	5	85,529	85,864
Equity-accounted and other fund investments	6	45,701	48,710
Other assets	7	302,196	298,280
		11,560,386	11,377,768
Current assets			
Amounts receivable	8	68,060	94,377
Prepaid expenses and other		47,354	37,445
Cash		192,957	184,618
		308,371	316,440
Real estate properties held for sale	4	148,170	148,170
		\$12,016,927	\$11,842,378
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	9	\$3,444,335	\$3,690,572
Construction financing payable	10	41,951	22,754
Debentures payable	11	295,620	295,373
Lease liabilities	12	167,617	167,806
Morguard Residential REIT units	13	405,524	419,105
Deferred income tax liabilities		974,272	950,092
		5,329,319	5,545,702
Current liabilities			
Mortgages payable	9	1,173,487	919,339
Debentures payable	11	272,115	271,414
Accounts payable and accrued liabilities	14	284,450	249,282
Bank indebtedness	15	94,110	87,973
		1,824,162	1,528,008
Total liabilities		7,153,481	7,073,710
EQUITY			
Shareholders' equity		4,477,696	4,385,453
Non-controlling interest		385,750	383,215
Total equity		4,863,446	4,768,668
		\$12,016,927	\$11,842,378

Contingencies

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See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board:

(Signed) "K. Rai Sahi"

(Signed) "Bruce K. Robertson"

K. Rai Sahi,
Director

Bruce K. Robertson,
Director

STATEMENTS OF INCOME

In thousands of Canadian dollars, except per common share amounts

For the three months ended March 31	Note	2026	2025
Revenue from real estate properties	17	\$254,489	\$263,049
Revenue from hotel properties		6,907	5,374
Property operating expenses			
Property operating costs		(65,051)	(65,611)
Utilities		(19,586)	(19,515)
Realty taxes		(84,083)	(88,525)
Hotel operating expenses		(5,795)	(4,698)
Net operating income		86,881	90,074
OTHER REVENUE			
Management and advisory fees	17	9,060	9,491
Interest and other income		4,590	4,285
		13,650	13,776
EXPENSES			
Interest	18	63,799	62,985
Property management and corporate		24,391	24,925
Amortization of hotel properties and other		1,276	2,421
		89,466	90,331
OTHER INCOME (EXPENSE)			
Fair value gain, net	19	68,294	57,705
Equity income from investments	6	722	593
Other income (expense)	20	(1,999)	47
		67,017	58,345
Income before income taxes		78,082	71,864
Provision for income taxes	22		
Current		212	2,669
Deferred		16,671	14,434
		16,883	17,103
Net income for the period		\$61,199	\$54,761
Net income (loss) attributable to:			
Common shareholders		\$58,471	\$58,135
Non-controlling interest		2,728	(3,374)
		\$61,199	\$54,761
Net income per common share attributable to:			
Common shareholders - basic and diluted	23	\$5.48	\$5.42

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

In thousands of Canadian dollars

For the three months ended March 31	2026	2025
Net income for the period	\$61,199	\$54,761
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified subsequently to net income:		
Unrealized foreign currency translation gain (loss)	41,843	(2,255)
Unrealized fair value gain (loss) on cash flow hedge	489	(832)
Deferred income tax recovery (provision)	(6,855)	508
	35,477	(2,579)
Items that will not be reclassified subsequently to net income:		
Actuarial gain (loss) on defined benefit pension plans	2,007	(3,428)
Deferred income tax recovery (provision)	(529)	901
	1,478	(2,527)
Other comprehensive income (loss)	36,955	(5,106)
Total comprehensive income for the period	\$98,154	\$49,655
Total comprehensive income (loss) attributable to:		
Common shareholders	\$93,458	\$53,401
Non-controlling interest	4,696	(3,746)
	\$98,154	\$49,655

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, December 31, 2024		\$3,775,131	\$419,740	\$97,552	\$4,292,423	\$426,833	\$4,719,256
Changes during the period:							
Net income (loss)		58,135	—	—	58,135	(3,374)	54,761
Other comprehensive loss		—	(4,734)	—	(4,734)	(372)	(5,106)
Dividends		(2,143)	—	—	(2,143)	—	(2,143)
Distributions		—	—	—	—	(1,173)	(1,173)
Issuance of common shares		—	—	10	10	—	10
Repurchase of common shares		(1,982)	—	(160)	(2,142)	—	(2,142)
Change in ownership of Morguard REIT		8,385	—	—	8,385	(11,337)	(2,952)
Increase in subsidiary ownership interest		3,214	—	—	3,214	(7,214)	(4,000)
Tax impact of increase in subsidiary ownership interest		(2,600)	—	—	(2,600)	—	(2,600)
Shareholders' equity, March 31, 2025		\$3,838,140	\$415,006	\$97,402	\$4,350,548	\$403,363	\$4,753,911
Changes during the period:							
Net income		116,735	—	—	116,735	7,406	124,141
Other comprehensive loss		—	(82,953)	—	(82,953)	(4,632)	(87,585)
Dividends		(6,417)	—	—	(6,417)	—	(6,417)
Distributions		—	—	—	—	(4,813)	(4,813)
Issuance of common shares		—	—	29	29	—	29
Repurchase of common shares		(2,866)	—	(237)	(3,103)	—	(3,103)
Change in ownership of Morguard REIT		13,964	—	—	13,964	(18,109)	(4,145)
Share-based payments		742	—	—	742	—	742
Tax impact of increase in subsidiary ownership interest		(4,092)	—	—	(4,092)	—	(4,092)
Shareholders' equity, December 31, 2025		\$3,956,206	\$332,053	\$97,194	\$4,385,453	\$383,215	\$4,768,668
Changes during the period:							
Net income		58,471	—	—	58,471	2,728	61,199
Other comprehensive income		—	34,987	—	34,987	1,968	36,955
Dividends	16(a)	(2,136)	—	—	(2,136)	—	(2,136)
Distributions		—	—	—	—	(1,538)	(1,538)
Issuance of common shares	16(a)	—	—	10	10	—	10
Change in ownership of Morguard REIT	16(b)	623	—	—	623	(623)	—
Share-based payments	16(d)	413	—	—	413	—	413
Tax impact of increase in subsidiary ownership interest		(125)	—	—	(125)	—	(125)
Shareholders' equity, March 31, 2026		\$4,013,452	\$367,040	\$97,204	\$4,477,696	\$385,750	\$4,863,446

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	2026	2025
OPERATING ACTIVITIES			
Net income for the period		\$61,199	\$54,761
Add (deduct) items not affecting cash	24(a)	(8,895)	4,508
Distributions from equity-accounted and other fund investments	6	200	291
Additions to tenant incentives and leasing commissions		(3,544)	(5,790)
Net change in operating assets and liabilities	24(b)	(13,939)	(44,141)
Cash provided by operating activities		35,021	9,629
INVESTING ACTIVITIES			
Additions to real estate properties and tenant improvements		(27,938)	(25,510)
Additions to hotel properties		(205)	(526)
Additions to capital and intangible assets		(1,315)	(716)
Additions to properties under development		(22,826)	(18,881)
Proceeds from the sale of real estate properties, net		—	296
Decrease in mortgages and loans receivable		24,027	3,183
Cash used in investing activities		(28,257)	(42,154)
FINANCING ACTIVITIES			
Proceeds from new mortgages		106,242	201,081
Financing costs on new mortgages		(531)	(2,806)
Repayment of mortgages			
Principal instalment repayments		(27,065)	(29,115)
Repayments on maturity		(102,575)	(155,470)
Principal payment of lease liabilities		(451)	(489)
Proceeds from (repayment of) bank indebtedness, net	24(d)	6,137	73,502
Repayment of loans payable, net		—	(20,000)
Proceeds from construction financing	10	19,197	—
Dividends paid		(2,126)	(2,133)
Distributions to non-controlling interest, net		(1,119)	(902)
Morguard Residential REIT units repurchased for cancellation		—	(10,143)
Shares repurchased for cancellation		—	(2,142)
Investment in subsidiaries	16(b)	—	(6,952)
Decrease (increase) in restricted cash		1,866	(300)
Cash provided by (used in) financing activities		(425)	44,131
Net increase in cash during the period		6,339	11,606
Net effect of foreign currency translation on cash balance		2,000	(11)
Cash, beginning of period		184,618	140,725
Cash, end of period		\$192,957	\$152,320

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2026 and 2025

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 IFRS Accounting 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 5, 2026.

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:

	2026	2025
Canadian dollar to United States dollar exchange rates:		
- As at March 31	\$0.7174	\$0.6956
- As at December 31	—	0.7296
- Average for the three months ended March 31	0.7290	0.6968
United States dollar to Canadian dollar exchange rates:		
- As at March 31	1.3939	1.4376
- As at December 31	—	1.3706
- Average for the three months ended March 31	1.3717	1.4352

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at March 31, 2026, the Company owns a 48.6% (December 31, 2025 - 48.6%) 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, 2026, Morguard Residential REIT recorded distributions of \$6,900, or \$0.19749 per unit (2025 - \$6,879, or \$0.18999 per unit), of which \$1,604 was paid to the Company (2025 - \$1,543) and \$5,296 was paid to the remaining unitholders (2025 - \$5,336). In addition, during the three months ended March 31, 2026, Morguard Residential REIT paid distributions to the Company on the Class B LP units of \$3,401 (2025 - \$3,272).

Morguard Real Estate Investment Trust ("Morguard REIT" or "MRT")

As at March 31, 2026, the Company owns 45,854,980 units (December 31, 2025 - 45,572,212 units) of Morguard REIT, which represents a 68.7% (December 31, 2025 - 68.6%) ownership interest.

During the three months ended March 31, 2026, Morguard REIT recorded distributions of \$3,997, or \$0.06 per unit (2025 - \$3,864, or \$0.06 per unit), of which \$2,746 (2025 - \$2,584) was paid to or received by the Company through MRT's distribution reinvestment program ("MRT DRIP") and \$1,251 was paid to the remaining unitholders (2025 - \$1,280).

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 13).

As at	March 31, 2026		December 31, 2025	
	MRT	MRG	MRT	MRG
Non-current assets	\$2,141,707	\$4,478,870	\$2,140,334	\$4,384,805
Current assets	28,982	140,245	21,150	151,098
Total assets	\$2,170,689	\$4,619,115	\$2,161,484	\$4,535,903
Non-current liabilities	\$554,983	\$2,183,964	\$703,208	\$2,174,263
Current liabilities	746,515	276,061	593,824	255,665
Total liabilities	\$1,301,498	\$2,460,025	\$1,297,032	\$2,429,928
Equity	\$869,191	\$2,159,090	\$864,452	\$2,105,975
Non-controlling interest	\$266,365	\$1,110,204	\$265,804	\$1,082,471

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

For the three months ended March 31	2026		2025	
	MRT	MRG	MRT	MRG
Revenue	\$60,045	\$86,466	\$60,347	\$90,274
Expenses	(50,418)	(95,612)	(51,126)	(96,265)
Fair value gain (loss) on real estate properties, net	(3,591)	37,511	(20,886)	47,930
Fair value gain (loss) on Class B LP units	—	9,817	—	(3,617)
Net income (loss) for the period	\$6,036	\$38,182	(\$11,665)	\$38,322
Non-controlling interest	\$1,894	\$19,633	(\$3,834)	\$19,973

For the three months ended March 31	2026		2025	
	MRT	MRG	MRT	MRG
Cash provided by operating activities	\$5,027	\$17,674	\$2,277	\$22,279
Cash used in investing activities	(7,333)	(13,303)	(7,234)	(14,552)
Cash provided by (used in) financing activities	3,624	(39,017)	4,495	(9,853)
Net increase (decrease) in cash during the period	\$1,318	(\$34,646)	(\$462)	(\$2,126)

NOTE 4

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	March 31, 2026	December 31, 2025
Income producing properties	\$10,835,206	\$10,677,720
Properties under development	169,533	144,306
Land held for development	122,221	122,888
Real estate properties	\$11,126,960	\$10,944,914
Real estate properties held for sale	148,170	148,170
	\$11,275,130	\$11,093,084

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

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2025	\$10,825,890	\$144,306	\$122,888	\$11,093,084
Additions:				
Capital expenditures	17,038	—	—	17,038
Development expenditures	—	23,805	—	23,805
Tenant improvements, incentives and leasing commissions	7,012	—	—	7,012
Transfers	8	(8)	—	—
Fair value gain (loss), net (Note 19)	64,262	—	(1,068)	63,194
Foreign currency translation	69,344	78	235	69,657
Other	(178)	1,352	166	1,340
Balance as at March 31, 2026	\$10,983,376	\$169,533	\$122,221	\$11,275,130
Real estate properties held for sale				(148,170)
Real estate properties				\$11,126,960

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, 2026, the Company has a commitment to sell an office property consisting of 328,500 square feet located in Ottawa, Ontario, for gross proceeds of \$148,170, excluding closing costs and will repay the mortgage payable secured by the property in the amount of \$28,411. The transaction is scheduled to close on August 31, 2026.

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2025 is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2024	\$10,868,400	\$55,156	\$124,929	\$11,048,485
Additions:				
Capital expenditures	116,334	—	—	116,334
Development expenditures	—	97,116	35	97,151
Tenant improvements, incentives and leasing commissions	33,603	—	—	33,603
Transfers	14,662	(14,662)	—	—
Dispositions	(5,995)	—	—	(5,995)
Fair value gain (loss), net	2,446	—	(1,383)	1,063
Foreign currency translation	(200,873)	(2)	(693)	(201,568)
Other	(2,687)	6,698	—	4,011
Balance as at December 31, 2025	\$10,825,890	\$144,306	\$122,888	\$11,093,084
Real estate properties held for sale				(148,170)
Real estate properties				\$10,944,914

Significant Valuation Assumptions

As at March 31, 2026, using the direct capitalization approach, the multi-suite residential, retail and office properties were valued using capitalization rates in the range of 3.5% to 10.3% (December 31, 2025 - 3.4% to 10.3%), resulting in an overall weighted average capitalization rate of 5.7% (December 31, 2025 - 5.7%).

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

As at	March 31, 2026					December 31, 2025				
	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%	3.5%	4.4%	98.5%	92.0%	6.3%	3.4%	4.4%
Retail	99.0%	85.0%	10.3%	5.0%	7.6%	99.0%	85.0%	10.3%	5.0%	7.5%
Office ⁽¹⁾	100.0%	85.0%	9.5%	5.0%	7.7%	100.0%	85.0%	10.0%	5.0%	7.8%

⁽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	March 31, 2026			December 31, 2025		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Retail						
Discount rate	11.3%	5.8%	7.7%	11.3%	5.8%	7.7%
Terminal cap rate	10.3%	5.3%	6.7%	10.3%	5.3%	6.7%
Office						
Discount rate	10.0%	6.0%	7.3%	10.0%	6.0%	7.3%
Terminal cap rate	9.3%	5.3%	6.6%	9.3%	5.3%	6.6%

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, 2026 would decrease by \$482,398 and increase by \$533,308, respectively.

The sensitivity of the fair values of the Company's income producing properties as at March 31, 2026, and December 31, 2025, is set out in the table below:

As at	March 31, 2026		December 31, 2025	
Change in capitalization rate:	0.25%	(0.25%)	0.25%	(0.25%)
Multi-suite residential	(\$358,328)	\$400,803	(\$347,851)	\$388,316
Retail	(63,597)	67,952	(63,709)	68,099
Office	(60,473)	64,553	(60,083)	64,118
	(\$482,398)	\$533,308	(\$471,643)	\$520,533

NOTE 5

HOTEL PROPERTIES

Hotel properties consist of the following:

As at March 31, 2026	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	85,373	(16,792)	68,581
Furniture, fixtures, equipment and other	15,184	(12,813)	2,371
	\$115,134	(\$29,605)	\$85,529

As at December 31, 2025	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	85,338	(16,309)	69,029
Furniture, fixtures, equipment and other	14,914	(12,656)	2,258
	\$114,829	(\$28,965)	\$85,864

Changes in the carrying amounts of hotel properties for the three months ended March 31, 2026 are summarized as follows:

As at March 31, 2026	Opening Net Book Value	Additions	Amortization	Closing Net Book Value
Land	\$14,577	\$—	\$—	\$14,577
Buildings	69,029	35	(483)	68,581
Furniture, fixtures, equipment and other	2,258	270	(157)	2,371
	\$85,864	\$305	(\$640)	\$85,529

Changes in the carrying amounts of hotel properties for the year ended December 31, 2025 are summarized as follows:

As at December 31, 2025	Opening Net Book Value	Additions	Amortization	Closing Net Book Value
Land	\$14,577	\$—	\$—	\$14,577
Buildings	70,735	486	(2,192)	69,029
Furniture, fixtures, equipment and other	687	1,896	(325)	2,258
	\$85,999	\$2,382	(\$2,517)	\$85,864

NOTE 6

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

(a) *Equity-accounted and Other Fund Investments consist of the following:*

As at	March 31, 2026	December 31, 2025
Equity-accounted investments - joint ventures	\$6,682	\$6,160
Other real estate fund investments	39,019	42,550
Equity-accounted and other fund investments	\$45,701	\$48,710

The Company's interest in joint ventures comprises a 50% interest in a 304,000 square foot office property located in Edmonton, Alberta, and a 50% interest in a 173,000 square foot office property located in Belleville, Ontario.

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

As at	March 31, 2026	December 31, 2025
Balance, beginning of period	\$48,710	\$63,064
Share of net income - joint ventures	722	966
Distributions received - joint ventures	(200)	(1,838)
Fair value loss - other fund investments	(4,185)	(3,854)
Distributions received - other fund investments	—	(7,095)
Foreign exchange gain (loss)	654	(2,533)
Balance, end of period	\$45,701	\$48,710

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

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 income (expense) on the consolidated statements of income.

The following table presents the loss from other real estate fund investments:

For the three months ended March 31	2026	2025
Distribution income	\$95	\$99
Fair value loss for the period (Note 19)	(4,185)	(999)
Loss from other real estate fund investments	(\$4,090)	(\$900)

During the year ended December 31, 2025, the Company received a distribution representing a return of capital in the amount of \$7,095 (US\$5,112) in connection with the disposal of three properties held within the Company's other real estate fund investments.

NOTE 7

OTHER ASSETS

Other assets consist of the following:

As at	March 31, 2026	December 31, 2025
Investment in marketable securities	\$92,178	\$91,419
Accrued pension benefit asset	93,691	91,411
Finance lease receivable	59,915	59,811
Goodwill	24,488	24,488
Capital assets, net	17,182	17,354
Intangible assets, net	10,520	9,512
Receivables from related parties (Note 21(c))	3,044	3,042
Right-of-use asset - office lease	1,064	1,166
Other	114	77
	\$302,196	\$298,280

NOTE 8

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	March 31, 2026	December 31, 2025
Tenant receivables	\$18,822	\$15,447
Unbilled other tenant receivables	7,994	10,316
Mortgages receivable	17,514	41,594
Other receivables	31,002	33,762
Allowance for expected credit loss	(7,272)	(6,742)
	\$68,060	\$94,377

As at March 31, 2026, mortgages receivable amount to \$17,514 (December 31, 2025 - \$41,594), matures on May 19, 2026 and has an effective interest rate of 7.73%.

NOTE 9

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2026	December 31, 2025
Mortgages payable	\$4,647,541	\$4,640,991
Mark-to-market adjustments, net	(307)	(399)
Deferred financing costs	(29,412)	(30,681)
	\$4,617,822	\$4,609,911
Current	\$1,173,487	\$919,339
Non-current	3,444,335	3,690,572
	\$4,617,822	\$4,609,911
Range of interest rates	2.03 - 7.75%	2.03 - 7.75%
Weighted average contractual interest rate	4.27%	4.25%
Estimated fair value of mortgages payable	\$4,570,438	\$4,578,285

As at March 31, 2026, approximately 93% of the Company's real estate and hotel properties, and related rental revenue, are pledged as collateral for the mortgages payable.

The aggregate principal repayments and balances maturing of the mortgages payable as at March 31, 2026, 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
2026 (remainder of year)	\$82,255	\$720,704	\$802,959	4.26%
2027	77,918	639,414	717,332	4.48%
2028	63,568	689,479	753,047	4.65%
2029	56,414	574,511	630,925	4.57%
2030	38,652	549,329	587,981	3.66%
Thereafter	127,917	1,027,380	1,155,297	4.06%
	\$446,724	\$4,200,817	\$4,647,541	4.27%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2026, mortgages payable mature between 2026 and 2058 and have a weighted average term to maturity of 3.8 years (December 31, 2025 - 3.9 years). Approximately 94% of the Company's mortgages have fixed interest rates.

Some of the Company's mortgages payable require it to maintain annual debt service coverage ratios and/or debt to equity ratios and/or debt to appraised value ratios, and arrange for capital expenditures in accordance with predetermined limits. As at March 31, 2026, and December 31, 2025, the Company is in compliance with all financial covenants.

NOTE 10

CONSTRUCTION FINANCING PAYABLE

The Company has a non-revolving construction facility of up to \$208,254 collateralized by a multi-suite residential property under development. The facility bears interest at the prime rate minus 35 basis points and matures on April 28, 2028 with an option to be converted into a Canada Mortgage and Housing Corporation ("CMHC") insured mortgage with a ten-year term. As at March 31, 2026, the Company had borrowed \$41,951 (December 31, 2025 - \$22,754) on the facility.

NOTE 11

DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	March 31, 2026	December 31, 2025
Unsecured debentures	\$421,732	\$421,248
Convertible debentures	146,003	145,539
	\$567,735	\$566,787
Current	\$272,115	\$271,414
Non-current	295,620	295,373
	\$567,735	\$566,787

(a) Unsecured Debentures

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

As at	Maturity Date	Coupon Interest Rate	March 31, 2026	December 31, 2025
Series H senior unsecured debentures	September 26, 2026	9.50%	\$175,000	\$175,000
Series I senior unsecured debentures	October 14, 2028	5.00%	250,000	250,000
Unamortized financing costs			(3,268)	(3,752)
			\$421,732	\$421,248
Current			\$174,611	\$174,411
Non-current			247,121	246,837
			\$421,732	\$421,248

As at March 31, 2026, Paros Enterprises Limited ("Paros Enterprises"), a related party, owns \$25,000 (December 31, 2025 - \$25,000) Series H senior unsecured debentures and \$10,000 (December 31, 2025 - \$10,000) Series I senior unsecured debentures.

For the three months ended March 31, 2026, interest on Unsecured Debentures of \$7,182 (2025 - \$4,099) is included in interest expense (Note 18).

(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, 2026	December 31, 2025
Morguard Residential REIT ⁽¹⁾	March 31, 2028	\$24.15	6.00%	\$56,000	\$5,000	\$48,499	\$48,536
Morguard REIT	December 31, 2026	\$7.80	5.25%	\$159,000	\$60,000	97,504	97,003
						\$146,003	\$145,539
Current						\$97,504	\$97,003
Non-current						48,499	48,536
						\$146,003	\$145,539

⁽¹⁾ As at March 31, 2026, the liability includes the fair value of the conversion option of \$330 (December 31, 2025 - \$711).

As at March 31, 2026, Paros Enterprises owns \$2,000 (December 31, 2025 - \$2,000) aggregate principal amount of the Morguard Residential REIT debentures.

For the three months ended March 31, 2026, interest on convertible debentures net of accretion of \$2,502 (2025 - \$2,514) is included in interest expense (Note 18).

NOTE 12

LEASE LIABILITIES

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

As at	March 31, 2026	December 31, 2025
Balance, beginning of period	\$169,598	\$171,463
Interest on lease liabilities (Note 18)	2,468	9,929
Payments	(2,919)	(11,913)
Additions	—	958
Foreign exchange loss (gain)	288	(839)
Balance, end of period	\$169,435	\$169,598
Current (Note 14)	\$1,818	\$1,792
Non-current	167,617	167,806
	\$169,435	\$169,598

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2026	December 31, 2025
Within 12 months	\$11,665	\$11,649
2 to 5 years	54,787	54,800
Over 5 years	319,589	321,973
Total minimum lease payments	386,041	388,422
Less: future interest costs	(216,606)	(218,824)
Present value of minimum lease payments	\$169,435	\$169,598

NOTE 13

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, 2026, the Company valued the non-controlling interest in the Morguard Residential REIT units at \$405,524 (December 31, 2025 - \$419,105) and classifies the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value gain for the three months ended March 31, 2026 of \$8,491 (2025 - loss of \$11,629) in the consolidated statements of income (Note 19).

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

For the three months ended March 31	2026	2025
Fair value gain (loss) on Morguard Residential REIT units	\$13,787	(\$6,293)
Distributions to external unitholders (Note 3)	(5,296)	(5,336)
Fair value gain (loss) on Morguard Residential REIT units	\$8,491	(\$11,629)

NOTE 14

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2026	December 31, 2025
Accounts payable and accrued liabilities	\$203,541	\$213,725
Accrued liabilities (IFRIC 21, Levies)	44,276	—
Tenant deposits	26,142	25,897
Stock Appreciation Rights (“SARs”) liability (Note 16(c))	4,672	4,768
Income taxes payable	1,669	567
Lease liabilities (Note 12)	1,818	1,792
Derivative liabilities	1,516	2,005
Other	816	528
	\$284,450	\$249,282

NOTE 15

BANK INDEBTEDNESS

As at March 31, 2026, the Company has borrowed \$94,110 (December 31, 2025 - \$87,973) on its operating lines of credit and has issued letters of credit in the amount of \$3,093 (December 31, 2025 - \$3,093). The Company has seven revolving lines of credit, of which six are subject to borrowing limitations that are based on the performance metrics of the underlying security. As at March 31, 2026, the maximum amount that can be borrowed on the operating lines of credit is \$389,779 (December 31, 2025 - \$386,340). As at March 31, 2026, the Company has operating lines of credit totalling \$438,330 (December 31, 2025 - \$438,330).

The Company’s investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed charge on eleven properties have been pledged as collateral on these operating lines of credit. As at March 31, 2026, the majority of the Company’s lines of credit can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on the prime lending rate, Canadian Overnight Repo Rate Average (“CORRA”) for amounts borrowed in Canadian dollars or the Secured Overnight Financing Rate (“SOFR”) on amounts borrowed in United States dollars.

The bank credit agreements, which renew annually and are due on demand, include certain restrictive undertakings by the Company. As at March 31, 2026, the Company is in compliance with all undertakings.

NOTE 16

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, 2024	10,721	\$97,552
Common shares repurchased through the Company’s NCIB	(44)	(397)
Dividend reinvestment plan	1	39
Balance, December 31, 2025	10,678	\$97,194
Dividend reinvestment plan	—	10
Balance, March 31, 2026	10,678	\$97,204

The Company had the approval of the TSX under its normal course issuer bid (“NCIB”) to purchase up to 540,672 common shares. The program expired on September 21, 2025. On September 17, 2025, the Company obtained the approval of the TSX under its NCIB, commencing September 22, 2025, to purchase up to 535,195 common shares, representing approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2026. The daily repurchase restriction for the common shares is 1,000. During the three months ended March 31, 2026, there were no repurchases of common shares under the Company’s NCIB plan.

Total dividends declared during the three months ended March 31, 2026, amounted to \$2,136, or \$0.20 per common share (2025 - \$2,143, or \$0.20 per common share). On May 5, 2026, the Company declared a common share dividend of \$0.20 per common share, to be paid in the second quarter of 2026.

(b) Contributed Surplus

During the three months ended March 31, 2026, the Company acquired nil units (2025 - 534,300 units) of Morguard REIT for cash consideration of \$nil (2025 - \$2,952). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended March 31, 2026, amounted to \$nil (2025 - \$5,375) and the amounts have been recorded within retained earnings.

During the three months ended March 31, 2026, the Company acquired 282,768 units of Morguard REIT (2025 - 299,218 units) under its distribution reinvestment program for non-cash consideration of \$1,826 (2025 - \$1,662). The difference between the non-cash consideration and the carrying value of the non-controlling interest acquired for the three months ended March 31, 2026, amounted to \$623 (2025 - \$3,010) and the amounts have been recorded within retained earnings.

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

(c) Stock Appreciation Rights Plan

As at March 31, 2026, 245,000 rights are issued under the Company’s SARs plan with exercise prices ranging between \$30.74 and \$184.00, having a weighted average exercise price of \$138.00. No SARs were issued during the three months ended March 31, 2026.

During the three months ended March 31, 2026, the Company recorded a fair value adjustment of \$96 to decrease compensation expense (2025 - increase compensation expense of \$323). 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 14).

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, 2026: a dividend yield of 0.70% (2025 - 0.50%), expected volatility of approximately 26.48% (2025 - 25.82%) and the 10-year Bank of Canada Bond Yield of 3.04% (2025 - 2.62%).

(d) Stock Option Plan

Under the stock option plan, the Company may grant up to a maximum of 1,000,000 options. No options were exercised as at March 31, 2026.

On November 5, 2025, the Company granted 125,000 options at an exercise price of \$116.50. The options vest in equal annual instalments over a 10-year term, commencing on the grant date, and expire on November 5, 2035.

On February 19, 2026, the Company granted 10,000 options at an exercise price of \$114.89. The options vest in equal annual instalments over a 10-year term, commencing on the grant date, and expire on February 19, 2036. The fair value for the stock options granted on February 19, 2026 was calculated using the Black-Scholes option pricing model. In determining the fair value of the stock options, 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 at the date of grant: a dividend yield of 0.70%, expected volatility of approximately 25.28% and the 10-year Bank of Canada Bond Yield of 3.11%.

During the three months ended March 31, 2026, the Company recorded a fair value adjustment of \$413 to increase compensation expense. The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income, and the equity component is included in retained earnings.

(e) Accumulated Other Comprehensive Income

As at March 31, 2026, and December 31, 2025, accumulated other comprehensive income consists of the following amounts:

As at	March 31, 2026	December 31, 2025
Actuarial gain on defined benefit pension plans	\$56,510	\$55,032
Unrealized fair value loss on cash flow hedge	(1,240)	(1,641)
Unrealized foreign currency translation gain	311,770	278,662
	\$367,040	\$332,053

NOTE 17

REVENUE

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

For the three months ended March 31	2026	2025
Rental income	\$138,490	\$142,136
Realty taxes and insurance	39,912	43,538
Common area maintenance recoveries	28,590	27,166
Property management and ancillary income	47,497	50,209
	\$254,489	\$263,049

The components of management and advisory fees are as follows:

For the three months ended March 31	2026	2025
Property and asset management fees	\$7,981	\$7,835
Other fees	1,079	1,656
	\$9,060	\$9,491

NOTE 18

INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2026	2025
Interest on mortgages	\$48,615	\$49,071
Interest on debentures payable, net of accretion (Note 11)	9,684	6,613
Interest on bank indebtedness	1,161	2,785
Interest on construction facility	317	—
Interest on loans payable and other	44	106
Interest on lease liabilities (Note 12)	2,468	2,485
Amortization of mark-to-market adjustments on mortgages, net	144	326
Amortization of deferred financing costs	2,672	2,208
	65,105	63,594
Less: interest capitalized to properties under development	(1,306)	(609)
	\$63,799	\$62,985

NOTE 19

FAIR VALUE GAIN, NET

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

For the three months ended March 31	2026	2025
Fair value gain on real estate properties, net (Note 4)	\$63,194	\$71,846
Financial assets (liabilities):		
Fair value gain on conversion option of MRG convertible debentures	381	110
Fair value gain (loss) on MRG units (Note 13)	8,491	(11,629)
Fair value loss on other real estate fund investments (Note 6(b))	(4,185)	(999)
Fair value gain (loss) on investment in marketable securities	413	(1,623)
Total fair value gain, net	\$68,294	\$57,705

NOTE 20

OTHER INCOME (EXPENSE)

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

For the three months ended March 31	2026	2025
Foreign exchange gain (loss)	\$18	(\$5)
Other income (loss)	(2,017)	52
	(\$1,999)	\$47

NOTE 21*RELATED PARTY TRANSACTIONS*

In addition to the related party transactions disclosed in Note 11, 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 Executive Chairman, Mr. K. Rai Sahi. As at March 31, 2026, Paros Holdings owns a 62.9% interest in Morguard through its ownership of 6,717,150 common shares. As at March 31, 2026, and December 31, 2025, 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, 2026, and December 31, 2025, 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, 2026, the Company received a management fee of \$372 (2025 - \$339) and paid rent and operating expenses \$276 (2025 - \$275).

As at March 31, 2026, and December 31, 2025, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to \$50,000 at floating rates of interest consistent with the entity’s borrowing cost. The total loan payable as at March 31, 2026, and December 31, 2025, was \$nil. During the three months ended March 31, 2026, the Company paid net interest of \$nil (2025 - \$84).

(c) Share/Unit Purchase and Other Loans

As at March 31, 2026, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of \$3,044 (December 31, 2025 - \$3,042) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units and convertible debentures of Morguard REIT, and units of Morguard Residential REIT, are interest-bearing, computed at the prescribed interest rate and are due on January 12, 2027. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at March 31, 2026, the fair market value of the common shares/units held as collateral is \$3,694.

NOTE 22*INCOME TAXES**Recognized Deductible Temporary Differences*

As at March 31, 2026, the Company’s U.S. subsidiaries have total net operating losses of approximately US\$85,958 (December 31, 2025 - US\$81,606) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely. Included in the net operating losses is the Company’s portion of net operating losses of a subsidiary where the Company owns a 51% effective interest in a limited partnership of US\$10,327 (December 31, 2025 - US\$10,171).

As at March 31, 2026, the Company’s U.S. subsidiaries have a total of US\$129,477 (December 31, 2025 - US\$127,116) of unutilized interest expense deductions of which deferred income tax assets were recognized and can be carried forward indefinitely.

As at March 31, 2026, the Company's Canadian subsidiaries have a total of \$19,360 (December 31, 2025 - \$17,196) of unutilized interest expense deductions of which deferred income tax assets were not recognized and can be carried forward indefinitely.

NOTE 23

NET INCOME PER COMMON SHARE

For the three months ended March 31	2026	2025
Net income attributable to common shareholders	\$58,471	\$58,135
Weighted average number of common shares outstanding (000s) - basic and diluted	10,678	10,718
Net income per common share - basic and diluted	\$5.48	\$5.42

NOTE 24

CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

For the three months ended March 31	2026	2025
Fair value gain on real estate properties, net	(\$19,623)	(\$24,829)
Fair value gain on conversion option of MRG convertible debentures (Note 19)	(381)	(110)
Fair value loss (gain) on MRG units (Note 13)	(13,787)	6,293
Fair value loss on other real estate investment funds (Note 19)	4,185	999
Fair value loss (gain) on investment in marketable securities (Note 19)	(413)	1,623
Equity income from investments	(722)	(593)
Amortization of hotel properties and other	1,276	2,421
Amortization of deferred financing costs (Note 18)	2,672	2,208
Amortization of mark-to-market adjustments on mortgages, net (Note 18)	144	326
Amortization of tenant incentives	963	876
Stepped rent - adjustment for straight-line method	(786)	393
Deferred income taxes	16,671	14,434
Accretion of convertible debentures	493	467
Share-based payments (Note 16(d))	413	—
	(\$8,895)	\$4,508

(b) Net Change in Operating Assets and Liabilities

For the three months ended March 31	2026	2025
Amounts receivable	\$3,499	\$868
Prepaid expenses and other	(11,238)	(22,255)
Accounts payable and accrued liabilities	(6,200)	(22,754)
Net change in operating assets and liabilities	(\$13,939)	(\$44,141)

(c) Supplemental Cash Flow Information

For the three months ended March 31	2026	2025
Interest paid	\$59,800	\$61,093
Interest received	2,157	2,920
Income taxes paid	5,727	21,876

During the three months ended March 31, 2026, the Company issued non-cash dividends under the distribution reinvestment plan of \$10 (2025 - \$10).

(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	Construction financing payable	Bank indebtedness	Total
Balance, beginning of period	\$4,609,911	\$421,248	\$145,539	\$169,598	\$22,754	\$87,973	\$5,457,023
Repayments	(27,065)	—	—	(451)	—	(19,000)	(46,516)
New financing, net	105,711	—	—	—	19,197	25,137	150,045
Lump-sum repayments	(102,575)	—	—	—	—	—	(102,575)
Non-cash changes	1,980	484	464	—	—	—	2,928
Foreign exchange	29,860	—	—	288	—	—	30,148
Balance, March 31, 2026	\$4,617,822	\$421,732	\$146,003	\$169,435	\$41,951	\$94,110	\$5,491,053

NOTE 25

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 26

MANAGEMENT OF CAPITAL

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2025, for an explanation of the Company's capital management policy.

The total managed capital for the Company as at March 31, 2026, and December 31, 2025, is summarized below:

As at	March 31, 2026	December 31, 2025
Mortgages payable, principal balance	\$4,647,541	\$4,640,991
Unsecured Debentures, principal balance	425,000	425,000
Convertible debentures, principal balance	150,000	150,000
Construction financing payable	41,951	22,754
Bank indebtedness	94,110	87,973
Lease liabilities	169,435	169,598
Shareholders' equity	4,477,696	4,385,453
	\$10,005,733	\$9,881,769

The Company monitors its capital structure primarily 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 27

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2025, 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, bank indebtedness and construction financing payable 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 Company's construction financing payable and 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, 2026 market rates for debt of similar terms (Level 2). Based on these assumptions, the fair value as at March 31, 2026 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at \$4,570,438 (December 31, 2025 - \$4,578,285), compared to the carrying value of \$4,647,541 (December 31, 2025 - \$4,640,991). 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, 2026, the fair value of the Unsecured Debentures has been estimated at \$432,359 (December 31, 2025 - \$437,294), compared to the carrying value of \$425,000 (December 31, 2025 - \$425,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at March 31, 2026, the fair value of the convertible debentures before deferred financing costs has been estimated at \$151,644 (December 31, 2025 - \$153,260), compared to the carrying value of \$150,000 (December 31, 2025 - \$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, 2026 market rates for debt of similar terms (Level 3). Based on these assumptions, as at March 31, 2026, the fair value of the finance lease receivable has been estimated at \$59,915 (December 31, 2025 - \$59,811).

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, 2026			December 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Real estate properties	\$—	\$—	\$11,275,130	\$—	\$—	\$11,093,084
Investments in marketable securities	92,178	—	—	91,419	—	—
Investments in real estate funds	—	—	39,019	—	—	42,550
Financial liabilities:						
Morguard Residential REIT units	—	405,524	—	—	419,105	—
Conversion option on MRG convertible debentures	—	330	—	—	711	—
Derivative liabilities	—	1,516	—	—	2,005	—

NOTE 28

SEGMENTED INFORMATION

(a) Operating Segments

The Company has the following four reportable segments after aggregation: (i) multi-suite residential, (ii) retail, (iii) office and (iv) hotel. The office segment includes industrial properties comprising approximately 12% of the segment's total assets. The Company has applied judgment by aggregating its operating segments according to the nature of the property operations. Such judgment considers the nature of operations, types of customers and an expectation that operating segments within a reportable segment have similar long-term economic characteristics.

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

For the three months ended March 31, 2026	Multi-suite				Total
	Residential	Retail	Office	Hotel	
Revenue from real estate/hotel properties	\$130,233	\$63,435	\$60,821	\$6,907	\$261,396
Property/hotel operating expenses	(96,760)	(38,337)	(33,623)	(5,795)	(174,515)
Net operating income	\$33,473	\$25,098	\$27,198	\$1,112	\$86,881

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

As at March 31, 2026	Multi-suite				Total
	Residential	Retail	Office	Hotel	
Real estate/hotel properties	\$7,006,929	\$2,283,141	\$1,985,060	\$85,529	\$11,360,659
Mortgages payable	\$2,814,206	\$835,957	\$916,582	\$51,077	\$4,617,822
For the three months ended March 31, 2026					
Additions to real estate/hotel properties	\$35,830	\$4,233	\$7,792	\$305	\$48,160
Fair value gain (loss) on real estate properties	\$49,910	\$17,239	(\$3,955)	\$—	\$63,194

	Multi-suite Residential	Retail	Office	Hotel	Total
As at December 31, 2025					
Real estate/hotel properties	\$6,851,410	\$2,261,527	\$1,980,147	\$85,864	\$11,178,948
Mortgages payable	\$2,798,592	\$839,936	\$920,072	\$51,311	\$4,609,911
For the three months ended March 31, 2025					
Additions to real estate/hotel properties	\$27,881	\$1,967	\$17,876	\$649	\$48,373
Fair value gain (loss) on real estate properties	\$80,044	(\$6,067)	(\$2,131)	\$—	\$71,846

(b) Regional Segments

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

As at	March 31, 2026	December 31, 2025
Real estate and hotel properties		
Canada	\$7,192,535	\$7,127,191
United States	4,168,124	4,051,757
	\$11,360,659	\$11,178,948
For the three months ended March 31		
	2026	2025
Revenue from real estate and hotel properties		
Canada	\$165,092	\$166,977
United States	96,304	101,446
	\$261,396	\$268,423

NOTE 29

COMPARATIVE AMOUNTS

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

NOTE 30

SUBSEQUENT EVENTS

The Company entered into agreements for the CMHC-insured refinancing of four Canadian multi-suite residential properties, providing gross proceeds of up to \$252,395 for a weighted average term of 10.8 years. The maturing mortgages amount to \$117,641 and have a weighted average interest rate of 2.92%. The Company expects to close the refinancings during the second quarter of 2026.

On February 25, 2026, Morguard Corporation and Morguard Residential REIT agreed to jointly invest \$1.0 billion in a Canadian multi-suite residential real estate portfolio currently owned by TD Asset Management Inc. ("TDAM"). This represents an approximate 20 percent undivided interest in a portfolio of 106 properties valued at approximately \$5.0 billion. Management is currently progressing through due diligence including determining the allocation of individual property ownership interests to the Company and Morguard Residential REIT. The transaction is expected to close in one tranche during the second half of 2026, subject to completion of due diligence and customary approvals and will be financed through a combination of vendor financing, assumed mortgages, cash on hand, and the remainder through short-term borrowings. Subsequent to March 31, 2026, the Company and TDAM entered into property and asset management agreements and commenced the phased transition of management services.