MORGUARD CORPORATION
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

JUNE 30, 2026

BALANCE SHEETS
In thousands of Canadian dollars

As at	Note	June 30, 2026	December 31, 2025
ASSETS			
Non-current assets			
Real estate properties	4	**$11,279,712**	$10,944,914
Hotel properties		**85,189**	85,864
Equity-accounted and other fund investments	5	**45,371**	48,710
Other assets	6	**328,283**	298,280
		11,738,555	11,377,768
Current assets			
Amounts receivable	7	**81,731**	94,377
Prepaid expenses and other		**49,248**	37,445
Cash		**374,658**	184,618
		505,637	316,440
Real estate properties held for sale	4	**148,170**	148,170
		$12,392,362	$11,842,378
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	8	**$3,688,590**	$3,690,572
Construction financing payable	9	**60,691**	22,754
Debentures payable	10	**544,905**	295,373
Lease liabilities	11	**167,465**	167,806
Morguard Residential REIT units	12	**406,910**	419,105
Deferred income tax liabilities		**1,007,537**	950,092
		5,876,098	5,545,702
Current liabilities			
Mortgages payable	8	**1,038,029**	919,339
Debentures payable	10	**98,013**	271,414
Accounts payable and accrued liabilities	13	**292,364**	249,282
Bank indebtedness	14	**89,112**	87,973
		1,517,518	1,528,008
Total liabilities		**7,393,616**	7,073,710
EQUITY			
Shareholders' equity		**4,608,672**	4,385,453
Non-controlling interest		**390,074**	383,215
Total equity		**4,998,746**	4,768,668
		$12,392,362	$11,842,378

Contingencies 24

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

		Three months ended June 30		Six months ended June 30	
	Note	**2026**	2025	**2026**	2025
Revenue from real estate properties	16	**$253,072**	$256,589	**$507,561**	$519,638
Revenue from hotel properties		**9,875**	9,142	**16,782**	14,516
Property operating expenses					
Property operating costs		**(66,370)**	(64,586)	**(131,421)**	(130,197)
Utilities		**(12,645)**	(14,002)	**(32,231)**	(33,517)
Realty taxes		**(25,037)**	(24,363)	**(109,120)**	(112,888)
Hotel operating expenses		**(6,183)**	(5,800)	**(11,978)**	(10,498)
Net operating income		**152,712**	156,980	**239,593**	247,054
OTHER REVENUE					
Management and advisory fees	16	**10,174**	10,417	**19,234**	19,908
Interest and other income		**4,533**	4,271	**9,123**	8,556
		14,707	14,688	**28,357**	28,464
EXPENSES					
Interest	17	**67,124**	63,610	**130,923**	126,595
Property management and corporate		**23,928**	21,789	**48,319**	46,714
Amortization of hotel properties and other		**1,202**	1,538	**2,478**	3,959
		92,254	86,937	**181,720**	177,268
OTHER INCOME (EXPENSE)					
Fair value gain (loss), net	18	**38,836**	(4,553)	**107,130**	53,152
Equity income from investments	5	**633**	369	**1,355**	962
Other income (expense)	19	**1,389**	(164)	**(610)**	(117)
		40,858	(4,348)	**107,875**	53,997
Income before income taxes		**116,023**	80,383	**194,105**	152,247
Provision for income taxes	21				
Current		**5,213**	1,617	**5,425**	4,286
Deferred		**22,166**	23,901	**38,837**	38,335
		27,379	25,518	**44,262**	42,621
Net income for the period		**$88,644**	$54,865	**$149,843**	$109,626
Net income (loss) attributable to:					
Common shareholders		**$84,701**	$54,001	**$143,172**	$112,136
Non-controlling interest		**3,943**	864	**6,671**	(2,510)
		$88,644	$54,865	**$149,843**	$109,626
Net income per common share attributable to:					
Common shareholders - basic and diluted	22	**$7.93**	$5.05	**$13.41**	$10.47

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Net income for the period	**$88,644**	$54,865	**$149,843**	$109,626
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain (loss)	**49,768**	(128,190)	**91,611**	(130,445)
Unrealized fair value gain (loss) on cash flow hedge	**(29)**	665	**460**	(167)
Deferred income tax recovery (provision)	**(8,192)**	20,036	**(15,047)**	20,544
	41,547	(107,489)	**77,024**	(110,068)
Items that will not be reclassified subsequently to net income:				
Actuarial gain on defined benefit pension plans	**10,511**	5,313	**12,518**	1,885
Deferred income tax provision	**(2,778)**	(1,449)	**(3,307)**	(548)
	7,733	3,864	**9,211**	1,337
Other comprehensive income (loss)	**49,280**	(103,625)	**86,235**	(108,731)
Total comprehensive income (loss) for the period	**$137,924**	($48,760)	**$236,078**	$895
Total comprehensive income (loss) attributable to:				
Common shareholders	**$131,800**	($44,383)	**$225,258**	$9,018
Non-controlling interest	**6,124**	(4,377)	**10,820**	(8,123)
	$137,924	($48,760)	**$236,078**	$895

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)		112,136	—	—	112,136	(2,510)	109,626
Other comprehensive loss		—	(103,118)	—	(103,118)	(5,613)	(108,731)
Dividends		(4,284)	—	—	(4,284)	—	(4,284)
Distributions		—	—	—	—	(2,037)	(2,037)
Issuance of common shares		—	—	18	18	—	18
Repurchase of common shares		(1,982)	—	(160)	(2,142)	—	(2,142)
Change in ownership of Morguard REIT		19,845	—	—	19,845	(26,942)	(7,097)
Increase in subsidiary ownership interest		3,214	—	—	3,214	(7,214)	(4,000)
Tax impact of increase in subsidiary ownership interest		(5,842)	—	—	(5,842)	—	(5,842)
Shareholders' equity, June 30, 2025		$3,898,218	$316,622	$97,410	$4,312,250	$382,517	$4,694,767
Changes during the period:							
Net income		62,734	—	—	62,734	6,542	69,276
Other comprehensive income		—	15,431	—	15,431	609	16,040
Dividends		(4,276)	—	—	(4,276)	—	(4,276)
Distributions		—	—	—	—	(3,949)	(3,949)
Issuance of common shares		—	—	21	21	—	21
Repurchase of common shares		(2,866)	—	(237)	(3,103)	—	(3,103)
Change in ownership of Morguard REIT		2,504	—	—	2,504	(2,504)	—
Share-based payments		742	—	—	742	—	742
Tax impact of increase in subsidiary ownership interest		(850)	—	—	(850)	—	(850)
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		**143,172**	**—**	**—**	**143,172**	**6,671**	**149,843**
Other comprehensive income		**—**	**82,086**	**—**	**82,086**	**4,149**	**86,235**
Dividends	15(a)	**(4,271)**	**—**	**—**	**(4,271)**	**—**	**(4,271)**
Distributions		**—**	**—**	**—**	**—**	**(2,303)**	**(2,303)**
Issuance of common shares	15(a)	**—**	**—**	**21**	**21**	**—**	**21**
Change in ownership of Morguard REIT	15(b)	**1,658**	**—**	**—**	**1,658**	**(1,658)**	**—**
Share-based payments	15(d)	**806**	**—**	**—**	**806**	**—**	**806**
Tax impact of increase in subsidiary ownership interest		**(253)**	**—**	**—**	**(253)**	**—**	**(253)**
Shareholders' equity, June 30, 2026		**$4,097,318**	**$414,139**	**$97,215**	**$4,608,672**	**$390,074**	**$4,998,746**

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

		Three months ended June 30		Six months ended June 30	
	Note	**2026**	2025	**2026**	2025
OPERATING ACTIVITIES					
Net income for the period		**$88,644**	$54,865	**$149,843**	$109,626
Add (deduct) items not affecting cash	23(a)	**(32,114)**	12,171	**(41,009)**	16,679
Distributions from equity-accounted and other fund investments	5	**450**	627	**650**	918
Additions to tenant incentives and leasing commissions		**(2,771)**	(4,132)	**(6,315)**	(9,922)
Net change in operating assets and liabilities	23(b)	**11,133**	12,711	**(2,806)**	(31,430)
Cash provided by operating activities		**65,342**	76,242	**100,363**	85,871
INVESTING ACTIVITIES					
Additions to real estate properties and tenant improvements		**(33,140)**	(26,027)	**(61,078)**	(51,537)
Additions to hotel properties		**(263)**	(198)	**(468)**	(724)
Additions to capital and intangible assets		**(868)**	(657)	**(2,183)**	(1,373)
Additions to properties under development		**(22,054)**	(18,594)	**(44,880)**	(37,475)
Proceeds from the sale of real estate properties, net	4	**383**	—	**383**	296
Decrease in mortgages and loans receivable		**13,721**	736	**37,748**	3,919
Distribution from equity-accounted and other fund investments, net	5	**1,553**	—	**1,553**	—
Cash used in investing activities		**(40,668)**	(44,740)	**(68,925)**	(86,894)
FINANCING ACTIVITIES					
Proceeds from new mortgages		**305,767**	28,500	**412,009**	229,581
Financing costs on new mortgages		**(6,035)**	(260)	**(6,566)**	(3,066)
Repayment of mortgages					
Principal instalment repayments		**(26,892)**	(28,922)	**(53,957)**	(58,037)
Repayments on maturity		**(200,532)**	(39,409)	**(303,107)**	(194,879)
Principal payment of lease liabilities		**(457)**	(654)	**(908)**	(1,143)
Proceeds from (repayment of) bank indebtedness, net	23(d)	**(4,998)**	43,329	**1,139**	116,831
Proceeds from issuance of debentures payable, net of costs	10(a)	**248,776**	—	**248,776**	—
Redemption of debentures payable	10(a)	**(175,000)**	—	**(175,000)**	—
Repayment of loans payable, net		**—**	—	**—**	(20,000)
Proceeds from construction financing	9	**18,740**	—	**37,937**	—
Dividends paid		**(2,124)**	(2,133)	**(4,250)**	(4,266)
Distributions to non-controlling interest, net		**(765)**	(889)	**(1,884)**	(1,791)
Morguard Residential REIT units repurchased for cancellation		**—**	(10,808)	**—**	(20,951)
Shares repurchased for cancellation		**—**	—	**—**	(2,142)
Investment in subsidiaries	15(b)	**—**	(4,145)	**—**	(11,097)
Increase in restricted cash		**(2,236)**	(941)	**(370)**	(1,241)
Cash provided by (used in) financing activities		**154,244**	(16,332)	**153,819**	27,799
Net increase in cash during the period		**178,918**	15,170	**185,257**	26,776
Net effect of foreign currency translation on cash balance		**2,783**	(3,398)	**4,783**	(3,409)
Cash, beginning of period		**192,957**	152,320	**184,618**	140,725
Cash, end of period		**$374,658**	$164,092	**$374,658**	$164,092

See accompanying notes to the condensed consolidated financial statements.

NOTES
For the three and six months ended June 30, 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 August 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 June 30	**$0.7037**	$0.7330
- As at December 31	**—**	0.7296
- Average for the three months ended June 30	**0.7224**	0.7225
- Average for the six months ended June 30	**0.7256**	0.7095
United States dollar to Canadian dollar exchange rates:		
- As at June 30	**1.4210**	1.3643
- As at December 31	**—**	1.3706
- Average for the three months ended June 30	**1.3843**	1.3841
- Average for the six months ended June 30	**1.3781**	1.4094

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

Morguard North American Residential Real Estate Investment Trust ("Morguard Residential REIT" or "MRG")
As at June 30, 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 June 30, 2026, Morguard Residential REIT recorded distributions of $6,902, or $0.19749 per unit (2025 - $6,732, or $0.18999 per unit), of which $1,604 was paid to the Company (2025 - $1,543) and $5,298 was paid to the remaining unitholders (2025 - $5,189). In addition, during the three months ended June 30, 2026, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $3,401 (2025 - $3,272).

During the six months ended June 30, 2026, Morguard Residential REIT recorded distributions of $13,802, or $0.39498 per unit (2025 - $13,611, or $0.37998 per unit), of which $3,208 was paid to the Company (2025 - $3,086) and $10,594 was paid to the remaining unitholders (2025 - $10,525). In addition, during the six months ended June 30, 2026, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $6,802 (2025 - $6,544).

Morguard Real Estate Investment Trust (“Morguard REIT” or “MRT”)
As at June 30, 2026, the Company owns 46,274,447 units (December 31, 2025 - 45,572,212 units) of Morguard REIT, which represents a 68.8% (December 31, 2025 - 68.6%) ownership interest.

During the three months ended June 30, 2026, Morguard REIT recorded distributions of $4,026, or $0.06 per unit (2025 - $3,888, or $0.06 per unit), of which $2,768 (2025 - $2,652) was paid to or received by the Company through MRT’s distribution reinvestment program (“MRT DRIP”) and $1,258 was paid to the remaining unitholders (2025 - $1,236).

During the six months ended June 30, 2026, Morguard REIT recorded distributions of $8,023, or $0.12 per unit (2025 - $7,752, or $0.12 per unit), of which $5,514 (2025 - $5,236) was paid to or received by the Company through MRT DRIP and $2,509 was paid to the remaining unitholders (2025 - $2,516).

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 12).

As at		**June 30, 2026**		December 31, 2025
	MRT	**MRG**	MRT	MRG
Non-current assets	**$2,143,127**	**$4,550,683**	$2,140,334	$4,384,805
Current assets	**33,734**	**223,711**	21,150	151,098
Total assets	**$2,176,861**	**$4,774,394**	$2,161,484	$4,535,903
Non-current liabilities	**$642,254**	**$2,374,060**	$703,208	$2,174,263
Current liabilities	**664,228**	**195,492**	593,824	255,665
Total liabilities	**$1,306,482**	**$2,569,552**	$1,297,032	$2,429,928
Equity	**$870,379**	**$2,204,842**	$864,452	$2,105,975
Non-controlling interest	**$265,183**	**$1,133,950**	$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 June 30		2026		2025
	MRT	**MRG**	MRT	MRG
Revenue	**$58,635**	**$87,214**	$58,301	$88,537
Expenses	**(47,834)**	**(63,224)**	(49,316)	(64,180)
Fair value gain (loss) on real estate properties, net	**(8,810)**	**3,012**	(10,683)	21,203
Fair value loss on Class B LP units	**—**	**(861)**	—	(15,501)
Net income (loss) for the period	**$1,991**	**$26,141**	($1,698)	$30,059
Non-controlling interest	**$627**	**$13,448**	($516)	$15,284

For the three months ended June 30		2026		2025
	MRT	**MRG**	MRT	MRG
Cash provided by (used in) operating activities	**$1,433**	**$30,759**	($2,765)	$33,318
Cash used in investing activities	**(7,197)**	**(17,436)**	(6,442)	(17,607)
Cash provided by financing activities	**5,611**	**107,685**	8,285	3,414
Net increase (decrease) in cash during the period	**($153)**	**$121,008**	($922)	$19,125

For the six months ended June 30		2026		2025
	MRT	**MRG**	MRT	MRG
Revenue	**$118,680**	**$173,680**	$118,648	$178,811
Expenses	**(98,252)**	**(158,836)**	(100,442)	(160,445)
Fair value gain (loss) on real estate properties, net	**(12,401)**	**40,523**	(31,569)	69,133
Fair value gain (loss) on Class B LP units	**—**	**8,956**	—	(19,118)
Net income (loss) for the period	**$8,027**	**$64,323**	($13,363)	$68,381
Non-controlling interest	**$2,521**	**$33,081**	($4,350)	$35,257

For the six months ended June 30		2026		2025
	MRT	**MRG**	MRT	MRG
Cash provided by (used in) operating activities	**$6,460**	**$48,433**	($488)	$55,597
Cash used in investing activities	**(14,530)**	**(30,739)**	(13,676)	(32,159)
Cash provided by (used in) financing activities	**9,235**	**68,668**	12,780	(6,439)
Net increase (decrease) in cash during the period	**$1,165**	**$86,362**	($1,384)	$16,999

NOTE 4

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	June 30, 2026	December 31, 2025
Income producing properties	**$10,961,943**	$10,677,720
Properties under development	**198,423**	144,306
Land held for development	**119,346**	122,888
Real estate properties	**$11,279,712**	$10,944,914
Real estate properties held for sale	**148,170**	148,170
	$11,427,882	$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	**39,146**	**—**	**—**	**39,146**
Development expenditures	**—**	**52,402**	**—**	**52,402**
Tenant improvements, incentives and leasing commissions	**29,300**	**—**	**—**	**29,300**
Transfers	**(176)**	**176**	**—**	**—**
Dispositions	**(32,113)**	**—**	**—**	**(32,113)**
Fair value gain (loss), net (Note 18)	**97,913**	**—**	**(4,219)**	**93,694**
Foreign currency translation	**150,238**	**186**	**511**	**150,935**
Other	**(85)**	**1,353**	**166**	**1,434**
Balance as at June 30, 2026	**$11,110,113**	**$198,423**	**$119,346**	**$11,427,882**
Real estate properties held for sale				**(148,170)**
Real estate properties				**$11,279,712**

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 June 30, 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.

Transactions completed during the six months ended June 30, 2026

Dispositions

During the three months ended June 30, 2026, a portion of land was expropriated at a retail property in Toronto, Ontario, for total net proceeds of $31,730. As at June 30, 2026, the gross proceeds are included in other receivables (Note 7).

During the three months ended June 30, 2026, a portion of land was expropriated at a retail property in Victoria, British Columbia, for total net proceeds of $383.

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 June 30, 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:

	June 30, 2026					December 31, 2025				
As at	**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%**	**7.8%**	100.0%	85.0%	10.0%	5.0%	7.8%

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

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

As at	**June 30, 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%**	**7.4%**	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 June 30, 2026 would decrease by $491,235 and increase by $543,448, respectively.

The sensitivity of the fair values of the Company's income producing properties as at June 30, 2026, and December 31, 2025, is set out in the table below:

As at	June 30, 2026		December 31, 2025	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($366,759)**	**$410,512**	($347,851)	$388,316
Retail	**(64,158)**	**68,556**	(63,709)	68,099
Office	**(60,318)**	**64,380**	(60,083)	64,118
	($491,235)	**$543,448**	($471,643)	$520,533

NOTE 5

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	June 30, 2026	December 31, 2025
Equity-accounted investments - joint ventures	**$6,865**	$6,160
Other real estate fund investments	**38,506**	42,550
Equity-accounted and other fund investments	**$45,371**	$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	June 30, 2026	December 31, 2025
Balance, beginning of period	**$48,710**	$63,064
Share of net income - joint ventures	**1,355**	966
Distributions received - joint ventures	**(650)**	(1,838)
Fair value loss - other fund investments	**(3,907)**	(3,854)
Distributions received - other fund investments	**(1,553)**	(7,095)
Foreign exchange gain (loss)	**1,416**	(2,533)
Balance, end of period	**$45,371**	$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 gain (loss) from other real estate fund investments:

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Distribution income	**$407**	$95	**$502**	$194
Fair value gain (loss) for the period (Note 18)	**278**	(2,848)	**(3,907)**	(3,847)
Gain (loss) from other real estate fund investments	**$685**	($2,753)	**($3,405)**	($3,653)

During the three months June 30, 2026, the Company received a distribution representing a return of capital in the amount of $1,553 (US$1,093) in connection with the disposal of a property held within the Company's other real estate fund investments.

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 6

OTHER ASSETS

Other assets consist of the following:

As at	June 30, 2026	December 31, 2025
Investment in marketable securities	**$107,069**	$91,419
Accrued pension benefit asset	**104,416**	91,411
Finance lease receivable	**60,021**	59,811
Goodwill	**24,488**	24,488
Capital assets, net	**17,211**	17,354
Intangible assets, net	**10,933**	9,512
Receivables from related parties (Note 20(c))	**3,075**	3,042
Right-of-use asset - office lease	**957**	1,166
Other	**113**	77
	$328,283	$298,280

NOTE 7

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	June 30, 2026	December 31, 2025
Tenant receivables	**$18,391**	$15,447
Unbilled other tenant receivables	**5,307**	10,316
Mortgages receivable	**3,919**	41,594
Other receivables (Note 4)	**61,144**	33,762
Allowance for expected credit loss	**(7,030)**	(6,742)
	$81,731	$94,377

NOTE 8

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	June 30, 2026	December 31, 2025
Mortgages payable	**$4,760,563**	$4,640,991
Mark-to-market adjustments, net	**(166)**	(399)
Deferred financing costs	**(33,778)**	(30,681)
	$4,726,619	$4,609,911
Current	**$1,038,029**	$919,339
Non-current	**3,688,590**	3,690,572
	$4,726,619	$4,609,911
Range of interest rates	**2.03 - 7.75%**	2.03 - 7.75%
Weighted average contractual interest rate	**4.33%**	4.25%
Estimated fair value of mortgages payable	**$4,681,271**	$4,578,285

As at June 30, 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 June 30, 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)	$57,810	$525,503	$583,313	4.59%
2027	84,027	642,874	726,901	4.48%
2028	69,838	695,565	765,403	4.65%
2029	62,909	583,324	646,233	4.57%
2030	45,181	554,161	599,342	3.65%
Thereafter	158,893	1,280,478	1,439,371	4.17%
	$478,658	$4,281,905	$4,760,563	4.33%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at June 30, 2026, mortgages payable mature between 2026 and 2058 and have a weighted average term to maturity of 4.0 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 June 30, 2026, and December 31, 2025, the Company is in compliance with all financial covenants.

NOTE 9

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 June 30, 2026, the Company had borrowed $60,691 (December 31, 2025 - $22,754) on the facility.

NOTE 10

DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	June 30, 2026	December 31, 2025
Unsecured debentures	**$496,196**	$421,248
Convertible debentures	**146,722**	145,539
	$642,918	$566,787
Current	**$98,013**	$271,414
Non-current	**544,905**	295,373
	$642,918	$566,787

(a) Unsecured Debentures

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

As at	Maturity Date	Coupon Interest Rate	June 30, 2026	December 31, 2025
Series H senior unsecured debentures	September 26, 2026	9.500%	**$—**	$175,000
Series I senior unsecured debentures	October 14, 2028	5.000%	**250,000**	250,000
Series J senior unsecured debentures	June 18, 2029	4.307%	**250,000**	—
Unamortized financing costs			**(3,804)**	(3,752)
			$496,196	$421,248
Current			**$—**	$174,411
Non-current			**496,196**	246,837
			$496,196	$421,248

On June 18, 2026, the Company issued $250,000 (net proceeds including issuance costs - $248,776) of Series J senior unsecured debentures due on June 18, 2029. Interest on the Series J unsecured debentures is payable semi-annually, not in advance, on June 18 and December 18 of each year, commencing on December 18, 2026. The Company has the option to redeem the Series J senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par, plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 0.335%.

On June 22, 2026 ("Redemption Date"), the Company redeemed all of its 9.500% outstanding Series H senior unsecured debentures due September 26, 2026. The redemption price was paid in cash and was $1,014.753 per debenture, together with accrued and unpaid interest on the Series H senior unsecured debentures up to, but excluding, the Redemption Date.

As at June 30, 2026, Paros Enterprises Limited ("Paros Enterprises"), a related party, owns $nil (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 and six months ended June 30, 2026, interest on Unsecured Debentures of $7,273 (2025 - $4,145) and $14,455 (2025 - $8,244), respectively, is included in interest expense (Note 17).

(b) Convertible Debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	June 30, 2026	December 31, 2025
Morguard Residential REIT[(1)]	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$48,709**	$48,536
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**98,013**	97,003
						$146,722	$145,539
Current						**$98,013**	$97,003
Non-current						**48,709**	48,536
						$146,722	$145,539

(1) As at June 30, 2026, the liability includes the fair value of the conversion option of $196 (December 31, 2025 - $711).

As at June 30, 2026, Paros Enterprises owns $2,000 (December 31, 2025 - $2,000) aggregate principal amount of the Morguard Residential REIT debentures.

For the three and six months ended June 30, 2026, interest on convertible debentures net of accretion of $2,559 (2025 - $2,532) and $5,061 (2025 - $5,046), respectively, is included in interest expense (Note 17).

NOTE 11

LEASE LIABILITIES

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

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	**$169,598**	$171,463
Interest on lease liabilities (Note 17)	**4,932**	9,929
Payments	**(5,840)**	(11,913)
Additions	**—**	958
Foreign exchange loss (gain)	**623**	(839)
Balance, end of period	**$169,313**	$169,598
Current (Note 13)	**$1,848**	$1,792
Non-current	**167,465**	167,806
	$169,313	$169,598

Future minimum lease payments under lease liabilities are as follows:

As at	June 30, 2026	December 31, 2025
Within 12 months	**$11,685**	$11,649
2 to 5 years	**54,808**	54,800
Over 5 years	**317,247**	321,973
Total minimum lease payments	**383,740**	388,422
Less: future interest costs	**(214,427)**	(218,824)
Present value of minimum lease payments	**$169,313**	$169,598

NOTE 12

MORGUARD RESIDENTIAL REIT UNITS

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

As at June 30, 2026, the Company valued the non-controlling interest in the Morguard Residential REIT units at $406,910 (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 loss for the three months ended June 30, 2026 of $6,483 (2025 - $27,987) and a fair value gain for the six months ended June 30, 2026 of $2,008 (2025 - loss of $39,616) in the consolidated statements of income (Note 18).

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Fair value gain (loss) on Morguard Residential REIT units	**($1,185)**	($22,798)	**$12,602**	($29,091)
Distributions to external unitholders (Note 3)	**(5,298)**	(5,189)	**(10,594)**	(10,525)
Fair value gain (loss) on Morguard Residential REIT units	**($6,483)**	($27,987)	**$2,008**	($39,616)

NOTE 13

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	June 30, 2026	December 31, 2025
Accounts payable and accrued liabilities	**$223,118**	$213,725
Accrued liabilities (IFRIC 21, Levies)	**30,091**	—
Tenant deposits	**26,498**	25,897
Stock Appreciation Rights (“SARs”) liability (Note 15(c))	**5,263**	4,768
Income taxes payable	**1,921**	567
Lease liabilities (Note 11)	**1,848**	1,792
Derivative liabilities	**1,545**	2,005
Other	**2,080**	528
	$292,364	$249,282

NOTE 14

BANK INDEBTEDNESS

As at June 30, 2026, the Company has borrowed $89,112 (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 June 30, 2026, the maximum amount that can be borrowed on the operating lines of credit is $395,606 (December 31, 2025 - $386,340). As at June 30, 2026, the Company has operating lines of credit totalling $438,718 (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 June 30, 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 June 30, 2026, the Company is in compliance with all undertakings.

NOTE 15

SHAREHOLDERS' EQUITY

(a) Share Capital Authorized
Unlimited common shares, no par value.
Unlimited preference shares, no par value, issuable in series.

Issued and Fully Paid Common Shares	Number (000s)	Amount
Balance, December 31, 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	**—**	**21**
Balance, June 30, 2026	**10,678**	**$97,215**

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 six months ended June 30, 2026, there were no repurchases of common shares under the Company's NCIB plan.

Total dividends declared during the three and six months ended June 30, 2026, amounted to $2,135, or $0.20 per common share (2025 - $2,141, or $0.20 per common share) and $4,271, or $0.40 per common share (2025 - $4,284, or $0.40 per common share), respectively. On August 5, 2026, the Company declared a common share dividend of $0.20 per common share, to be paid in the third quarter of 2026.

(b) Contributed Surplus
During the three months ended June 30, 2026, the Company acquired nil units (2025 - 749,700 units) of Morguard REIT for cash consideration of $nil (2025 - $4,145) and for the six months ended June 30, 2026, the Company acquired nil units (2025 - 1,284,000 units) of Morguard REIT for cash consideration of $nil (2025 - $7,097). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended June 30, 2026 amounted to $nil (2025 - $7,080) and for the six months ended June 30, 2026, amounted to $nil (2025 - $12,455) and the amounts have been recorded within retained earnings.

During the three months ended June 30, 2026, the Company acquired 419,467 units of Morguard REIT (2025 - 462,587 units) under its distribution reinvestment program for non-cash consideration of $2,760 (2025 - $2,628) and for the six months ended June 30, 2026, the Company acquired 702,235 units of Morguard REIT (2025 - 761,805 units) under its distribution reinvestment program for non-cash consideration of $4,586 (2025 - $4,290). The difference between the non-cash consideration and the carrying value of the non-controlling interest acquired for the three months ended June 30, 2026 amounted to $1,035 (2025 - $4,380) and for the six months ended June 30, 2026, amounted to $1,658 (2025 - $7,390) 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 June 30, 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 and six months ended June 30, 2026.

During the three and six months ended June 30, 2026, the Company recorded a fair value adjustment to increase compensation expense of $591 (2025 - decrease compensation expense of $541) and $495 (2025 - decrease compensation expense of $218), respectively. The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income, and the liability is classified as accounts payable and accrued liabilities (Note 13).

The fair value for the SARs was calculated using the Black-Scholes option pricing model. In determining the fair value of the SARs, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions that were used in determining the fair value as at June 30, 2026: a dividend yield of 0.64% (2025 - 0.71%), expected volatility of approximately 26.39% (2025 - 26.66%) and the 10-year Bank of Canada Bond Yield of 2.97% (2025 - 2.83%).

(d) Stock Option Plan

Under the stock option plan, the Company may grant up to a maximum of 1,000,000 options. As at June 30, 2026, no options were exercised.

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 and six months ended June 30, 2026, the Company recorded a fair value adjustment to increase compensation expense of $393 and $806, respectively. 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 June 30, 2026, and December 31, 2025, accumulated other comprehensive income consists of the following amounts:

As at	June 30, 2026	December 31, 2025
Actuarial gain on defined benefit pension plans	**$64,243**	$55,032
Unrealized fair value loss on cash flow hedge	**(1,263)**	(1,641)
Unrealized foreign currency translation gain	**351,159**	278,662
	$414,139	$332,053

NOTE 16

REVENUE

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Rental income	**$140,927**	$140,024	**$279,417**	$282,160
Realty taxes and insurance	**39,158**	41,889	**79,070**	85,427
Common area maintenance recoveries	**25,068**	24,804	**53,658**	51,970
Property management and ancillary income	**47,919**	49,872	**95,416**	100,081
	$253,072	$256,589	**$507,561**	$519,638

The components of management and advisory fees are as follows:

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Property and asset management fees	**$7,062**	$7,741	**$15,043**	$15,576
Other fees	**3,112**	2,676	**4,191**	4,332
	$10,174	$10,417	**$19,234**	$19,908

NOTE 17

INTEREST EXPENSE

The components of interest expense are as follows:

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Interest on mortgages	**$49,123**	$49,250	**$97,738**	$98,321
Interest on debentures payable, net of accretion (Note 10)	**9,832**	6,677	**19,516**	13,290
Interest on bank indebtedness	**1,157**	3,332	**2,318**	6,117
Interest on construction facility	**518**	—	**835**	—
Interest on loans payable and other	**45**	33	**89**	139
Interest on lease liabilities (Note 11)	**2,464**	2,472	**4,932**	4,957
Amortization of mark-to-market adjustments on mortgages, net	**142**	325	**286**	651
Amortization of deferred financing costs	**2,798**	2,296	**5,470**	4,504
Loss on extinguishment of debentures payable (Note 10)	**2,582**	—	**2,582**	—
	68,661	64,385	**133,766**	127,979
Less: interest capitalized to properties under development	**(1,537)**	(775)	**(2,843)**	(1,384)
	$67,124	$63,610	**$130,923**	$126,595

NOTE 18

FAIR VALUE GAIN (LOSS), NET

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Fair value gain on real estate properties, net (Note 4)	**$30,500**	$24,613	**$93,694**	$96,459
Financial assets (liabilities):				
Fair value gain (loss) on conversion option of MRG convertible debentures	**134**	(298)	**515**	(188)
Fair value gain (loss) on MRG units (Note 12)	**(6,483)**	(27,987)	**2,008**	(39,616)
Fair value gain (loss) on other real estate fund investments (Note 5(b))	**278**	(2,848)	**(3,907)**	(3,847)
Fair value gain on investment in marketable securities	**14,407**	1,967	**14,820**	344
Total fair value gain (loss), net	**$38,836**	($4,553)	**$107,130**	$53,152

NOTE 19

OTHER INCOME (EXPENSE)

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Foreign exchange gain (loss)	**$63**	($130)	**$81**	($135)
Other income (expense)	**1,326**	(34)	**(691)**	18
	$1,389	($164)	**($610)**	($117)

NOTE 20

RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in Note 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 Executive Chairman, Mr. K. Rai Sahi. As at June 30, 2026, Paros Holdings owns a 62.9% interest in Morguard through its ownership of 6,717,150 common shares. As at June 30, 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 June 30, 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 and six months ended June 30, 2026, the Company received a management fee of $375 (2025 - $332) and $747 (2025 - $671), respectively, and paid rent and operating expenses $358 (2025 - $247) and $634 (2025 - $522), respectively.

As at June 30, 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 June 30, 2026, and December 31, 2025, was $nil. During the three and six months ended June 30, 2026, the Company paid net interest of $nil (2025 - $nil) and $nil (2025 - $84), respectively.

(c) Share/Unit Purchase and Other Loans

As at June 30, 2026, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $3,075 (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 June 30, 2026, the fair market value of the common shares/units held as collateral is $3,836.

NOTE 21

INCOME TAXES

Recognized Deductible Temporary Differences

As at June 30, 2026, the Company's U.S. subsidiaries have total net operating losses of approximately US$83,286 (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$10,457 (December 31, 2025 - US$10,171).

As at June 30, 2026, the Company's U.S. subsidiaries have a total of US$130,747 (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 June 30, 2026, the Company's Canadian subsidiaries have a total of $20,207 (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 22

NET INCOME PER COMMON SHARE

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Net income attributable to common shareholders	**$84,701**	$54,001	**$143,172**	$112,136
Weighted average number of common shares outstanding (000s) - basic	**10,678**	10,704	**10,678**	10,711
Dilutive impact of stock options (000s)	**5**	—	**2**	—
Weighted average number of common shares outstanding (000s) - diluted	**10,683**	10,704	**10,680**	10,711
Net income per common share - basic and diluted	**$7.93**	$5.05	**$13.41**	$10.47

NOTE 23

CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Fair value gain on real estate properties, net	**($45,157)**	($40,261)	**($64,780)**	($65,090)
Fair value loss (gain) on conversion option of MRG convertible debentures	**(134)**	298	**(515)**	188
Fair value loss (gain) on MRG units (Note 12)	**1,185**	22,798	**(12,602)**	29,091
Fair value loss (gain) on other real estate investment funds (Note 18)	**(278)**	2,848	**3,907**	3,847
Fair value gain on investment in marketable securities (Note 18)	**(14,407)**	(1,967)	**(14,820)**	(344)
Equity income from investments	**(633)**	(369)	**(1,355)**	(962)
Amortization of hotel properties and other	**1,202**	1,538	**2,478**	3,959
Amortization of deferred financing costs (Note 17)	**2,798**	2,296	**5,470**	4,504
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	**142**	325	**286**	651
Amortization of tenant incentives	**1,283**	986	**2,246**	1,862
Stepped rent - adjustment for straight-line method	**(1,170)**	(692)	**(1,956)**	(299)
Deferred income taxes	**22,166**	23,901	**38,837**	38,335
Accretion of convertible debentures	**496**	470	**989**	937
Share-based payments (Note 15(d))	**393**	—	**806**	—
	($32,114)	$12,171	**($41,009)**	$16,679

(b) Net Change in Operating Assets and Liabilities

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Amounts receivable	**$3,959**	($13,444)	**$7,458**	($12,576)
Prepaid expenses and other	**(409)**	17,253	**(11,647)**	(5,002)
Accounts payable and accrued liabilities	**7,583**	8,902	**1,383**	(13,852)
Net change in operating assets and liabilities	**$11,133**	$12,711	**($2,806)**	($31,430)

(c) Supplemental Cash Flow Information

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Interest paid	**$64,419**	$57,709	**$124,219**	$118,802
Interest received	**876**	1,599	**3,033**	4,519
Income taxes paid	**321**	3,129	**6,048**	25,005

During the three and six months ended June 30, 2026, the Company issued non-cash dividends under the distribution reinvestment plan of $11 (2025 - $8) and $21 (2025 - $18), respectively.

(d) Reconciliation of Liabilities Arising from Financing Activities

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

As at June 30, 2026	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	(53,957)	—	—	(908)	—	(56,447)	(111,312)
New financing, net	405,443	248,776	—	—	37,937	57,586	749,742
Lump-sum repayments	(303,107)	(175,000)	—	—	—	—	(478,107)
Non-cash changes	3,875	1,172	1,183	—	—	—	6,230
Foreign exchange	64,454	—	—	623	—	—	65,077
Balance, end of period	$4,726,619	$496,196	$146,722	$169,313	$60,691	$89,112	$5,688,653

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, 2025, for an explanation of the Company's capital management policy.

The total managed capital for the Company as at June 30, 2026, and December 31, 2025, is summarized below:

As at	June 30, 2026	December 31, 2025
Mortgages payable, principal balance	**$4,760,563**	$4,640,991
Unsecured Debentures, principal balance	**500,000**	425,000
Convertible debentures, principal balance	**150,000**	150,000
Construction financing payable	**60,691**	22,754
Bank indebtedness	**89,112**	87,973
Lease liabilities	**169,313**	169,598
Shareholders' equity	**4,608,672**	4,385,453
	$10,338,351	$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 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, 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 June 30, 2026 market rates for debt of similar terms (Level 2). Based on these assumptions, the fair value as at June 30, 2026 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,681,271 (December 31, 2025 - $4,578,285), compared to the carrying value of $4,760,563 (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 June 30, 2026, the fair value of the Unsecured Debentures has been estimated at $507,040 (December 31, 2025 - $437,294), compared to the carrying value of $500,000 (December 31, 2025 - $425,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at June 30, 2026, the fair value of the convertible debentures before deferred financing costs has been estimated at $150,891 (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 June 30, 2026 market rates for debt of similar terms (Level 3). Based on these assumptions, as at June 30, 2026, the fair value of the finance lease receivable has been estimated at $60,021 (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:

	June 30, 2026			December 31, 2025		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$11,427,882**	$—	$—	$11,093,084
Investments in marketable securities	**107,069**	**—**	**—**	91,419	—	—
Investments in real estate funds	**—**	**—**	**38,506**	—	—	42,550
Financial liabilities:						
Morguard Residential REIT units	**—**	**406,910**	**—**	—	419,105	—
Conversion option on MRG convertible debentures	**—**	**196**	**—**	—	711	—
Derivative liabilities	**—**	**1,545**	**—**	—	2,005	—

NOTE 27

SEGMENTED INFORMATION

(a) Operating Segments

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

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

For the three months ended June 30, 2026	**Multi-suite Residential**	**Retail**	**Office**	**Hotel**	**Total**
Revenue from real estate/hotel properties	**$132,537**	**$62,779**	**$57,756**	**$9,875**	**$262,947**
Property/hotel operating expenses	**(45,217)**	**(29,930)**	**(28,905)**	**(6,183)**	**(110,235)**
Net operating income	**$87,320**	**$32,849**	**$28,851**	**$3,692**	**$152,712**

For the three months ended June 30, 2025	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	$132,986	$63,298	$60,305	$9,142	$265,731
Property/hotel operating expenses	(43,386)	(29,679)	(29,886)	(5,800)	(108,751)
Net operating income	$89,600	$33,619	$30,419	$3,342	$156,980

For the six months ended June 30, 2026	**Multi-suite Residential**	**Retail**	**Office**	**Hotel**	**Total**
Revenue from real estate/hotel properties	**$262,770**	**$126,214**	**$118,577**	**$16,782**	**$524,343**
Property/hotel operating expenses	**(141,977)**	**(68,267)**	**(62,528)**	**(11,978)**	**(284,750)**
Net operating income	**$120,793**	**$57,947**	**$56,049**	**$4,804**	**$239,593**

For the six months ended June 30, 2025	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	$268,483	$128,032	$123,123	$14,516	$534,154
Property/hotel operating expenses	(145,184)	(69,421)	(61,997)	(10,498)	(287,100)
Net operating income	$123,299	$58,611	$61,126	$4,018	$247,054

	Multi-suite Residential	**Retail**	**Office**	**Hotel**	**Total**
As at June 30, 2026					
Real estate/hotel properties	**$7,160,271**	**$2,284,987**	**$1,982,624**	**$85,189**	**$11,513,071**
Mortgages payable	**$2,920,934**	**$850,079**	**$904,758**	**$50,848**	**$4,726,619**
For the six months ended June 30, 2026					
Additions to real estate/hotel properties	**$82,290**	**$10,797**	**$27,761**	**$565**	**$121,413**
Fair value gain (loss) on real estate properties	**$81,959**	**$39,252**	**($27,517)**	**$—**	**$93,694**

	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 six months ended June 30, 2025					
Additions to real estate/hotel properties	$67,416	$9,041	$26,515	$724	$103,696
Fair value gain (loss) on real estate properties	$130,193	($14,806)	($18,928)	$—	$96,459

(b) Regional Segments

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

As at	**June 30, 2026**	December 31, 2025
Real estate and hotel properties		
Canada	**$7,255,783**	$7,127,191
United States	**4,257,288**	4,051,757
	$11,513,071	$11,178,948

	Three months ended June 30		**Six months ended June 30**	
	2026	2025	**2026**	2025
Revenue from real estate and hotel properties				
Canada	**$164,076**	$167,384	**$329,168**	$334,361
United States	**98,871**	98,347	**195,175**	199,793
	$262,947	$265,731	**$524,343**	$534,154

NOTE 28

COMPARATIVE AMOUNTS

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

NOTE 29

SUBSEQUENT EVENTS

On February 25, 2026, Morguard Corporation and Morguard Residential REIT agreed to jointly invest approximately $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 up to 106 properties valued at approximately $5.0 billion. Management continues to progress through due diligence review, including the determination of 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.

The Company has now successfully completed the onboarding of TDAM-owned properties to Morguard's systems and operating platform under the previously executed property and asset management agreements.

The Company entered into an agreement for the CMHC-insured refinancing of a Canadian multi-suite residential property providing gross proceeds of up to $88,526 for a term of 10 years. The maturing mortgage amounts to $40,277 and has an interest rate of 2.99%. The Company expects to close the refinancing during the third quarter of 2026.