2022 FIRST QUARTER REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MORGUARD CORPORATION

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Morguard

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

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PART I

Morguard Corporation ("Morguard" or the "Company") is pleased to provide this review of operations and update on our financial performance for the three months ended March 31, 2022. Unless otherwise noted, dollar amounts are stated in thousands of Canadian dollars, except per common share amounts.

The following Management's Discussion and Analysis ("MD&A") sets out the Company's strategies and provides an analysis of the financial performance for the three months ended March 31, 2022, and significant risks facing the business. Historical results, including trends that might appear, should not be taken as indicative of future operations or results.

This MD&A should be read in conjunction with the Company's unaudited condensed consolidated financial statements and accompanying notes for the three months ended March 31, 2022 and 2021. This MD&A is based on financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and is dated May 3, 2022. Disclosure contained in this document is current to that date unless otherwise noted.

Additional information relating to Morguard Corporation, including the Company's Annual Information Form, can be found at www.sedar.com and www.morguard.com.

FORWARD-LOOKING STATEMENTS DISCLAIMER

Statements contained herein that are not based on historical or current fact, including without limitation, statements containing the words "anticipates", "believes", "may", "continue", "estimate", "expects" and "will" and words of similar expression, constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Company operates; changes in business strategy or development/acquisition plans; environmental exposures; financing risk; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Company; risk and uncertainties relating to the outbreak of the novel strain of the coronavirus identified as COVID-19 and other factors referred to in the Company's filings with Canadian securities regulators. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not assume the obligation to update or revise any forward-looking statements.

Given the impact of the changing circumstances surrounding the COVID-19 pandemic and the related response from the Company, governments (federal, state, provincial and municipal), regulatory authorities, businesses and customers, there is inherently more uncertainty associated with the Company's assumptions as compared to prior periods. These assumptions and related risks, include but are not limited to management expectations with respect to the factors above as well as general economic conditions, such as the impact of the COVID-19 pandemic and other health risks on the economy and financial markets.

SPECIFIED FINANCIAL MEASURES

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

NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The Company's management uses these measures to aid in assessing the Company's underlying core performance and provides these additional measures so that investors may do the same.

Management believes that the non-GAAP financial measures described below, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the Company's operating results and performance.

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

ADJUSTED NOI

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

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

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

COMPARATIVE NOI

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

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

FUNDS FROM OPERATIONS ("FFO") AND NORMALIZED FFO

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

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

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

NON-CONSOLIDATED MEASURES

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

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

Non-Consolidated Basis adjustments include the following:

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

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

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

Non-Consolidated EBITDA

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

Non-Consolidated Interest Expense

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

Non-Consolidated Indebtedness

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

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

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

NON-GAAP RATIOS

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

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

NON-CONSOLIDATED INTEREST COVERAGE RATIO

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

NON-CONSOLIDATED INDEBTEDNESS TO AGGREGATE ASSETS RATIO

Non-consolidated indebtedness to aggregate assets ratio is a compliance measure and establishes the limit for financial leverage of the Company on a Non-Consolidated Basis. Non-consolidated indebtedness to aggregate assets ratio is presented in this MD&A because management considers this non-GAAP measure to be an important compliance measure of the Company's financial position.

SUPPLEMENTARY FINANCIAL MEASURES

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

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

BAD DEBT EXPENSE (RECOVERY)

Bad debt expense (recovery) is presented in this MD&A because management considers this supplementary financial measure to be an important measure in evaluating the operating performance of the Company's real estate properties and credit risk from tenants. Bad debt expense (recovery) is recorded in the consolidated statements of income (loss) within property and hotel operating costs and is presented by segment. A summary of the components of bad debt expense (recovery) is presented under the section "Part III, Review of Operational Results."

TOTAL REVENUE

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

INDEBTEDNESS

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

INDEBTEDNESS TO TOTAL ASSETS RATIO

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

CAPITAL MANAGEMENT MEASURES

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

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

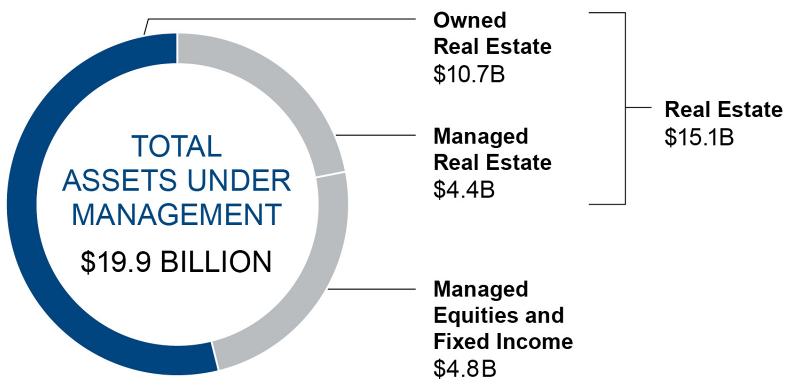
LIQUIDITY

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

PART II

BUSINESS OVERVIEW

Morguard Corporation is a real estate investment company whose principal activities include the acquisition, development and ownership of multi-suite residential, commercial and hotel properties. Morguard is also one of Canada's premier real estate investment advisors and management companies, representing major institutional and private investors. Morguard's total assets under management (including both owned and managed assets) were valued at $19.9 billion as at March 31, 2022. The Company's common shares are publicly traded and listed on the Toronto Stock Exchange ("TSX") under the symbol "MRC." The Company's primary goal is to accumulate a portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to shareholders.



MANAGEMENT AND ADVISORY SERVICES

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

As of March 31, 2022, MIL together with Lincluden manage a portfolio (excluding Morguard's corporately owned assets and assets owned by Morguard REIT and Morguard Residential REIT) of assets having an estimated value of $9.2 billion.

BUSINESS STRATEGY

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

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

- Increase property values and cash flow through aggressive leasing of available space and of space becoming available;
- Take advantage of long-standing relationships with national and regional tenants;
- Target and execute redevelopment and expansion projects that will generate substantial returns;

- Pursue opportunities to acquire or develop strategically located properties;
- Minimize operating costs by utilizing internalized functions, including property and asset management, leasing, finance, accounting, legal and information technology services; and
- Dispose of properties where the cash flows and values have been maximized.

COVID-19 PANDEMIC

Since March 2020, the outbreak of the novel strain of coronavirus ("COVID-19") resulted in governments enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, closure of non-essential businesses, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Governments have reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the Company in future periods.

The Company recognizes the impact COVID-19 has on many of its tenants in North America and its stakeholders, and is committed to taking measures to protect the health of its employees, tenants and communities. Last year, Morguard initiated its crisis management plan with a team mandated to maintain a safe environment for our tenants, residents, employees and stakeholders, coordinating efforts across our portfolio, standardizing communications and responding as circumstances demand.

With the guidance of public health authorities, and at the direction of various levels of government, Morguard continues to implement measures to help reduce the spread of COVID-19. We are actively monitoring the ongoing developments with regards to COVID-19 and are committed to ensuring a healthy and safe environment, adjusting our service model as necessary.

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	March 31, 2022	December 31, 2021	March 31, 2021
Real estate properties	**$10,424,060**	$10,244,875	$9,688,976
Real estate properties held for sale	**124,174**	—	—
Hotel properties	**434,982**	457,153	541,293
Equity-accounted and other fund investments	**139,709**	144,208	210,773
Total assets	**11,798,075**	11,492,543	11,067,690
Indebtedness	**$5,773,124**	$5,808,277	$5,780,314
Indebtedness to total assets (%)	**48.9**	50.5	52.2
Non-consolidated indebtedness to total assets (%)(1)	**44.0**	45.2	47.0
Total equity	**$4,377,825**	$4,173,747	$3,917,944
Shareholders' equity per common share	**343.64**	327.19	304.32

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

For the three months ended March 31	2022	2021
Revenue from real estate properties	**$222,593**	$211,364
Revenue from hotel properties	**28,051**	22,148
Management and advisory fees	**10,262**	10,126
Total revenue	**264,937**	246,962
Net operating income	**80,091**	86,474
Fair value gain, net	**280,012**	38,926
Net income attributable to common shareholders	**206,269**	15,155
Per common share - basic and diluted	**18.58**	1.37
Funds from operations(1)	**41,867**	44,351
Per common share - basic and diluted(1)	**3.77**	4.00
Normalized FFO(1)	**42,871**	43,224
Per common share - basic and diluted(1)	**3.86**	3.89
Distributions received from Morguard REIT	**2,342**	3,123
Distributions received from Morguard Residential REIT	**4,401**	4,401
Dividends declared/paid	**(1,665)**	(1,665)

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

Total assets as at March 31, 2022, were $11,798,075, compared to $11,492,543 as at December 31, 2021. Total assets increased by $305,532 primarily due to the following:

- An increase in real estate properties (including properties held for sale) of $303,359, mainly due to a net fair value gain of $342,169, acquisitions of $3,694, capital and development expenditures of $8,248 and tenant incentives and leasing commissions of $3,485, partially offset by a decrease of $51,752 due to the change in the U.S. dollar exchange rate;
- A decrease in hotel properties of $22,171, mainly due amortization of $4,760 and dispositions of $18,100;
- A decrease in equity-accounted and other fund investments of $4,499, primarily resulting from a net fair value loss of $2,278 on the Company's fund investments and distributions received of $2,191;
- An increase in other assets and prepaid expense of $33,034, primarily due to an increase in prepaid insurance and property taxes;
- An increase in amounts receivable of $3,929; and
- A decrease in cash of $8,120.

Total revenue during the three months ended March 31, 2022, increased by $17,975 to $264,937, compared to $246,962 in 2021. The increase was primarily due to the following:

- An increase in revenue from real estate properties in the amount of $11,229, primarily due to higher revenue at the Company's residential properties from an increase in average monthly rent ("AMR"), higher occupancy, and two properties under initial lease-up, one of which reached stabilized occupancy during the fourth quarter of 2021. In addition, contributing to the increase was $1,648 due to the impact of the U.S. dollar exchange rate on higher revenue at U.S. properties;
- An increase in revenue from hotel properties in the amount of $5,903, resulting from the easing of pandemic restrictions as vaccination rates increased, which resulted in an increase in international travel as well as leisure and business demand relative to 2021; and
- An increase in interest and other income of $707;

PROPERTY PROFILE

As at March 31, 2022, the Company and its subsidiaries own a diversified portfolio of 195 multi-suite residential, retail, office, industrial and hotel properties located in Canada and in the United States.

As at March 31, 2022, the Company classified two multi-suite residential properties located in Georgia and Louisiana, as held for sale. Real estate properties held for sale are assets 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.

PORTFOLIO COMPOSITION BY ASSET TYPE

The composition of the Company's real estate properties by asset type as at March 31, 2022, was as follows:

Asset Type	Number of Properties	GLA Square Feet (000s)(1)	Apartment Suites/Hotels Rooms(2)	Real Estate/ Hotel Properties
Multi-suite residential	54	—	17,316	$5,687,883
Retail	36	8,103	—	2,226,403
Office	48	7,603	—	2,208,198
Industrial	25	1,120	—	188,574
Hotel	30	—	4,874	434,982
Properties and land held for and under development	—	—	—	113,002
Total real estate properties	**193**	**16,826**	**22,190**	**$10,859,042**
Assets held for sale (3)	2	—	436	124,174
Total including assets held for sale	**195**	**16,826**	**22,626**	**$10,983,216**

(1) Total GLA is shown on a proportionate basis; on a 100% basis, total GLA of the Company's commercial properties is 20.4 million square feet.
(2) Total suites/hotel rooms include equity-accounted investments and non-controlling interest. The Company on a proportionate basis has ownership of 17,307 suites and 4,637 hotel rooms.
(3) Includes two properties located in Georgia and Louisiana.

The Company's multi-suite residential portfolio comprises 24 Canadian properties (21 high-rise buildings, two low-rise buildings and one mid-rise building located primarily throughout the Greater Toronto Area ("GTA")) and 32 U.S. properties (20 low-rise and eight mid-rise garden-style communities located in Colorado, Texas, Louisiana, Georgia, Florida, North Carolina, Virginia and Maryland and four high-rise buildings located in Chicago, Illinois and Los Angeles, California). The combined multi-suite residential portfolio represents 17,752 suites.

The Company's retail portfolio includes two broad categories of income producing properties: (i) enclosed full-scale, regional shopping centres that are dominant in their respective markets; and (ii) neighbourhood and community shopping centres that are primarily anchored by food retailers, discount department stores and banking institutions. The retail portfolio comprises 25 properties located in Canada and 11 properties located in Florida and Louisiana. The combined retail portfolio represents 8.1 million square feet of gross leaseable area ("GLA").

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

The Company's industrial portfolio comprises 25 industrial properties located throughout Ontario, Québec and British Columbia. The industrial portfolio represents 1.1 million square feet of GLA.

The Company's hotel portfolio comprises 19 branded and 11 unbranded hotel properties located in six Canadian provinces. Branded hotels include Hilton, Marriott, Holiday Inn and Wyndham and consist of full and select service formats. The hotel portfolio represents 4,874 rooms.

AVERAGE OCCUPANCY LEVELS

COMPARATIVE AVERAGE OCCUPANCY LEVELS

	Suites/GLA Square Feet		Mar. 2022	Dec. 2021	Sep. 2021	Jun. 2021	Mar. 2021
Multi-suite residential	17,752	(1)	94.2%	94.3%	94.2%	93.7%	93.3%
Retail	7,452,000	(2)	93.0%	93.2%	92.7%	92.2%	91.4%
Office	7,603,000		90.1%	90.4%	90.4%	90.7%	90.9%
Industrial	1,120,000		92.8%	92.8%	91.8%	90.9%	90.6%

(1) Excludes two properties that commenced initial lease-up in the fourth quarter of 2020, one property located in Los Angeles, California and one property located in New Orleans, Louisiana, which reached stabilized occupancy during the fourth quarter of 2021. Including the two properties under initial lease-up, occupancy at March 31, 2022 is 93.7% (December 31, 2021 - 93.6%, September 30, 2021 - 93.5%, June 30, 2021 - 92.6%, March 31, 2021 - 91.9%).
(2) Retail occupancy has been adjusted to exclude development space of 651,026 square feet of GLA.

As at March 31, 2022, the retail occupancy levels were adjusted to exclude development space and space that is pending demolition (651,026 square feet of GLA), this adjustment increased retail occupancy from 85.5% to 93.0%.

LEASE PROFILE

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

Summary of Lease Expiries as at March 31, 2022		2022		2023		2024	
	Total SF	SF	%	SF	%	SF	%
Retail[1]	7,452	1,175	16%	914	12%	562	8%
Office	7,603	621	8%	642	8%	357	5%
Industrial	1,120	311	28%	175	16%	100	9%
Total	16,175	2,107	13%	1,731	11%	1,019	6%

(1) Retail SF has been adjusted to exclude development space of 651,026 square feet of GLA.

RENTAL COLLECTION SUMMARY

As at May 3, 2022, the Company’s collection of rental income since January 1, 2020 is summarized by asset class as follows:

Asset Class	2020	2021	Q1 2022	April 2022	% of Rental Revenue
Residential	99.5%	99.3%	98.0%	95.8%	45.6%
Retail	84.2%	94.4%	94.7%	94.4%	26.1%
Office	97.1%	99.1%	98.5%	97.2%	26.8%
Industrial	97.5%	98.9%	95.6%	94.9%	1.5%
Total	**94.3%**	**97.8%**	**97.2%**	**95.8%**	**100.0%**

The table above is calculated based on contractual rent in-place, which includes lease modifications resulting in abated rent, the impact of deferral agreements and amounts received as part of the Canada Emergency Commercial Rent Assistance (“CECRA”) program.

PART III

REVIEW OF OPERATIONAL RESULTS

The Company's operational results for the three months ended March 31, 2022 and 2021 are summarized below:

For the three months ended March 31	2022	2021
Revenue from real estate properties	**$222,593**	$211,364
Revenue from hotel properties	**28,051**	22,148
Property operating expenses		
Property operating costs	**(54,841)**	(47,061)
Utilities	**(16,998)**	(15,221)
Realty taxes	**(70,911)**	(66,666)
Hotel operating expenses	**(27,803)**	(18,090)
Net operating income	**80,091**	86,474
OTHER REVENUE		
Management and advisory fees	**10,262**	10,126
Interest and other income	**4,031**	3,324
	14,293	13,450
EXPENSES		
Interest	**54,884**	55,966
Property management and corporate	**20,514**	19,296
Amortization of hotel properties and other	**6,745**	8,358
	82,143	83,620
OTHER INCOME		
Fair value gain, net	**280,012**	38,926
Equity income from investments	**802**	429
Other income	**2,106**	2,024
	282,920	41,379
Income before income taxes	**295,161**	57,683
Provision for income taxes		
Current	**551**	832
Deferred	**62,899**	38,903
	63,450	39,735
Net income for the period	**$231,711**	$17,948
Net income attributable to:		
Common shareholders	**$206,269**	$15,155
Non-controlling interest	**25,442**	2,793
	$231,711	$17,948
Net income per common share attributable to:		
Common shareholders - basic and diluted	**$18.58**	$1.37

FOR THE THREE MONTHS ENDED MARCH 31, 2022

NET INCOME

Net income for the three months ended March 31, 2022, was $231,711 compared to $17,948 in 2021. The increase in net income of $213,763 for the three months ended March 31, 2022, was primarily due to the following:

- An increase in non-cash net fair value gain of $241,086, mainly due to an increase in net fair value gain recorded on the Company's real estate properties, partially offset by an increase in the fair value loss on Morguard Residential REIT units and a decrease in the fair value gain on the Company's marketable securities;

- A decrease in interest expense of $1,082, mainly due to lower interest on bank indebtedness and lower interest on the Debentures (primarily due to the repayment upon maturity of the Series D unsecured debentures on May 14, 2021), partially offset by an increase in interest on mortgages payable; offset by
- A decrease in net operating income of $6,383, primarily due to lower NOI from the hotel portfolio due to a decrease in provision for Canada Emergency Wage Subsidy ("CEWS"). In addition, lower NOI from the office portfolio caused by higher bad debt expense and step rent adjustments;
- An increase in property management and corporate expense of $1,218, primarily due to a decrease in provision for CEWS of $1,972; and
- An increase in income tax expense (current and deferred) of $23,715, primarily a result of fair value gains recorded on the Company's real estate properties.

NET OPERATING INCOME

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

Net operating income decreased by $6,383, or 7.4%, during the three months ended March 31, 2022, to $80,091 compared to $86,474 generated in 2021, and is further analyzed by asset type below.

ADJUSTED NOI BY ASSET TYPE

For the years ended March 31	2022	2021
Multi-suite residential	**$54,779**	$50,749
Retail	**27,398**	28,222
Office	**31,132**	33,519
Industrial	**2,120**	1,781
Hotel	**248**	4,058
Adjusted NOI	**115,677**	118,329
IFRIC 21 adjustment - multi-suite residential	**(31,732)**	(27,859)
IFRIC 21 adjustment - retail	**(3,854)**	(3,996)
NOI	**$80,091**	$86,474

NOI from the multi-suite residential portfolio for the three months ended March 31, 2022, increased by $157, or 0.7% to $23,047, compared to $22,890 in 2021. The increase in NOI is due to the change in Adjusted NOI described below, partially offset by an increase in the IFRIC 21 adjustment of $3,873.

Adjusted NOI from the multi-suite residential portfolio for the three months ended March 31, 2022, increased by $4,030 or 7.9%, to $54,779, compared to $50,749 in 2021. The increase in Adjusted NOI is primarily due to the following:

- A decrease in Canadian multi-suite residential properties of $579 primarily resulting from:
  - Higher operating expenses, partially offset by a higher occupancy and an increase in AMR of 2.5% (mainly from Ontario guideline rental rate increases implemented throughout the first quarter as well as increases from suite turnover); and
  - During the three months ended March 31, 2022, the Canadian portfolio turned over 276 suites, or 3.5% of total suites and achieved average monthly rent growth of 12.6% on suite turnover.
- An increase in U.S. multi-suite residential properties of US$3,644 primarily resulting from;
  - An increase of US$3,270 mainly due to higher occupancy and higher average rent rates across most of the portfolio;
  - During the three months ended March 31, 2022, the Company's U.S. portfolio achieved AMR growth of 8.4%;
  - An increase of US$513 from a redevelopment property in New Orleans, Louisiana, which reached stabilized occupancy in October 2021;
  - A decrease of US$145 from the acquisition of a property in Los Angeles, California during the fourth quarter of 2021 which is currently under initial lease-up; and

- During the three months ended March 31, 2022, the U.S. portfolio turned over 854 suites, or 9.1% of total suites and achieved average monthly rent growth of 18.3%;
- An increase of $965 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the three months ended March 31, 2022, decreased by $682, or 2.8%, to $23,544, compared to $24,226 in 2021. The decrease in NOI is due to the change in Adjusted NOI described below, partially offset by a decrease in the IFRIC 21 adjustment of $142.

Adjusted NOI from the retail portfolio for the three months ended March 31, 2022, decreased by $824 or 2.9%, to $27,398 compared to $28,222 in 2021. The decrease in Adjusted NOI is primarily due to the following:

- A decrease of $2,100 in non-recurring lease cancellation fees received; offset by
- An increase of $854 predominantly due to higher recoveries from higher occupancy, partially offset by a decrease in NOI from a higher proportion of tenants converting to percentage rate leases resulting in lower basic rent; and
- An increase of $422 due to lower bad debt expense when compared to the same period in 2021.

NOI from the office portfolio for the three months ended March 31, 2022, decreased by $2,387, or 7.1%, to $31,132, compared to $33,519 in 2021, primarily due to the following:

- A decrease of $1,531 due to lower occupancy and stepped rents, and lower recoveries of operating expenses;
- A decrease of $1,444 mainly due to a prior year recovery of a bad debt provision at a property in Saint-Laurent, Québec; offset by
- An increase of $588 in lease cancellation fees received.

NOI from the industrial portfolio for the three months ended March 31, 2022, increased by $339, or 19.0%, to $2,120, compared to $1,781 in 2021, primarily due to higher rent and lower operating expenses at two properties located in Toronto, Ontario.

NOI from the hotel portfolio for the three months ended March 31, 2022, decreased by $3,810, or 93.9% to $248, compared to $4,058 in 2021, primarily due to the following:

- A decrease of $816 mainly due to higher operating expenses driven by increased occupancy and maintenance costs. The decrease in NOI was partially offset by increased revenue per available room ("RevPar") as the easing of pandemic restrictions positively impacted travel demand. During the three months ended March 31, 2022, hotel occupancy was 43.4% compared to 30.1% during the same period in 2021, as a result RevPar increased by $20.50 to $56.34 for the period, compared to $35.84 in 2021. The average daily rate ("ADR") increased to $129.81 during the three months ended March 31, 2022, compared to $119.25 in 2021;
- A decrease of $2,919 due to a provision for CEWS; and
- A decrease of $75 due to the sale of seven hotel properties subsequent to the first quarter of 2021.

COMPARATIVE NET OPERATING INCOME

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

For the three months ended March 31	2022	2021
Multi-suite residential (in local currency)	**$47,777**	$45,033
Retail (in local currency)	**25,595**	24,087
Office	**31,053**	33,058
Industrial	**2,079**	1,804
Hotel	**(58)**	3,266
Exchange amount to Canadian dollars	**8,358**	7,526
Comparative NOI	**114,804**	114,774
Dispositions	**391**	1,033
Realty tax expense accounted for under IFRIC 21	**(35,586)**	(31,855)
Lease cancellation fees	**1,205**	2,659
U.S. residential development	**458**	(191)
Realty tax refund/reassessment	**680**	131
Other	**(1,677)**	(77)
NOI	**$80,091**	$86,474

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

Comparative NOI for the three months ended March 31, 2022, increased by $30, to $114,804 compared to $114,774 in 2021 due to the following:

- Multi-suite residential increased by $2,744 as a result of higher occupancy and rental rate growth;
- Retail increased by $1,508 mainly due to higher recoveries from improved occupancy and a decrease in bad debt expense of $422 when compared to the same period in 2021. Partially offsetting the increase in NOI is higher proportion of tenants converting to percentage rate leases resulting in lower basic rent;
- Office decreased by $2,005 mainly due to higher bad debt expense of $1,444 when compared to same period in 2021 as well as lower NOI from step rent adjustments;
- Hotel decreased by $3,324 mainly due to lower provisions for CEWS; and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by $832.

BAD DEBT EXPENSE (RECOVERY)

The details of bad debt expense (recovery) recorded for the three months ended March 31, 2022, and 2021, is provided below:

For the three months ended March 31	2022	% of Revenue	2021	% of Revenue
Residential	**$1,009**	**1.0%**	$782	0.8%
Retail	**2,192**	**3.8%**	2,614	4.5%
Office	**338**	**0.6%**	(1,106)	(1.9%)
Industrial	**(3)**	**(0.1%)**	(10)	(0.3%)
Hotel	**31**	**0.1%**	20	0.1%
Total	**$3,567**	**1.4%**	$2,300	1.0%

For the three months ended March 31, 2022, the Company recorded bad debt expense of $3,567 (2021 - $2,300). The increase in bad debt is due to a decrease in the office portfolio resulting from a recovery of a bad debt provision at a property in Saint-Laurent, Québec during 2021.

MANAGEMENT AND ADVISORY FEES

Morguard's management and advisory fee revenue for the three months ended March 31, 2022, increased by $136 or 1.3%, to $10,262 compared to $10,126 in 2021.

INTEREST AND OTHER INCOME

Interest and other income for the three months ended March 31, 2022, increased by $707 or 21.3%, to $4,031 compared to $3,324 in 2021.

INTEREST EXPENSE

Interest expense consists of the following:

For the three months ended March 31	2022	2021
Mortgages payable	**$39,400**	$38,021
Debentures payable, net of accretion	**11,332**	13,430
Bank indebtedness	**182**	844
Loans payable and other	**9**	282
Lease liabilities	**2,405**	2,336
Amortization of mark-to-market adjustments on mortgages, net	**(495)**	(760)
Amortization of deferred financing costs	**2,125**	1,971
	54,958	56,124
Less: Interest capitalized to properties under development	**(74)**	(158)
	$54,884	$55,966

Interest expense for the three months ended March 31, 2022, decreased by $1,082, or 1.9% to $54,884, compared to $55,966 in 2021, mainly due to lower interest on bank indebtedness and lower interest on the Debentures (primarily due to the repayment upon maturity of the Series D unsecured debentures on May 14, 2021), partially offset by an increase in interest on mortgages payable. The increase in interest on mortgages payable is largely attributable to new and refinancing of mortgages payable subsequent to the first quarter of 2021.

PROPERTY MANAGEMENT AND CORPORATE

Property management and corporate expenses for the three months ended March 31, 2022, increased by $1,218, or 6.3% to $20,514, compared to $19,296 in 2021, primarily due to a decrease in a provision for CEWS of $1,972.

AMORTIZATION OF HOTEL PROPERTIES AND OTHER

Amortization of hotel properties and other for the three months ended March 31, 2022, decreased by $1,613 to $6,745, compared to $8,358 in 2021, primarily due to the disposal of hotel properties.

FAIR VALUE GAIN ON REAL ESTATE PROPERTIES

Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including changes in projected cash flows as a result of leasing, capitalization rates, discount rates and terminal capitalization rates. During the three months ended March 31, 2022, the Company recognized a fair value gain of $342,169, compared to a fair value gain of $31,329 in 2021.

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

For the three months ended March 31	2022	2021
Multi-suite residential	**$312,270**	$42,882
Retail	**6,105**	(1,984)
Office	**8,885**	(13,315)
Industrial	**14,909**	3,746
	$342,169	$31,329

For the three months ended March 31, 2022, the Company recognized a net fair value gain of $312,270 in the residential portfolio. The fair value gain is comprised of $50,874 at the Canadian properties and $261,396 at the U.S. properties primarily as a result of a 25 basis point decrease in capitalization rates at most U.S. multi-suite residential properties. In addition, the U.S. fair value gain included a $31,732 adjustment on realty taxes accounted for under IFRIC 21.

For the three months ended March 31, 2022, the Company recognized a net fair value gain of $6,105 in the retail portfolio largely attributable to an increase in NOI at property located in Florida and a $3,854 adjustment on realty taxes accounted for under IFRIC 21.

For the three months ended March 31, 2022, the Company recognized a net fair value gain of $8,885 in the office portfolio. The fair value gain is primarily due to a 25 basis point decrease in capitalization rate at two properties located in Vancouver, BC, partially offset by a fair value loss due to a reduction in cash flow assumptions at a property located in Calgary, Alberta.

For the three months ended March 31, 2022, the Company recognized a net fair value gain of $14,909 in the industrial portfolio primarily due to an increase in stabilized NOI.

FAIR VALUE LOSS ON MORGUARD RESIDENTIAL REIT UNITS

For the three months ended March 31, 2022, the Company recorded a fair value loss on the Morguard Residential REIT units of $58,649, which includes a mark-to-market loss of $53,204 on the units as a result of an increase in the trading price and the distributions made to external unitholders of $5,445.

FAIR VALUE LOSS ON INVESTMENT IN MARKETABLE SECURITIES

Investment in marketable securities are classified as financial assets measured at fair value through profit and loss ("FVTPL"). For the three months ended March 31, 2022, the Company recorded a fair value gain on investment in marketable securities of $920 resulting from an increase in market value of the securities.

EQUITY INCOME FROM INVESTMENTS

Equity income from investments consist of the following:

For the years ended March 31	2022	2021
Joint ventures	**$617**	$666
Associates	**185**	(237)
	$802	$429

Equity income from investments for the three months ended March 31, 2022, increased by $373 to $802, compared to $429 in 2021, mainly due to the Company's investment in Lumina Hollywood, which commenced initial lease-up during 2021 and was reclassified to investment properties during the fourth quarter of 2021 on acquisition of the remaining interest in the property.

OTHER INCOME

Other income for the three months ended March 31, 2022, increased by $82 or 4.1%, to $2,106 compared to $2,024 in 2021.

INCOME TAXES

For the three months ended March 31, 2022, the Company recorded total income tax expense of $63,450, compared to $39,735 in 2021. The increase in income tax expense of $23,715 comprises an increase of $23,996 in deferred tax expense and a decrease of $281 in current tax expense.

The increase in deferred tax expense for the three months ended March 31, 2022 is primarily a result of higher fair value gains related to Canadian and U.S. properties compared to fair value gains recorded during the same period in 2021.

PENSION PLANS

The Company's accounting policy under IFRS is to recognize actuarial gains/losses in the period in which they occur, and these gains/losses are reflected in the consolidated statement of comprehensive income. During the three months ended March 31, 2022, an actuarial gain of $3,883 was recorded in the consolidated statements of comprehensive income, compared to an actuarial gain of $13,856 for the three months ended March 31, 2021.

FUNDS FROM OPERATIONS

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

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

For the three months ended March 31	2022	2021
Multi-suite residential	**$54,779**	$50,749
Retail	**27,398**	28,222
Office	**31,132**	33,519
Industrial	**2,120**	1,781
Hotel	**248**	4,058
Adjusted NOI(1)	**115,677**	118,329
Other Revenue		
Management and advisory fees	**10,262**	10,126
Interest and other income	**4,031**	3,324
Equity-accounted FFO(2)	**1,162**	(782)
	15,455	12,668
Expenses and Other		
Interest	**(54,884)**	(55,966)
Principal repayment of lease liabilities	**(376)**	(449)
Property management and corporate	**(20,514)**	(19,296)
Internal leasing costs	**721**	770
Amortization of capital assets	**(391)**	(835)
Current income taxes	**(551)**	(832)
Non-controlling interests' share of FFO(3)	**(14,047)**	(14,495)
Unrealized changes in the fair value of financial instruments	**(1,358)**	1,968
Other income	**2,135**	2,489
FFO	**$41,867**	$44,351
FFO per common share amounts – basic and diluted	**$3.77**	$4.00
Weighted average number of common shares outstanding (in thousands):		
Basic and diluted	**11,101**	11,101

(1) For the three months ended March 31, 2022, an IFRIC 21 adjustment of $35,586 (2021 - $31,855) was added to the IFRS presentation of realty tax expense.
(2) Equity-accounted FFO exclude fair value adjustments on real estate properties, provision for impairment and amortization of hotel properties.
(3) For the three months ended March 31, 2022, non-controlling interests' share of FFO includes Morguard Residential REIT's non-controlling interest share of FFO in the amount of $6,729 (2021 - $5,727).

For the three months ended March 31, 2022, the Company recorded FFO of $41,867 ($3.77 per common share), compared to $44,351 ($4.00 per common share) in 2021. The decrease in FFO of $2,484 is mainly due to the following:

- A decrease in Adjusted NOI of $2,652, primarily due to lower NOI from the hotel portfolio resulting from a decrease in a provision for CEWS, and lower NOI from the office portfolio as a result of a bad debt recovery at a property recorded in 2021. The decrease in NOI was partially offset by increased NOI from the residential portfolio from rental rate growth and higher occupancy;
- An increase in equity-accounted FFO of $1,944;
- A decrease in interest expense of $1,082, mainly due to lower interest on bank indebtedness and lower interest on the Debentures (primarily due to the repayment upon maturity of the Series D unsecured debentures in 2021), partially offset by an increase in mortgages payable;
- An increase in property management and corporate expenses of $1,218, primarily due to a decrease in a provision for CEWS; and

- A decrease in unrealized changes in the fair value of financial instruments of $3,326.

The change in foreign exchange rate had a positive impact on FFO of $2 ($nil per common share).

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

Normalized FFO

For the three months ended March 31	2022	2021
FFO (from above)	**$41,867**	$44,351
Add/(deduct):		
Unrealized changes in the fair value of financial instruments	**1,358**	(1,968)
SARs plan increase in compensation expense	**450**	456
Sears settlement, net of non-controlling interest	**—**	(1,238)
Lease cancellation fee and other	**(952)**	1,623
Tax effect of above adjustments	**148**	—
Normalized FFO	**$42,871**	$43,224
Per common share amounts – basic and diluted	**$3.86**	$3.89

Normalized FFO for the three months ended March 31, 2022, was $42,871, or $3.86 per common share, versus $43,224, or $3.89 per common share, for the same period in 2021, which represents a decrease of $353, or 0.8%.

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

For the three months ended March 31	2022	2021
Net income attributable to common shareholders	**$206,269**	$15,155
Add/(deduct):		
Fair value gain on real estate properties, net(1)	**(342,075)**	(32,825)
Non-controlling interests' share of fair value gain (loss) on real estate properties, net(1)	**20,151**	(4,115)
Fair value loss (gain) on Morguard Residential REIT units	**53,204**	(10,643)
Distribution to Morguard Residential REIT's external unitholders	**5,445**	5,437
Non-controlling interest - Morguard Residential REIT	**(6,729)**	(5,727)
Fair value loss (gain) on conversion option of MRG convertible debentures	**2,150**	(423)
Amortization of intangible asset	**1,594**	1,161
Amortization of hotel properties(2)	**5,026**	6,647
Foreign exchange loss	**29**	465
Deferred income taxes	**62,899**	38,903
Principal repayment of lease liabilities	**(376)**	(449)
Internal leasing costs	**721**	770
Realty taxes accounted for under IFRIC 21(3)	**33,559**	29,995
FFO	**$41,867**	$44,351
FFO per common share – basic and diluted	**$3.77**	$4.00
Weighted average number of common shares outstanding (in thousands):		
Basic and diluted	**11,101**	11,101

(1) Includes fair value adjustments on real estate properties for equity-accounted investments.
(2) Includes amortization of hotel properties for equity-accounted investments.
(3) Realty taxes accounted for under IFRIC 21 exclude non-controlling interests' share.

PART IV

BALANCE SHEET ANALYSIS

REAL ESTATE PROPERTIES

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

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

As at	March 31, 2022	December 31, 2021
Real estate properties		
Multi-suite residential	**$5,809,504**	$5,542,725
Retail	**2,226,403**	2,222,787
Office	**2,208,198**	2,198,862
Industrial	**188,574**	175,442
	10,432,679	10,139,816
Properties under development	**12,947**	12,360
Land held for development	**102,608**	92,699
Real estate properties	**$10,548,234**	$10,244,875
Real estate properties	**$10,424,060**	$10,244,875
Real estate properties held for sale	**124,174**	—
Total	**$10,548,234**	$10,244,875

Real estate properties (including real estate properties held for sale) increased by $303,359 at March 31, 2022, to $10,548,234, compared to $10,244,875 at December 31, 2021. The increase is primarily the result of the following:

- A fair value gain on real estate properties of $342,169;
- Acquisitions of $3,694;
- Capitalization of property enhancements, including capital expenditures and tenant improvements totalling $9,549;
- Development expenditures of $2,184; and
- A decrease of $51,752 due to the change in the U.S. dollar exchange rate.

Subsequent to March 31, 2022, the Company entered into a conditional agreement to sell a multi-suite residential property located in Atlanta, Georgia, comprising 292 suites, for gross proceeds of $94,345 (US$75,500), excluding closing costs. The Company expects to close the sale of the property during the second quarter at which time the mortgage payable secured by the property in the amount of $26,901 (US$21,528) will be repaid.

Subsequent to March 31, 2022, the Company entered into a conditional agreement to sell a multi-suite residential property and a vacant parcel of land located in Slidell, Louisiana, comprising 144 suites, for gross proceeds of $32,927 (US$26,350), excluding closing costs. The Company expects to close the sale of the property during the third quarter at which time the mortgage payable secured by the property in the amount of $9,689 (US$7,754) will be repaid.

APPRAISAL CAPITALIZATION AND DISCOUNT RATES

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

As at March 31, 2022, using the direct capitalization approach, the multi-suite residential, retail, office and industrial properties were valued using capitalization rates in the range of 3.0% to 9.8% (December 31, 2021 - 3.0% to 9.8%), resulting in an overall weighted average capitalization rate of 5.2% (December 31, 2021 - 5.2%).

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

As at	March 31, 2022					December 31, 2021				
	Occupancy Rates		Capitalization Rates			Occupancy Rates		Capitalization Rates		
	Max.	Min.	Max.	Min.	Weighted Average	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	**98.0%**	**92.0%**	**6.3%**	**3.0%**	**4.1%**	98.0%	92.0%	6.5%	3.0%	4.1%
Retail	**99.0%**	**85.0%**	**9.8%**	**5.3%**	**7.0%**	99.0%	85.0%	9.8%	5.3%	6.9%
Office	**100.0%**	**90.0%**	**7.8%**	**4.0%**	**6.1%**	100.0%	90.0%	7.8%	4.3%	6.1%
Industrial	**100.0%**	**95.0%**	**6.0%**	**4.0%**	**5.0%**	100.0%	95.0%	6.0%	4.0%	5.0%

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

As at	March 31, 2022			December 31, 2021		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**10.8%**	**6.0%**	**7.2%**	10.8%	6.0%	7.2%
Terminal cap rate	**9.8%**	**5.3%**	**6.2%**	9.8%	5.3%	6.2%
Office						
Discount rate	**8.5%**	**5.0%**	**6.3%**	8.5%	5.3%	6.4%
Terminal cap rate	**7.5%**	**4.0%**	**5.6%**	7.5%	4.3%	5.6%
Industrial						
Discount rate	**6.8%**	**5.8%**	**5.9%**	6.8%	5.8%	5.9%
Terminal cap rate	**6.5%**	**5.0%**	**5.2%**	6.5%	5.0%	5.2%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in 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 net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate.

The sensitivity of the fair values of the Company's income producing properties as at March 31, 2022, and December 31, 2021, is set out in the table below:

As at	March 31, 2022		December 31, 2021	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($325,122)**	**$366,709**	($311,848)	$351,762
Retail	**(68,503)**	**73,607**	(69,668)	74,974
Office	**(87,354)**	**94,809**	(86,478)	93,813
Industrial	**(8,469)**	**9,363**	(7,799)	8,614
	($489,448)	**$544,488**	($475,793)	$529,163

HOTEL PROPERTIES

Hotel properties consist of the following:

As at	March 31, 2022	December 31, 2021
Cost	**$675,999**	$701,502
Accumulated impairment provision	**(109,295)**	(113,165)
Accumulated amortization	**(131,722)**	(131,184)
Hotel properties	**$434,982**	$457,153

On March 31, 2022, the Company sold two hotels located in Thunder Bay, Ontario, for gross proceeds of $18,100, resulting in net cash proceeds of $4,889 after deducting for the repayment of first mortgage loan of $13,134, working capital adjustments and closing costs.

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	March 31, 2022	December 31, 2021
Joint ventures	**$35,582**	$36,716
Associates	**25,563**	25,507
Equity-accounted investments	**61,145**	62,223
Other real estate fund investments	**78,564**	81,985
Equity-accounted and other fund investments	**$139,709**	$144,208

The following are the Company's significant equity-accounted investments as at March 31, 2022, and December 31, 2021:

				Company's Ownership		Carrying Value	
Property/Investment	Principal Place of Business	Investment Type	Asset Type	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$18,624**	$18,578
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,825**	2,848
Greypoint Capital L.P. II	Toronto, ON	Joint Venture	Other	**15.6%**	15.6%	**5,600**	6,624
Courtyard by Marriott	Ottawa, ON	Joint Venture	Hotel	**50.0%**	50.0%	**4,414**	4,608
Marriott Residence Inn	London, ON	Joint Venture	Hotel	**50.0%**	50.0%	**4,119**	4,058
MIL Industrial Fund II LP(1)	Various	Associate	Industrial	**18.8%**	18.8%	**25,563**	25,507
						$61,145	$62,223

(1) The Company accounts for its investment using the equity method since the Company has the ability to exercise significant influence as a result of its role as general partner; however, it does not control the fund.

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

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	**$62,223**	$127,579
Additions	**311**	2,303
Transfer(1)	**—**	(88,690)
Share of net income	**802**	24,017
Distributions received	**(2,191)**	(3,523)
Foreign exchange gain	**—**	537
Balance, end of period	**$61,145**	$62,223

(1) The Company acquired the 40.9% interest not already owned in Lumina Hollywood on October 26, 2021, at which point the carrying value of the 59.1% interest was transferred to each respective balance sheet line item including: income producing properties $145,631 and mortgages payable $56,823.

TENANT ACCOUNTS RECEIVABLE

The Company utilizes the simplified approach to measure expected credit losses ("ECL") under IFRS 9, Financial Instruments ("IFRS 9"), which requires the Company to recognize a lifetime expected credit loss allowance on all receivables at each reporting date. During each reporting period management reviews the Company's amounts receivable and determines an allowance for doubtful accounts recognized through bad debt expense in the consolidated financial statements of income.

As at March 31, 2022, and December 31, 2021, the details of tenant receivables, net of an allowance for doubtful accounts is provided below:

As at	March 31, 2022			December 31, 2021
	Tenant Receivables	Allowance for Doubtful Accounts	Net Tenant Receivables	Net Tenant Receivables
Residential	$7,975	($2,649)	$5,326	$3,375
Retail	16,585	(9,234)	7,351	6,879
Office	3,472	(1,754)	1,718	937
Industrial	337	(35)	302	264
Hotel	8,376	(250)	8,126	6,289
Total	**$36,745**	**($13,922)**	**$22,823**	**$17,744**

As at March 31, 2022, tenant receivables, net of an allowance for doubtful accounts totalled $22,823, with retail representing 32.2% of total net tenant receivables, reflecting lower collections within the retail asset class which have averaged 91.1% subsequent to the first quarter of 2020. As a result of the COVID-19 pandemic, certain tenants were unable to fulfil their rent obligations and there are a large number of retail tenants who have requested consideration for a deferral or an abatement. Management has considered the financial uncertainties faced by the Company's tenants and has provided for tenant receivable balances based on an assessment of each tenant's expected credit loss, applying credit loss factors based on historical loss experience along with forward-looking information.

MORTGAGES PAYABLE

Mortgages payable totalled $4,588,632 at March 31, 2022, compared to $4,627,968 at December 31, 2021, a decrease of $39,336, mainly due to the repayment of mortgages discharged and matured of $79,371, scheduled principal repayments of $33,380 and a change in foreign exchange of $23,020, partially offset by net proceeds from new mortgage financing of $95,405.

MORTGAGE CONTINUITY SCHEDULE

As at	March 31, 2022	December 31, 2021
Opening mortgage balance	**$4,627,968**	$4,269,374
New mortgage financing	**95,701**	881,680
New mortgage financing costs	**(296)**	(9,833)
Mortgages discharged and matured	**(79,371)**	(443,141)
Scheduled principal repayments	**(33,380)**	(122,981)
Transfer of mortgage from equity-accounted investment	**—**	56,823
Change in foreign exchange rate	**(23,020)**	(6,097)
Mortgages mark-to-market adjustment, net	**(495)**	(2,649)
Deferred financing costs (including extinguishment)	**1,525**	4,792
Closing mortgage balance	**$4,588,632**	$4,627,968

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2022, mortgages payable bear interest at rates ranging between 2.03% and 7.64% per annum with a weighted average interest rate of 3.39% (December 31, 2021 - 3.39%), mature between 2022 and 2058 with a weighted average term to maturity of 4.4 years (December 31, 2021 - 4.6 years) and approximately 94% of the Company's mortgages have fixed interest rates.

MORTGAGE REPAYMENT SCHEDULE

As at March 31, 2022	Principal Instalment Repayments	Balance Maturing	Total	Weighted Average Contractual Interest Rate
2022 (remainder of year)	$97,868	$515,170	$613,038	3.67%
2023	104,955	731,520	836,475	3.59%
2024	92,263	557,487	649,750	3.34%
2025	76,926	472,468	549,394	3.12%
2026	58,413	380,608	439,021	3.31%
Thereafter	187,528	1,332,669	1,520,197	3.31%
	$617,953	$3,989,922	4,607,875	3.39%
Mark-to-market adjustment, net			4,252	
Deferred financing costs			(23,495)	
			$4,588,632	

Mortgages payable on real estate properties held for sale are secured by income producing properties that the Company intends to sell rather than hold on a long-term basis and meet the criteria established in IFRS 5 for separate classification. As at March 31, 2022, mortgages payable includes two mortgages (including unamortized deferred finance costs) classified as current amounting to $36,369.

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, 2022, the Company was not in compliance with one (December 31, 2021 - two) debt ratio covenant affecting one (December 31, 2021 - two) mortgage loan secured by a hotel property amounting to $10,125 (December 31, 2021 - $39,795). Subsequent to March 31, 2022, the Company repaid the mortgage loan in breach of its debt ratio covenant in connection with the disposal of the hotel property. The Company's mortgage loan in breach of its debt ratio covenant is contractually scheduled to mature within one year and is included in the current portion of mortgages payable.

The following table details the new and refinancing activities completed during the three months ended March 31, 2022:

Date	Asset Type	Location	New Interest Rate	Maturing Interest Rate	Term (years)	Mortgage Proceeds	Mortgage Repayment
January 31, 2022	Residential	Los Angeles, CA	2.62%	—%	2.8	$1,783	$—
February 1, 2022	Residential	Mississauga, ON	2.85%	2.99%	10.0	24,700	9,852
February 1, 2022	Residential	Mississauga, ON	2.85%	2.99%	10.0	22,800	9,967
February 1, 2022	Hotel	Moose Jaw, SK	7.64%	4.68%	1.0	1,398	1,398
February 1, 2022	Hotel	Halifax, NS	4.01%	3.79%	0.9	16,582	16,582
February 1, 2022	Hotel	Halifax, NS	4.01%	3.79%	0.9	28,438	28,438
Weighted Averages and Total			**3.46%**	**3.57%**	**5.4**	**$95,701**	**$66,237**

MORTGAGE MATURITY SCHEDULE

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

	2022				2023			
Asset Type	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio
Multi-suite residential(1)	4	$92,882	3.51%	33.1%	7	$346,774	3.36%	43.7%
Retail	3	121,906	3.05%	51.3%	5	240,818	3.38%	66.1%
Office	3	187,005	3.73%	67.4%	2	90,169	4.06%	44.8%
Hotels(2)	5	76,787	4.70%	77.4%	5	53,759	5.21%	67.7%
	15	$478,580	3.67%	53.5%	19	$731,520	3.59%	50.8%

(1) Excludes mortgages payable on real estate properties held for sale.
(2) The Company's mortgages payable in breach of debt covenants required under IFRS to be included in the current portion of mortgages payable have been presented in the above table based on their contractual maturity.

UNSECURED DEBENTURES

The Company's Unsecured Debentures consist of the following:

As at	Maturity Date	Coupon Interest Rate	March 31, 2022	December 31, 2021
Series C senior unsecured debentures	September 15, 2022	4.333%	**$200,000**	$200,000
Series E senior unsecured debentures	January 25, 2024	4.715%	**225,000**	225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Series G senior unsecured debentures	September 28, 2023	4.402%	**175,000**	175,000
Unamortized financing costs			**(1,505)**	(1,744)
			$823,495	$823,256

On September 15, 2017, the Company issued $200,000 (net proceeds including issuance costs - $198,800) of Series C senior unsecured debentures due on September 15, 2022. Interest on the Series C senior unsecured debentures is payable semi-annually, not in advance, on March 15 and September 15 of each year. The Company has the option to redeem the Series C 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 0.635%.

On May 14, 2018, the Company issued $200,000 (net proceeds including issuance costs - $198,805) of Series D senior unsecured debentures due on May 14, 2021. On May 14, 2021, the Series D unsecured debentures were fully repaid on maturity.

On January 25, 2019, the Company issued $225,000 (net proceeds including issuance costs - $223,575) of Series E senior unsecured debentures due on January 25, 2024. Interest on the Series E senior unsecured debentures is payable semi-annually, not in advance, on January 25 and July 25 of each year. Paros Enterprises Limited, a related party, acquired $12,500 aggregate principal amount of the Series E senior unsecured debentures. The Company has the option to redeem the Series E 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 0.70%.

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

On September 28, 2020, the Company issued $175,000 (net proceeds including issuance costs - $174,303) of Series G senior unsecured debentures due on September 28, 2023. Interest on the Series G senior unsecured debentures is payable semi-annually, not in advance, on March 28 and September 28 of each year. The Company has the option to redeem the Series G senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 1.03%.

For the three months ended March 31, 2022, interest on the Unsecured Debentures of $8,985 (2021 - $10,999) is included in interest expense.

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

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

The Company must maintain an interest coverage ratio computed on a Non-Consolidated Basis above 1.65 times, an indebtedness to aggregate assets ratio computed on a Non-Consolidated Basis not to exceed 65% and a minimum equity requirement computed on a Non-Consolidated Basis of at least $300,000. If the Company does not meet these covenants, the Unsecured Debentures will become immediately due and payable unless the Company is able to remedy the default or obtain a waiver from lenders.

Non-Consolidated Basis adjustments include the following:

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

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

Non-Consolidated Basis	Covenant Requirements	March 31, 2022	March 31, 2021
Interest coverage ratio(1)(2)	1.65	**2.28**	1.97
Indebtedness to aggregate assets ratio(2)	Less than or equal to 65%	**44.0%**	47.0%
Adjusted shareholders' equity(2)	Not less than $300,000	**$3,791,107**	$3,434,721

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

As at March 31, 2022, on a Non-Consolidated Basis, the Company's unencumbered assets which include real estate and hotel properties, and other investments amounted to $898,262 (December 31, 2021 - $851,774).

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

MORGUARD NON-CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

As at	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Balance Sheet Indenture Adjustment	March 31, 2022 Morguard Non-Consolidated Basis	December 31, 2021 Morguard Non-Consolidated Basis
ASSETS							
Real estate properties	$10,424,060	($2,480,363)	($3,355,923)	($238,810)	$—	**$4,348,964**	$4,298,558
Real estate properties held for sale	124,174	—	(122,587)	—	—	**1,587**	—
Hotel properties	434,982	—	—	—	131,722	**566,704**	588,337
Equity-accounted and other fund investments	139,709	(18,624)	(96,527)	1,487,199	—	**1,511,757**	1,422,216
Other assets	675,150	(31,330)	(116,955)	63,518	—	**590,383**	573,536
Total assets	$11,798,075	($2,530,317)	($3,691,992)	$1,311,907	$131,722	**$7,019,395**	$6,882,647
LIABILITIES							
Mortgages payable[(1)]	$4,588,632	($1,116,924)	($1,270,081)	($147,999)	$—	**$2,053,628**	$2,062,414
Construction financing, loans and bank indebtedness	9,907	(9,656)	—	60,000	—	**60,251**	70,513
Class B LP units	—	—	(337,745)	337,745	—	**—**	—
Debentures payable	998,077	(148,399)	(88,650)	62,467	—	**823,495**	823,256
Lease liabilities	167,675	(16,678)	(8,935)	318	—	**142,380**	142,852
Morguard Residential REIT units	549,429	—	—	(549,429)	—	**—**	—
Deferred income tax liabilities	844,377	—	(212,598)	—	(631,779)	**—**	—
Accounts payable and accrued liabilities	262,153	(50,576)	(63,387)	344	—	**148,534**	148,050
Total liabilities	7,420,250	(1,342,233)	(1,981,396)	(236,554)	(631,779)	**3,228,288**	3,247,085
Equity / Adjusted shareholders' equity	4,377,825	(1,188,084)	(1,710,596)	1,548,461	763,501	**3,791,107**	3,635,562
Total liabilities and equity	$11,798,075	($2,530,317)	($3,691,992)	$1,311,907	$131,722	**$7,019,395**	$6,882,647

(1) Includes mortgages payable on real estate properties held for sale.

COMPUTATION FOR INTEREST COVERAGE RATIO

Twelve months ended March 31	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Income Statement Indenture Adjustment	2022 Morguard Non-Consolidated Basis	2021 Morguard Non-Consolidated Basis
Revenue from real estate properties	$863,921	($241,796)	($250,501)	($17,823)	$—	**$353,801**	$358,320
Revenue from hotel properties	129,819	—	—	—	—	**129,819**	72,389
Property operating expenses	(406,238)	122,181	118,766	(3,675)	2,758	**(166,208)**	(166,659)
Hotel operating expenses	(105,885)	—	—	—	—	**(105,885)**	(65,223)
Net operating income	481,617	(119,615)	(131,735)	(21,498)	2,758	**211,527**	198,827
Management and advisory fees/distributions	45,438	—	—	34,190	—	**79,628**	72,618
Interest and other income	23,641	—	—	6,052	—	**29,693**	22,821
Property management and corporate[(1)]	(81,419)	4,024	15,234	(17,027)	3,965	**(75,223)**	(69,894)
Other income (expense)[(2)]	2,845	(34)	(514)	534	—	**2,831**	(78)
Distributions from Morguard REIT and Morguard Residential REIT	—	—	—	—	31,466	**31,466**	35,672
EBITDA	$472,122	($115,625)	($117,015)	$2,251	$38,189	**$279,922**	$259,966
Interest expense	$219,230	($53,000)	($68,515)	$24,898	$—	**$122,613**	$132,217
Interest capitalized to development projects	263	(263)	—	—	—	**—**	—
Interest expense for interest coverage ratio	$219,493	($53,263)	($68,515)	$24,898	$—	**$122,613**	$132,217

(1) Morguard consolidated property management and corporate expense for the three months ended March 31, 2022, includes a non-cash fair value adjustment relating to the Company's SARs liability and has been adjusted to remove the impact of the decrease in SARs expense of $3,971 (2021 - $918).

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

CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	March 31, 2022	December 31, 2021
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**$90,932**	$90,574
Morguard Residential REIT(1)	March 31, 2023	$20.20	4.50%	$85,500	$5,000	**83,650**	81,319
						$174,582	$171,893

(1) As at March 31, 2022, the liability includes the fair value of the conversion option of $4,178 (December 31, 2021 - $2,028).

Morguard REIT

On December 7, 2021, Morguard REIT issued $150,000 principal amount of 5.25% convertible unsecured subordinated debentures maturing on December 31, 2026. On December 13, 2021 an additional principal amount of $9,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on June 30 and December 31 of each year, commencing on June 30, 2022. The underwriter's commission and other issue costs attributable to the debentures in the amount of $4,213 has been capitalized and is being amortized over the term to maturity. The convertible debentures, with the exception of $4,213, the value assigned to the holder's conversion option, have been recorded as debt on the consolidated balance sheets. Morguard owns $60,000 aggregate principal amount of the 5.25% convertible unsecured subordinated debentures.

On December 30, 2016, Morguard REIT issued $175,000 principal amount of 4.50% convertible unsecured subordinated debentures, and incurred issue costs of $5,137 for net proceeds of $169,863. On December 17, 2021, the convertible debentures were fully repaid, including the $60,000 aggregate principal amount of the 4.50% convertible unsecured subordinated debentures owned by Morguard.

Morguard Residential REIT

On February 13, 2018, Morguard Residential REIT issued $75,000 principal amount of 4.50% convertible unsecured subordinated debentures maturing on March 31, 2023. On February 21, 2018, an additional principal amount of $10,500 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on March 31 and September 30 of each year. The underwriter's commission and other issue costs attributable to the debentures in the amount of $3,375 has been capitalized and is being amortized over the term to maturity. Morguard owns $5,000 aggregate principal amount of the 4.50% convertible unsecured subordinated debentures.

For the three months ended March 31, 2022, interest on convertible debentures net of accretion of $2,347 (2021 - $2,431) is included in interest expense.

MORGUARD RESIDENTIAL REIT UNITS

As at March 31, 2022, and December 31, 2021, the Company owned a 44.7% effective interest in Morguard Residential REIT through its ownership of 7,944,166 units and 17,223,090 Class B LP units. Although the Company owns less than 50% of Morguard Residential REIT, it continues to consolidate its investment on the basis of *de facto* control.

The non-controlling interest in Morguard Residential REIT units has been presented as a liability. Morguard Residential REIT units are redeemable at any time, in whole or in part, on demand by the holders. Upon receipt of the redemption notice by Morguard Residential REIT, all rights to and under the units tendered for redemption shall be surrendered, and the holder shall be entitled to receive a price per unit equal to the lesser of: (i) 90% of the market price of the units on the principal exchange market on which the units are listed or quoted for trading during the 10 consecutive trading days ending immediately prior to the date on which the units were surrendered for redemption; or (ii) 100% of the closing market price on the principal exchange market on which the units are listed or quoted for trading on the redemption date.

As at March 31, 2022, the Company valued the non-controlling interest in Morguard Residential REIT units at $549,429 (December 31, 2021 - $496,024) and classified the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended March 31, 2022 of $58,649 (2021 - gain of $5,206), in the consolidated statements of income.

BANK INDEBTEDNESS

As at March 31, 2022, and December 31, 2021, the Company has operating lines of credit totalling $493,500, the majority of which can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on bankers' acceptance. As at March 31, 2022, the maximum amount that can be borrowed on the operating lines of credit is $399,441 (December 31, 2021 - $403,026), which includes deducting issued letters of credit in the amount of $8,833 (December 31, 2021 - $8,856) related to these facilities. The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed-charge security on specific properties have been pledged as collateral on these operating lines of credit. As at March 31, 2022, the Company had borrowed $9,907 (December 31, 2021 - $8,039) on its operating lines of credit.

The bank credit agreements include certain restrictive undertakings by the Company. As at March 31, 2022, the Company is in compliance with all undertakings.

LEASE LIABILITIES

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

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	**$168,265**	$164,255
Interest on lease liabilities	**2,405**	9,617
Payments	**(2,781)**	(11,373)
Additions	**—**	5,878
Foreign exchange gain	**(214)**	(112)
Balance, end of period	**$167,675**	$168,265

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2022	December 31, 2021
Within 12 months	**$11,172**	$11,306
2 to 5 years	**43,460**	43,546
Over 5 years	**355,291**	357,982
Total minimum lease payments	**$409,923**	$412,834
Less: future interest costs	**(242,248)**	(244,569)
Present value of minimum lease payments	**$167,675**	$168,265

EQUITY

Total equity increased by $204,078 to $4,377,825 at March 31, 2022, compared to $4,173,747 at December 31, 2021.

The increase in equity was primarily the result of:

- Net income for the three months ended March 31, 2022 of $231,711;
- An actuarial gain on defined benefit pension plans of $3,883;
- Non-controlling interest distributions of $2,671;
- Dividends paid of $1,665; and
- Unrealized foreign currency translation loss of $30,483.

During the three months ended March 31, 2022, there were no repurchases of shares under the Company's normal course issuer bid ("NCIB") plan.

As at March 31, 2022, and May 3, 2022, 11,100,711 common shares were outstanding.

PART V

LIQUIDITY

Morguard uses a combination of existing cash, cash generated from operations, mortgages, bank indebtedness, project-specific financing and equity to finance its activities. For the three months ended March 31, 2022, Morguard received $8,934 in recurring distributions and dividends from subsidiaries and affiliated entities.

The Company has liquidity of approximately $590,500 comprised of $165,500 in cash, $389,500 available under its revolving credit facilities and $35,500 of additional net mortgage financing proceeds under commitment. In addition, the Company has approximately $1,203,000 of unencumbered income producing and hotel properties, and other investments which could be utilized for financing. To further enhance liquidity, the Company has narrowed down the scope of its capital expenditure program to ensure the availability of resources, allocating an amount that enables the Company to maintain the structural and overall safety of the properties. Management has also implemented various initiatives to reduce or defer operating expenses and is monitoring various government assistance programs in Canada and the U.S. structured to provide relief from personnel costs and commercial rent subsidies.

The Company has approximately $1,210,000 of mortgages payable maturing during 2022 and 2023 having an aggregate loan-to-value ratio of 51% which management expects to be able to refinance at similar or favourable terms. In addition, the Company has $200,000 and $175,000 of senior unsecured debentures maturing in September 2022 and September 2023, respectively, and $80,500 of MRG convertible debentures maturing in March 2023. The Company expects to be able to issue new debt instruments and use current liquidity sufficient to permit the repayment of its 2022 and 2023 maturities.

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

THREE MONTHS ENDED MARCH 31, 2022

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended March 31, 2022, was $9,463, compared to $40,877 in 2021. The cash provided by operating activities has been used to meet the Company's liquidity requirements, which consisted primarily of property re-leasing costs, maintenance costs and dividends to shareholders.

Cash Provided by (Used in) Investing Activities

Cash provided by investing activities during the three months ended March 31, 2022, totalled $3,346, compared to cash used in investing activities of $17,274 in 2021. The cash provided by investing activities reflects:

- Additions to real estate properties and tenant improvements of $11,427;
- Additions to hotel properties of $689;
- Investment in properties under development of $2,184; and
- Net proceeds from the sale of hotel properties of $18,023;

Cash Used in Financing Activities

Cash used in financing activities during the three months ended March 31, 2022, totalled $19,156, compared to cash used in financing activities of $43,502 in 2021. The cash used in financing activities reflects:

- Proceeds from new mortgages, net of financing cost of $95,405;
- Mortgage principal repayments of $33,380;
- Repayment of mortgages on maturity of $66,237;
- Repayment of mortgages due to extinguishments of $13,134;
- Net proceeds from bank indebtedness of $1,868;
- Dividends paid of $1,658;
- Distributions to non-controlling interest of $2,548; and
- Decrease in restricted cash of $904.

PART VI

TRANSACTIONS WITH RELATED PARTIES

Related party transactions that are in the normal course of operations are subject to the same processes and controls as other transactions; that is, they are subject to standard approval procedures and management oversight, but are also considered by management for reasonability against fair value. Related party transactions that are found to be material are subject to review and approval by the Company's Audit Committee, which comprises Independent Directors.

PAROS ENTERPRISES LIMITED

Paros is the majority shareholder and ultimate parent of the Company. Paros is owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. On January 25, 2019, Paros acquired $12,500 aggregate principal amount of the Company's Series E unsecured debentures. As at March 31, 2022 the Company has a demand loan agreement with Paros that provides for the Company to borrow up to $50,000 (December 31, 2021 - $50,000). The total loan payable as at March 31, 2022 was $nil (December 31, 2021 - $nil). During the three months ended March 31, 2022, the Company incurred net interest expense of $nil (2021 - $33).

TWC ENTERPRISES LIMITED

The Company provides TWC with managerial and consulting services for its business and the business of its subsidiaries. Mr. K. Rai Sahi is Chairman and Chief Executive Officer and the majority shareholder of TWC through his personal holding companies, which include Paros. Pursuant to contractual agreements between the Company and TWC, for the three months ended March 31, 2022, the Company received a management fee of $319 (2021 - $319), and paid rent and operating expenses $158 (2021 - $152).

The Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at either the prime rate or the bankers' acceptance rate plus applicable stamping fees. The total loan payable as at March 31, 2022 was $nil (December 31, 2021 - $nil). During three months ended March 31, 2022, the Company paid net interest of $nil (2021 - $86).

SHARE/UNIT PURCHASE AND OTHER LOANS

As at March 31, 2022, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $5,969 (December 31, 2021 - $6,190) are outstanding. The loans are collateralized by their common shares of the Company, units of Morguard REIT and units of Morguard Residential REIT and are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as amounts receivable on the consolidated balance sheets. As at March 31, 2022, the fair market value of the common shares/units held as collateral is $71,173.

PART VII

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Company's condensed consolidated financial statements for the three months ended March 31, 2022 and 2021, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the IASB. The condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2021, which include the significant accounting policies most affected by estimates and judgements, and should be read in conjunction with the most recent annual audited consolidated financial statements.

The MD&A for the year ended December 31, 2021, contains a discussion of the significant accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being the accounting policies relating to *de facto* control, estimates of fair value of real estate properties, estimating deferred tax assets and liabilities, revenue recognition, valuation of financial instruments and the determination of whether an acquisition represents a business combination or an asset acquisition. Management determined that as at March 31, 2022, there is no change to the assessment of the significant accounting policies most affected by estimates and judgments as detailed in the MD&A for the year ended December 31, 2021.

FINANCIAL INSTRUMENTS

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

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

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

Fair Value of Financial Assets and Financial Liabilities

The fair values of cash, restricted cash, amounts receivable, accounts payable and accrued liabilities and bank indebtedness approximate their carrying values due to the short-term maturity of those instruments. The loans payable are reflected at fair value since they are based on a floating interest rate and reflect the terms of current market conditions.

Mortgages payable, Unsecured Debentures, convertible debentures, lease liabilities and finance lease receivable are carried at amortized cost using the effective interest method of amortization. The estimated fair values of long-term borrowings have been determined based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Company.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2022, market rates for debts of similar terms. Based on these assumptions, the fair value as at March 31, 2022, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,515,079 (December 31, 2021 - $4,769,113), compared with the carrying value of $4,607,875 (December 31, 2021 - $4,648,175). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures' liability is based on its closing bid price. As at March 31, 2022, the fair value of the Unsecured Debentures has been estimated at $813,426 (December 31, 2021 - $833,002) compared with the carrying value of $825,000 (December 31, 2021 - $825,000).

The fair value of the convertible debentures liability is based on their market trading prices. As at March 31, 2022, the fair value of the convertible debentures before deferred financing costs has been estimated at $179,959 (December 31, 2021 - $180,769), compared with the carrying value of $179,500 (December 31, 2021 - $179,500).

The fair value of the finance lease receivable is determined by discounting the cash flows of the financial receivable using March 31, 2022, market rates for debt on similar terms. Based on these assumptions, as at March 31, 2022, the fair value of the finance lease receivable has been estimated at $57,911 (December 31, 2021 - $57,772).

RISKS AND UNCERTAINTIES

All investment properties are subject to a degree of risk and uncertainty. Income from real estate assets is affected by various factors, including general economic conditions and local market circumstances. Local business conditions such as oversupply of space or a reduction in demand particularly affect income property investments. The major categories of risk the Company encounters in conducting its business and some of the actions it takes to mitigate these risks are outlined in the Company's MD&A for the year ended December 31, 2021 and the Company's most recent Annual Information Form, dated February 24, 2022 and provide a more detailed discussion of these and other risks.

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

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

The Company's management has evaluated the effectiveness of the Company's disclosure controls and procedures and, based on such evaluation, has concluded that their design is adequate and effective as of and for the three months ended March 31, 2022. The Company's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design is effective as of and for the three months ended March 31, 2022.

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

PART VIII

SUMMARY OF QUARTERLY INFORMATION

(In thousands of dollars, except per common share amounts)	Total Revenue	NOI	Adjusted NOI	Normalized FFO	Net Income (Loss)	Net Income (Loss) Attributable to Common Shareholders	Net Income (Loss) to Common Shareholders per Share - Basic/Diluted
March 31, 2022	**$264,937**	**$80,091**	**$115,677**	**$42,871**	**$231,711**	**$206,269**	**$18.58**
December 31, 2021	272,681	131,536	120,647	50,811	113,716	115,481	10.40
September 30, 2021	271,435	135,445	125,183	58,673	108,776	102,626	9.25
June 30, 2021	253,766	134,545	123,603	41,369	16,181	16,498	1.48
March 31, 2021	246,962	86,474	118,329	43,224	17,948	15,155	1.37
December 31, 2020	259,505	127,200	116,118	44,433	(98,540)	(62,328)	(5.57)
September 30, 2020	251,469	130,268	119,832	43,756	(37,602)	(4,606)	(0.42)
June 30, 2020	240,905	131,174	120,842	42,383	(105,038)	(65,396)	(5.81)

SUMMARY OF QUARTERLY RESULTS

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

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

Since March 2020, the outbreak of COVID-19 resulted in governments enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, closure of non-essential businesses, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. During the year ended December 31, 2020, the Company temporarily closed 21 hotels of which one hotel remains closed.

Significant Real Estate Property Transactions During the Three Months Ended March 31, 2022

During the first quarter of 2022, the Company disposed of two hotel properties in Canada consisting of 184 rooms.

Significant Real Estate Property Transactions During the Year Ended December 31, 2021

During the fourth quarter of 2021, the Company acquired the remaining 40.9% interest in a mixed-use property in the U.S. comprising 299 residential suites and 52,000 square feet of commercial space.

During the fourth quarter of 2021, the Company disposed of one hotel property in Canada consisting of 80 rooms.

During the third quarter of 2021, the Company disposed of four hotel properties in Canada consisting of 379 rooms.

During the third quarter of 2021, the Company disposed of a retail property in Canada consisting of approximately 46,500 square feet of commercial area.

Significant Real Estate Property Transactions During the Year Ended December 31, 2020

During the third quarter of 2020, the Company disposed of one hotel property in Canada consisting of 145 rooms.

During the third quarter of 2020, the Company disposed of a retail property and an adjacent parcel of land in Canada classified as held for development consisting of approximately 10,000 square feet of commercial area.

During the fourth quarter of 2020, the Company disposed of one hotel property in Canada consisting of 241 rooms.

Revenue and Net Operating Income

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

The Company has experienced a decline in revenue mainly at hotel and retail properties due to the impact of COVID-19. The change in foreign exchange rates and the impact of acquisition net of disposal of properties (described above) also contributed to the fluctuation in revenue during the last eight quarters. Subsequent to the second quarter of 2021, revenue has increased mainly as a result of businesses reopening and a trend of reduced COVID-19 mandates. In addition, lower hotel revenue during the first quarter of 2021 and 2022 is seasonally impacted by the colder months.

Similar to the reasons described above, NOI over the last eight quarters has followed a similar pattern. Lower revenue (as described above) and lower NOI subsequent to the first quarter of 2020 was due to higher bad debt expense and operating costs resulting from the impact of COVID-19. The impact of foreign exchange rates and of acquisitions and dispositions also factor into the variance from quarter to quarter. The first quarter results (three months ended March 31) are impacted by IFRIC 21, whereby the Company records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition. As a result, the second, third and fourth quarters typically have no realty tax expense which results in higher NOI and NOI margins. Adjusted NOI which excludes IFRIC 21 is presented in the table above to illustrate a more comparable quarter-to-quarter analysis.

Net Income (Loss) Attributable to Common Shareholders

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

- The Company valued the Morguard Residential units (presented as a liability under IFRS) based on the market value of the TSX-listed units. During the three months ended March 31, 2020, the volatility of the stock market from the impact of the global health crisis resulted in a significant decline in the unit price of Morguard Residential that resulted in a fair value gain. Subsequent to the first quarter of 2020, there has been an upward trend in the trading price of the Morguard Residential units resulting in a fair value loss recorded to net income (loss);
- The Company recorded fair value gain on real estate properties for the three months ended March 31, 2022, and for the years ended December 31, 2021 and 2020, primarily due to a decrease in the capitalization rates at the Company’s multi-suite residential properties;
- During the three months ended March 31, 2022, the Company recorded a deferred tax expense coinciding with the net fair value gains recorded on the Company’s real estate properties; and
- The Company recorded an impairment provision on hotel properties of $17,233, $28,056, $5,562 and $7,588 during the third quarter of 2021, second quarter of 2021, the fourth quarter of 2020 and third quarter of 2020, respectively.

SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the Company sold a hotel property for gross proceeds of $8,680, excluding closing costs. The purchase price was satisfied with cash of $5,605 and a promissory note receivable of $3,075. At closing, the Company repaid a first mortgage loan totaling $10,106 that was secured by the hotel.

Subsequent to March 31, 2022, the Company completed the refinancing of a multi-suite residential property located in West Palm Beach, Florida, in the amount of $19,088 (US$15,275) at an interest rate of 3.89% and for a term of 10 years. The maturing mortgage amounts to $11,328 (US$9,065), was open and prepayable at no penalty before its scheduled maturity on August 1, 2022, and has an interest rate of 3.96%.

Subsequent to March 31, 2022, the Company entered into a binding commitment letter for the refinancing of a multi-suite residential property located in Palm Beach County, Florida, in the amount of $57,084 (US$45,682) at an interest rate of 4.19% and for a term of 10 years. The Company expects to close the refinancing during the second quarter of 2022. The maturing mortgage amounts to $29,096 (US$23,284), is open and prepayable at no penalty before its scheduled maturity on October 1, 2022, and has an interest rate of 3.78%.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Real estate properties	4	**$10,424,060**	$10,244,875
Hotel properties	5	**434,982**	457,153
Equity-accounted and other fund investments	6	**139,709**	144,208
Other assets	7	**362,806**	360,848
		11,361,557	11,207,084
Current assets			
Amounts receivable	8	**74,090**	70,161
Prepaid expenses and other		**72,718**	41,642
Cash		**165,536**	173,656
		312,344	285,459
Real estate properties held for sale	4	**124,174**	—
		$11,798,075	$11,492,543
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	9	**$3,621,653**	$3,971,697
Debentures payable	10	**714,537**	795,319
Lease liabilities	12	**166,042**	166,531
Morguard Residential REIT units	11	**549,429**	496,024
Deferred income tax liabilities		**844,377**	784,776
		5,896,038	6,214,347
Current liabilities			
Mortgages payable	9	**930,610**	656,271
Debentures payable	10	**283,540**	199,830
Accounts payable and accrued liabilities	13	**263,786**	240,309
Bank indebtedness	14	**9,907**	8,039
		1,487,843	1,104,449
Mortgages payable on real estate properties held for sale	9	**36,369**	—
Total liabilities		**7,420,250**	7,318,796
EQUITY			
Shareholders' equity		**3,814,636**	3,632,176
Non-controlling interest		**563,189**	541,571
Total equity		**4,377,825**	4,173,747
		$11,798,075	$11,492,543

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

For the three months ended March 31	Note	2022	2021
Revenue from real estate properties	16	**$222,593**	$211,364
Revenue from hotel properties	16	**28,051**	22,148
Property operating expenses			
Property operating costs	8	**(54,841)**	(47,061)
Utilities		**(16,998)**	(15,221)
Realty taxes		**(70,911)**	(66,666)
Hotel operating expenses	8	**(27,803)**	(18,090)
Net operating income		**80,091**	86,474
OTHER REVENUE			
Management and advisory fees	16	**10,262**	10,126
Interest and other income		**4,031**	3,324
		14,293	13,450
EXPENSES			
Interest	17	**54,884**	55,966
Property management and corporate	8, 15(b)	**20,514**	19,296
Amortization of hotel properties and other		**6,745**	8,358
		82,143	83,620
OTHER INCOME			
Fair value gain, net	18	**280,012**	38,926
Equity income from investments	6	**802**	429
Other income	19	**2,106**	2,024
		282,920	41,379
Income before income taxes		**295,161**	57,683
Provision for income taxes	21		
Current		**551**	832
Deferred		**62,899**	38,903
		63,450	39,735
Net income for the period		**$231,711**	$17,948
Net income attributable to:			
Common shareholders		**$206,269**	$15,155
Non-controlling interest		**25,442**	2,793
		$231,711	$17,948
Net income per common share attributable to:			
Common shareholders - basic and diluted	22	**$18.58**	$1.37

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	2022	2021
Net income for the period	**$231,711**	$17,948
OTHER COMPREHENSIVE LOSS		
Items that may be reclassified subsequently to net income:		
Unrealized foreign currency translation loss	**(30,483)**	(18,774)
Deferred income tax recovery	**4,325**	843
	(26,158)	(17,931)
Items that will not be reclassified subsequently to net income:		
Actuarial gain on defined benefit pension plans	**3,883**	13,856
Deferred income tax provision	**(1,029)**	(3,619)
	2,854	10,237
Other comprehensive loss	**(23,304)**	(7,694)
Total comprehensive income for the period	**$208,407**	$10,254
Total comprehensive income attributable to:		
Common shareholders	**$184,118**	$8,351
Non-controlling interest	**24,289**	1,903
	$208,407	$10,254

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Canadian dollars

	Note	Retained Earnings	Accumulated Other Comprehensive Income	Share Capital	Total Shareholders' Equity	Non-controlling Interest	Total
Shareholders' equity, January 1, 2021		$3,109,092	$162,318	$100,942	$3,372,352	$540,346	$3,912,698
Changes during the period:							
Net income		15,155	—	—	15,155	2,793	17,948
Other comprehensive loss		—	(6,804)	—	(6,804)	(890)	(7,694)
Dividends		(1,665)	—	—	(1,665)	—	(1,665)
Distributions		—	—	—	—	(2,334)	(2,334)
Issuance of common shares		—	—	23	23	—	23
Repurchase of common shares		(926)	—	(81)	(1,007)	—	(1,007)
Tax impact of increase in subsidiary ownership interest		(25)	—	—	(25)	—	(25)
Shareholders' equity, March 31, 2021		$3,121,631	$155,514	$100,884	$3,378,029	$539,915	$3,917,944
Changes during the period:							
Net income		234,605	—	—	234,605	4,068	238,673
Other comprehensive income		—	24,439	—	24,439	612	25,051
Dividends		(4,995)	—	—	(4,995)	—	(4,995)
Distributions		—	—	—	—	(7,237)	(7,237)
Issuance of common shares		—	—	45	45	—	45
Equity component of debentures		—	—	—	—	4,213	4,213
Tax impact of increase in subsidiary ownership interest		53	—	—	53	—	53
Shareholders' equity, December 31, 2021		$3,351,294	$179,953	$100,929	$3,632,176	$541,571	$4,173,747
Changes during the period:							
Net income		**206,269**	**—**	**—**	**206,269**	**25,442**	**231,711**
Other comprehensive loss		**—**	**(22,151)**	**—**	**(22,151)**	**(1,153)**	**(23,304)**
Dividends	15(a)	**(1,665)**	**—**	**—**	**(1,665)**	**—**	**(1,665)**
Distributions		**—**	**—**	**—**	**—**	**(2,671)**	**(2,671)**
Issuance of common shares	15(a)	**—**	**—**	**7**	**7**	**—**	**7**
Shareholders' equity, March 31, 2022		**$3,555,898**	**$157,802**	**$100,936**	**$3,814,636**	**$563,189**	**$4,377,825**

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	2022	2021
OPERATING ACTIVITIES			
Net income for the period		**$231,711**	$17,948
Add items not affecting cash	23(a)	**(176,731)**	34,539
Distributions from equity-accounted and other fund investments	6	**2,191**	1,242
Additions to tenant incentives and leasing commissions	4	**(1,816)**	(1,391)
Net change in operating assets and liabilities	23(b)	**(45,892)**	(11,461)
Cash provided by operating activities		**9,463**	40,877
INVESTING ACTIVITIES			
Additions to real estate properties and tenant improvements	4	**(11,427)**	(7,956)
Additions to hotel properties	5	**(689)**	(2,614)
Additions to capital and intangible assets		**(232)**	(106)
Investment in properties under development	4	**(2,184)**	(2,511)
Proceeds from the sale of hotel properties, net	5	**18,023**	—
Decrease in mortgages and loans receivable		**166**	—
Investment in equity-accounted and other fund investments, net	6	**(311)**	(4,087)
Cash provided by (used in) investing activities		**3,346**	(17,274)
FINANCING ACTIVITIES			
Proceeds from new mortgages		**95,701**	—
Financing costs on new mortgages		**(296)**	(70)
Repayment of mortgages			
Principal instalment repayments		**(33,380)**	(29,934)
Repayments on maturity		**(66,237)**	—
Repayments due to mortgage extinguishments	5	**(13,134)**	—
Principal payment of lease liabilities		**(376)**	(449)
Proceeds from bank indebtedness		**6,251**	16,122
Repayment of bank indebtedness		**(4,383)**	(46,322)
Proceeds from loans payable, net		**—**	22,000
Dividends paid		**(1,658)**	(1,642)
Distributions to non-controlling interest, net		**(2,548)**	(1,656)
Common shares repurchased for cancellation		**—**	(1,007)
Decrease (increase) in restricted cash		**904**	(544)
Cash used in financing activities		**(19,156)**	(43,502)
Net decrease in cash during the period		**(6,347)**	(19,899)
Net effect of foreign currency translation on cash balance		**(1,773)**	(1,309)
Cash, beginning of period		**173,656**	142,088
Cash, end of period		**$165,536**	$120,880

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2022 and 2021

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 SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and thus do not contain all the disclosures applicable to the annual audited consolidated financial statements.

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 3, 2022.

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 significant accounting policies most affected by estimates and judgments.

The foreign exchange rates for the current and prior reporting periods are as follows:

	2022	2021
Canadian dollar to United States dollar exchange rates:		
- As at March 31	**$0.8003**	$0.7952
- As at December 31	—	0.7888
- Average for the three months ended March 31	**0.7898**	0.7899
United States dollar to Canadian dollar exchange rates:		
- As at March 31	**1.2496**	1.2575
- As at December 31	—	1.2678
- Average for the three months ended March 31	**1.2662**	1.2660

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at March 31, 2022, and December 31, 2021, the Company owned a 44.7% effective interest in Morguard Residential REIT through its ownership of 7,944,166 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, 2022, Morguard Residential REIT recorded distributions of $6,834, or $0.1749 per unit (2021 - $6,826, or $0.1749 per unit), of which $1,389 was paid to the Company (2021 - $1,389) and $5,445 was paid to the remaining unitholders (2021 - $5,437). In addition, during the three months ended March 31, 2022, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $3,012 (2021 - $3,012).

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

As at March 31, 2022, the Company owned 39,040,641 units (December 31, 2021 - 39,040,641 units) of Morguard REIT, which represents a 60.8% (December 31, 2021 - 60.9%) ownership interest.

During the three months ended March 31, 2022, Morguard REIT recorded distributions of $3,846, or $0.06 per unit (2021 - $5,132, or $0.08 per unit), of which $2,342 (2021 - $3,123) was paid to the Company and $1,504 was paid to the remaining unitholders (2021 - $2,009).

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

As at	March 31, 2022		December 31, 2021	
	MRT	**MRG**	MRT	MRG
Non-current assets	**$2,497,702**	**$3,452,450**	$2,468,615	$3,352,534
Current assets	**31,110**	**239,542**	23,822	120,753
Total assets	**$2,528,812**	**$3,691,992**	$2,492,437	$3,473,287
Non-current liabilities	**$1,042,267**	**$1,664,472**	$1,087,995	$1,767,212
Current liabilities	**302,967**	**316,924**	257,558	144,690
Total liabilities	**$1,345,234**	**$1,981,396**	$1,345,553	$1,911,902
Equity	**$1,183,578**	**$1,710,596**	$1,146,884	$1,561,385
Non-controlling interest	**$466,774**	**$945,960**	$452,355	$863,290

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:

For the three months ended March 31	2022		2021	
	MRT	**MRG**	MRT	MRG
Revenue	**$61,326**	**$65,257**	$60,970	$60,322
Expenses	**(45,784)**	**(108,120)**	(40,792)	(66,922)
Fair value gain (loss) on real estate properties, net	**24,965**	**246,729**	(14,449)	27,451
Fair value gain (loss) on Class B LP units	**—**	**(32,724)**	—	6,544
Net income for the period	**$40,507**	**$171,142**	$5,729	$27,395
Non-controlling interest	**$15,890**	**$94,642**	$2,241	$15,136

For the three months ended March 31	2022		2021	
	MRT	**MRG**	MRT	MRG
Cash provided by operating activities	**$14,307**	**$12,525**	$19,811	$14,725
Cash used in investing activities	**(3,772)**	**(3,879)**	(3,259)	(5,662)
Cash used in financing activities	**(10,355)**	**(3,813)**	(15,958)	(16,629)
Net increase (decrease) in cash during the period	**$180**	**$4,833**	$594	($7,566)

NOTE 4
REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	March 31, 2022	December 31, 2021
Income producing properties	**$10,432,679**	$10,139,816
Properties under development	**12,947**	12,360
Land held for development	**102,608**	92,699
	$10,548,234	$10,244,875
Real estate properties	**$10,424,060**	$10,244,875
Real estate properties held for sale	**124,174**	—
Total	**$10,548,234**	$10,244,875

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

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2021	**$10,139,816**	**$12,360**	**$92,699**	**$10,244,875**
Additions:				
Acquisitions	**3,694**	**—**	**—**	**3,694**
Capital expenditures	**4,073**	**1,991**	**—**	**6,064**
Development expenditures	**1,992**	**151**	**41**	**2,184**
Tenant improvements, incentives and leasing commissions	**3,485**	**—**	**—**	**3,485**
Transfers	**1,555**	**(1,555)**	**—**	**—**
Fair value gain, net	**332,082**	**—**	**10,087**	**342,169**
Foreign currency translation	**(51,533)**	**—**	**(219)**	**(51,752)**
Other	**(2,485)**	**—**	**—**	**(2,485)**
Balance as at March 31, 2022	**$10,432,679**	**$12,947**	**$102,608**	**$10,548,234**
Real estate properties held for sale				**(124,174)**
Real estate properties				**$10,424,060**

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.

Subsequent to March 31, 2022, the Company entered into a conditional agreement to sell a multi-suite residential property located in Atlanta, Georgia, comprising 292 suites, for gross proceeds of $94,345 (US$75,500), excluding closing costs. The Company expects to close the sale of the property during the second quarter at which time the mortgage payable secured by the property in the amount of $26,901 (US$21,528) will be repaid.

Subsequent to March 31, 2022, the Company entered into a conditional agreement to sell a multi-suite residential property and a vacant parcel of land located in Slidell, Louisiana, comprising 144 suites, for gross proceeds of $32,927 (US$26,350), excluding closing costs. The Company expects to close the sale of the property during the third quarter at which time the mortgage payable secured by the property in the amount of $9,689 (US$7,754) will be repaid.

Transactions completed during the three months ended March 31, 2022

On February 28, 2022, the Company exercised its option to acquire land previously subject to a land lease, located in Toronto, Ontario, for a purchase price of $3,694, including closing costs.

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2021, is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2020	$9,568,219	$25,416	$86,773	$9,680,408
Additions:				
Acquisitions	102,168	—	—	102,168
Capital expenditures	46,957	5,965	—	52,922
Development expenditures	5,965	863	417	7,245
Tenant improvements, incentives and leasing commissions	15,049	—	188	15,237
Right-of-use assets	5,878	—	—	5,878
Transfers	19,884	(19,884)	—	—
Transfer from equity-accounted investment (Note 6(a))	145,631	—	—	145,631
Dispositions	(18,421)	—	—	(18,421)
Fair value gain, net	261,594	—	5,377	266,971
Foreign currency translation	(9,533)	—	(56)	(9,589)
Other	(3,575)	—	—	(3,575)
Balance as at December 31, 2021	$10,139,816	$12,360	$92,699	$10,244,875

Transactions completed during the year ended December 31, 2021

Acquisitions

On October 26, 2021, the Company acquired the 40.9% interest not already owned in Lumina Hollywood, a mixed-use property comprising 299 residential suites and 52,000 square feet of commercial space located in Los Angeles, California, for a purchase price of $101,585 (US$80,127), including closing costs (Note 6(a)). Concurrent with the acquisition, the Company closed a mortgage financing in the amount of $150,868 (US$119,000) (at the Company's 100% interest), with a fixed-term of three years and a floating interest rate of LIBOR plus 2.50%.

Dispositions

On September 29, 2021, the Company sold an unenclosed retail property located in London, Ontario, for gross proceeds of $15,000.

Capitalization Rates

As at March 31, 2022, and December 31, 2021, the Company had its portfolio internally appraised. In addition, the Company's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

The Company determined the fair value of each income producing property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable consolidated balance sheet dates, less future cash outflow pertaining to the respective leases. The Company's multi-suite residential properties are appraised using the direct capitalization of income method. The retail, office and industrial properties are appraised using a number of approaches that typically include a discounted cash flow analysis, a direct capitalization of income method and a direct comparison approach. The discounted cash flow analysis is primarily based on discounting the expected future cash flows, generally over a term of 10 years, including a terminal value based on the application of a capitalization rate to estimated year-11 cash flows.

As at March 31, 2022, using the direct capitalization approach, the multi-suite residential, retail, office and industrial properties were valued using capitalization rates in the range of 3.0% to 9.8% (December 31, 2021 - 3.0% to 9.8%), resulting in an overall weighted average capitalization rate of 5.2% (December 31, 2021 - 5.2%).

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

As at	March 31, 2022					December 31, 2021				
	Occupancy Rates		Capitalization Rates			Occupancy Rates		Capitalization Rates		
	Max.	Min.	Max.	Min.	Weighted Average	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	**98.0%**	**92.0%**	**6.3%**	**3.0%**	**4.1%**	98.0%	92.0%	6.5%	3.0%	4.1%
Retail	**99.0%**	**85.0%**	**9.8%**	**5.3%**	**7.0%**	99.0%	85.0%	9.8%	5.3%	6.9%
Office	**100.0%**	**90.0%**	**7.8%**	**4.0%**	**6.1%**	100.0%	90.0%	7.8%	4.3%	6.1%
Industrial	**100.0%**	**95.0%**	**6.0%**	**4.0%**	**5.0%**	100.0%	95.0%	6.0%	4.0%	5.0%

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

As at	March 31, 2022			December 31, 2021		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**10.8%**	**6.0%**	**7.2%**	10.8%	6.0%	7.2%
Terminal cap rate	**9.8%**	**5.3%**	**6.2%**	9.8%	5.3%	6.2%
Office						
Discount rate	**8.5%**	**5.0%**	**6.3%**	8.5%	5.3%	6.4%
Terminal cap rate	**7.5%**	**4.0%**	**5.6%**	7.5%	4.3%	5.6%
Industrial						
Discount rate	**6.8%**	**5.8%**	**5.9%**	6.8%	5.8%	5.9%
Terminal cap rate	**6.5%**	**5.0%**	**5.2%**	6.5%	5.0%	5.2%

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, 2022, would decrease by $489,448 and increase by $544,488, respectively.

The sensitivity of the fair values of the Company's income producing properties as at March 31, 2022, and December 31, 2021, is set out in the table below:

As at	March 31, 2022		December 31, 2021	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($325,122)**	**$366,709**	($311,848)	$351,762
Retail	**(68,503)**	**73,607**	(69,668)	74,974
Office	**(87,354)**	**94,809**	(86,478)	93,813
Industrial	**(8,469)**	**9,363**	(7,799)	8,614
	($489,448)	**$544,488**	($475,793)	$529,163

NOTE 5
HOTEL PROPERTIES

Hotel properties consist of the following:

As at March 31, 2022	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	**$81,641**	**($2,276)**	**$—**	**$79,365**
Buildings	**491,615**	**(97,433)**	**(63,154)**	**331,028**
Furniture, fixtures, equipment and other	**101,147**	**(9,586)**	**(68,394)**	**23,167**
Right-of-use asset - land lease	**1,596**	**—**	**(174)**	**1,422**
	$675,999	**($109,295)**	**($131,722)**	**$434,982**

As at December 31, 2021	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	$84,401	($2,276)	$—	$82,125
Buildings	512,333	(101,074)	(63,551)	347,708
Furniture, fixtures, equipment and other	103,172	(9,815)	(67,459)	25,898
Right-of-use asset - land lease	1,596	—	(174)	1,422
	$701,502	($113,165)	($131,184)	$457,153

Transactions in hotel properties for the three months ended March 31, 2022, are summarized as follows:

As at March 31, 2022	Opening Net Book Value	Additions	Dispositions	Amortization	Closing Net Book Value
Land	**$82,125**	**$—**	**($2,760)**	**$—**	**$79,365**
Buildings	**347,708**	**458**	**(14,889)**	**(2,249)**	**331,028**
Furniture, fixtures, equipment and other	**25,898**	**231**	**(451)**	**(2,511)**	**23,167**
Right-of-use asset - land lease	**1,422**	**—**	**—**	**—**	**1,422**
	$457,153	**$689**	**($18,100)**	**($4,760)**	**$434,982**

Transactions completed during the three months ended March 31, 2022

Dispositions

On March 31, 2022, the Company sold two hotels located in Thunder Bay, Ontario, for gross proceeds of $18,100, resulting in net cash proceeds of $4,889 after deducting for the repayment of first mortgage loan of $13,134, working capital adjustments and closing costs.

Transactions in hotel properties for the year ended December 31, 2021, are summarized as follows:

As at December 31, 2021	Opening Net Book Value	Additions	Impairment Provision	Dispositions	Amortization	Closing Net Book Value
Land	$90,844	$—	$—	($8,719)	$—	$82,125
Buildings	412,594	8,120	(42,797)	(18,721)	(11,488)	347,708
Furniture, fixtures, equipment and other	40,123	2,324	(2,492)	(1,060)	(12,997)	25,898
Right-of-use asset - land lease	1,480	—	—	—	(58)	1,422
	$545,041	$10,444	($45,289)	($28,500)	($24,543)	$457,153

Transactions completed during the year ended December 31, 2021

Dispositions

On July 14, 2021, the Company sold three hotels, one located in Yellowknife, Northwest Territories, and two located in Fort McMurray, Alberta, for gross proceeds of $17,500, resulting in aggregate net cash proceeds of $17,404 after deducting working capital adjustments and closing costs.

On September 29, 2021, the Company sold a hotel property located in Fort McMurray, Alberta, for gross proceeds of $4,000, resulting in aggregate net cash proceeds of $3,973 after deducting working capital adjustments and closing costs.

On November 15, 2021, the Company sold a hotel property located in Yellowknife, Northwest Territories, for gross proceeds of $7,000 (including a promissory note receivable of $6,000), resulting in aggregate net cash proceeds of $910 after deducting working capital adjustments and closing costs.

Impairment Provision

The Company identified each hotel property as a cash-generating unit for impairment purposes. The recoverable amounts of the hotel properties have been estimated using the value-in-use method or fair value less costs to sell. Under these calculations, discount rates are applied to the forecasted cash flows reflecting the assumptions for hotel activity. The key assumptions are the first year net operating income and the discount rate applied over the useful life of the hotel property. IFRS permits an impairment provision to be reversed in the subsequent accounting periods if recoverability analysis at that time supports reversal.

During the year ended December 31, 2021, impairment indicators were identified and a recoverability analysis was completed in accordance with the procedures specified by IFRS, which indicated that an impairment provision of $45,289 should be recorded at 12 hotels. The table below provide details of first-year net operating income and the discount rates used for valuing the hotel properties.

	Northwest Territories	Alberta	Saskatchewan	Manitoba	Nova Scotia
Recoverable amount	$18,000	$37,375	$5,000	$12,000	$40,000
Impairment provision	$6,059	$21,002	$12,247	$2,376	$3,605
Cumulative impairment provision	$7,610	$51,101	$31,084	$2,376	$7,346
Projected first-year net operating income (loss)	$1,476	($237)	$294	$296	$1,750
Discount rate (range)	10.8%	9.3% - 12.3%	12.3%	10.3%	9.3%

NOTE 6

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	March 31, 2022	December 31, 2021
Joint ventures	**$35,582**	$36,716
Associates	**25,563**	25,507
Equity-accounted investments	**61,145**	62,223
Other real estate fund investments	**78,564**	81,985
Equity-accounted and other fund investments	**$139,709**	$144,208

The following are the Company's significant equity-accounted investments as at March 31, 2022, and December 31, 2021:

				Company's Ownership		Carrying Value	
Property/Investment	Place of Business	Investment Type	Asset Type	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$18,624**	$18,578
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,825**	2,848
Greypoint Capital L.P. II	Toronto, ON	Joint Venture	Other	**15.6%**	15.6%	**5,600**	6,624
Courtyard by Marriott	Ottawa, ON	Joint Venture	Hotel	**50.0%**	50.0%	**4,414**	4,608
Marriott Residence Inn	London, ON	Joint Venture	Hotel	**50.0%**	50.0%	**4,119**	4,058
MIL Industrial Fund II LP[(1)]	Various	Associate	Industrial	**18.8%**	18.8%	**25,563**	25,507
						$61,145	$62,223

(1) The Company accounts for its investment using the equity method since the Company has the ability to exercise significant influence as a result of its role as general partner; however, it does not control the fund.

Equity-accounted investments

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

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	**$62,223**	$127,579
Additions	**311**	2,303
Transfer[(1)]	**—**	(88,690)
Share of net income	**802**	24,017
Distributions received	**(2,191)**	(3,523)
Foreign exchange gain	**—**	537
Balance, end of period	**$61,145**	$62,223

(1) The Company acquired the 40.9% interest not already owned in Lumina Hollywood on October 26, 2021, at which point the carrying value of the 59.1% interest was transferred to each respective balance sheet line item including: income producing properties $145,631 (Note 4) and mortgages payable $56,823.

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

As at	March 31, 2022			December 31, 2021		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Non-current assets	**$164,371**	**$181,697**	**$346,068**	$164,361	$181,697	$346,058
Current assets	**44,849**	**2,487**	**47,336**	51,403	3,010	54,413
Total assets	**$209,220**	**$184,184**	**$393,404**	$215,764	$184,707	$400,471
Non-current liabilities	**$60,499**	**$25,385**	**$85,884**	$60,916	$25,624	$86,540
Current liabilities	**53,546**	**22,955**	**76,501**	54,325	23,543	77,868
Total liabilities	**$114,045**	**$48,340**	**$162,385**	$115,241	$49,167	$164,408
Net assets	**$95,175**	**$135,844**	**$231,019**	$100,523	$135,540	$236,063
Equity-accounted investments	**$35,582**	**$25,563**	**$61,145**	$36,716	$25,507	$62,223

For the three months ended March 31	2022			2021		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	**$6,652**	**$2,553**	**$9,205**	$6,529	$2,042	$8,571
Expenses	**(4,659)**	**(1,248)**	**(5,907)**	(4,267)	(4,499)	(8,766)
Fair value gain (loss) on real estate properties, net	**(72)**	**(311)**	**(383)**	(90)	2,170	2,080
Net income (loss) for the period	**$1,921**	**$994**	**$2,915**	$2,172	($287)	$1,885
Income (loss) in equity-accounted investments	**$617**	**$185**	**$802**	$666	($237)	$429

(b) Income Recognized from Other Fund Investments:

Other Real Estate Fund Investments

For the three months ended March 31	2022	2021
Distribution income	**$341**	$174
Fair value loss for the period (Note 18)	**(2,278)**	(6,895)
Loss from other real estate fund investments	**($1,937)**	($6,721)

The Company's two fund investments hold multi-suite residential, retail and office investment properties located in the U.S. 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 on the consolidated statements of income.

NOTE 7
OTHER ASSETS

Other assets consist of the following:

As at	March 31, 2022	December 31, 2021
Investment in marketable securities	**$113,952**	$113,583
Accrued pension benefit asset	**86,826**	83,043
Finance lease receivable	**57,911**	57,772
Restricted cash	**29,782**	30,935
Intangible assets, net	**24,970**	26,252
Goodwill	**24,488**	24,488
Capital assets, net	**18,672**	18,864
Inventory	**3,008**	2,495
Right-of-use asset - office lease	**1,108**	1,247
Other	**2,089**	2,169
	$362,806	$360,848

NOTE 8
AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	March 31, 2022	December 31, 2021
Tenant receivables	**$36,745**	$31,670
Unbilled other tenant receivables	**6,526**	6,865
Receivables from related parties (Note 20(c))	**5,969**	6,190
Other receivables	**35,568**	35,865
Allowance for expected credit loss	**(13,922)**	(13,926)
	70,886	66,664
Government subsidy	**3,204**	3,497
	$74,090	$70,161

Government subsidy

On April 11, 2020, the Canada Emergency Wage Subsidy (“CEWS”) was enacted, which provides a subsidy for each employee employed between March 15 to June 6, 2020. Subsequently, the Government of Canada extended CEWS to October 23, 2021 and on October 24, 2021, the CEWS was replaced with two new programs offering wage and rent support: i) the Tourism and Hospitality Recovery Program (“THRP”) and ii) the Hardest-Hit Business Recovery Program. The subsidy varies depending on the decline in revenue for each claim period. A company, or a group of companies under common control, will become eligible for the program if they've experienced a reduction in revenue during the qualification period.

The Company and associated related party group under common control with the Company, including Morguard’s parent company, Paros Enterprises Limited, have satisfied certain eligibility criteria, including (among others) a significant decline in revenue due to the temporary closures of non-essential services. The Company will continue to assess its eligibility for subsequent claim periods.

For the three months ended March 31, 2022, the Company recorded government subsidies amounting to $1,604 (2021 - $7,595) as a deduction of the related expense, of which $nil (2021 - $1,100), $1,604 (2021 - $4,523) and $nil (2021 - $1,972) are a deduction of property operating costs, hotel operating expenses and property management and corporate expenses, respectively.

NOTE 9

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2022	December 31, 2021
Mortgages payable	**$4,607,875**	$4,648,175
Mark-to-market adjustments, net	**4,252**	4,747
Deferred financing costs	**(23,495)**	(24,954)
	$4,588,632	$4,627,968
Current	**$930,610**	$656,271
Current - mortgages payable on real estate properties held for sale	**36,369**	—
Non-current	**3,621,653**	3,971,697
	$4,588,632	$4,627,968
Range of interest rates	**2.03 - 7.64%**	2.03 - 7.08%
Weighted average contractual interest rate	**3.39%**	3.39%
Estimated fair value of mortgages payable	**$4,515,079**	$4,769,113

As at March 31, 2022, approximately 93% of the Company's real estate and hotel properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

The aggregate principal repayments and balances maturing of the mortgages payable as at March 31, 2022, 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
2022 (remainder of year)	$97,868	$515,170	$613,038	3.67%
2023	104,955	731,520	836,475	3.59%
2024	92,263	557,487	649,750	3.34%
2025	76,926	472,468	549,394	3.12%
2026	58,413	380,608	439,021	3.31%
Thereafter	187,528	1,332,669	1,520,197	3.31%
	$617,953	$3,989,922	$4,607,875	3.39%

Mortgages payable on real estate properties held for sale are secured by income producing properties that the Company intends to sell rather than hold on a long-term basis and meet the criteria established in IFRS 5 for separate classification (Note 4). As at March 31, 2022, mortgages payable includes two mortgages (including unamortized deferred finance costs) classified as current amounting to $36,369.

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2022, mortgages payable mature between 2022 and 2058 and have a weighted average term to maturity of 4.4 years (December 31, 2021 - 4.6 years) and 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, 2022, the Company was not in compliance with one (December 31, 2021 - two) debt ratio covenant affecting one (December 31, 2021 - two) mortgage loan secured by a hotel property amounting to $10,125 (December 31, 2021 - $39,795). Subsequent to March 31, 2022, the Company repaid the mortgage loan in breach of its debt ratio covenant in connection with the disposal of the hotel property. The Company's mortgage loan in breach of its debt ratio covenant is contractually scheduled to mature within one year and is included in the current portion of mortgages payable.

NOTE 10
DEBENTURES PAYABLE

The Company's debentures consist of the following:

As at	March 31, 2022	December 31, 2021
Unsecured debentures	**$823,495**	$823,256
Convertible debentures	**174,582**	171,893
	$998,077	$995,149
Current	**$283,540**	$199,830
Non-current	**714,537**	795,319
	$998,077	$995,149

(a) Unsecured debentures

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

As at	Maturity Date	Coupon Interest Rate	March 31, 2022	December 31, 2021
Series C senior unsecured debentures	September 15, 2022	4.333%	**$200,000**	$200,000
Series E senior unsecured debentures	January 25, 2024	4.715%	**225,000**	225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Series G senior unsecured debentures	September 28, 2023	4.402%	**175,000**	175,000
Unamortized financing costs			**(1,505)**	(1,744)
			$823,495	$823,256
Current			**$199,890**	$199,830
Non-current			**623,605**	623,426
			$823,495	$823,256

On September 15, 2017, the Company issued $200,000 (net proceeds including issuance costs - $198,800) of Series C senior unsecured debentures due on September 15, 2022. Interest on the Series C senior unsecured debentures is payable semi-annually, not in advance, on March 15 and September 15 of each year. The Company has the option to redeem the Series C 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 0.635%.

On May 14, 2018, the Company issued $200,000 (net proceeds including issuance costs - $198,805) of Series D senior unsecured debentures due on May 14, 2021. On May 14, 2021, the Series D unsecured debentures were fully repaid on maturity.

On January 25, 2019, the Company issued $225,000 (net proceeds including issuance costs - $223,575) of Series E senior unsecured debentures due on January 25, 2024. Interest on the Series E senior unsecured debentures is payable semi-annually, not in advance, on January 25 and July 25 of each year. Paros Enterprises Limited, a related party, acquired $12,500 aggregate principal amount of the Series E senior unsecured debentures. The Company has the option to redeem the Series E 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 0.70%.

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

On September 28, 2020, the Company issued $175,000 (net proceeds including issuance costs - $174,303) of Series G senior unsecured debentures due on September 28, 2023. Interest on the Series G senior unsecured debentures is payable semi-annually, not in advance, on March 28 and September 28 of each year. The Company has the option to redeem the Series G senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 1.03%.

For the three months ended March 31, 2022, interest on the Unsecured Debentures of $8,985 (2021 - $10,999) is included in interest expense (Note 17).

(b) Convertible debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	March 31, 2022	December 31, 2021
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**$90,932**	$90,574
Morguard Residential REIT[(1)]	March 31, 2023	$20.20	4.50%	$85,500	$5,000	**83,650**	81,319
						$174,582	$171,893
Current						**$83,650**	$—
Non-current						**90,932**	171,893
						$174,582	$171,893

(1) As at March 31, 2022, the liability includes the fair value of the conversion option of $4,178 (December 31, 2021 - $2,028).

Morguard REIT

On December 7, 2021, Morguard REIT issued $150,000 principal amount of 5.25% convertible unsecured subordinated debentures maturing on December 31, 2026. On December 13, 2021, an additional principal amount of $9,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on June 30 and December 31 of each year, commencing on June 30, 2022. The underwriter's commission and other issue costs attributable to the debentures in the amount of $4,213 has been capitalized and is being amortized over the term to maturity. The convertible debentures, with the exception of $4,213, the value assigned to the holder's conversion option, have been recorded as debt on the consolidated balance sheets. Morguard owns $60,000 aggregate principal amount of the 5.25% convertible unsecured subordinated debentures.

On December 30, 2016, Morguard REIT issued $175,000 principal amount of 4.50% convertible unsecured subordinated debentures, and incurred issue costs of $5,137 for net proceeds of $169,863. On December 17, 2021, the convertible debentures were fully repaid, including the $60,000 aggregate principal amount of the 4.50% convertible unsecured subordinated debentures owned by Morguard.

Morguard Residential REIT

On February 13, 2018, Morguard Residential REIT issued $75,000 principal amount of 4.50% convertible unsecured subordinated debentures maturing on March 31, 2023. On February 21, 2018, an additional principal amount of $10,500 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on March 31 and September 30 of each year. The underwriter's commission and other issue costs attributable to the debentures in the amount of $3,375 has been capitalized and is being amortized over the term to maturity. Morguard owns $5,000 aggregate principal amount of the 4.50% convertible unsecured subordinated debentures.

For the three months ended March 31, 2022, interest on convertible debentures net of accretion of $2,347 (2021 - $2,431) is included in interest expense (Note 17).

NOTE 11
MORGUARD RESIDENTIAL REIT UNITS

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

As at March 31, 2022, the Company valued the non-controlling interest in the Morguard Residential REIT units at $549,429 (December 31, 2021 - $496,024) and classified the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended March 31, 2022 of $58,649 (2021 - gain of $5,206), in the consolidated statements of income (Note 18).

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

For the three months ended March 31	2022	2021
Fair value gain (loss) on Morguard Residential REIT units	**($53,204)**	$10,643
Distributions to external unitholders (Note 3)	**(5,445)**	(5,437)
Fair value gain (loss) on Morguard Residential REIT units	**($58,649)**	$5,206

NOTE 12
LEASE LIABILITIES

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

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	**$168,265**	$164,255
Interest on lease liabilities (Note 17)	**2,405**	9,617
Payments	**(2,781)**	(11,373)
Additions	**—**	5,878
Foreign exchange gain	**(214)**	(112)
Balance, end of period	**$167,675**	$168,265
Current (Note 13)	**$1,633**	$1,734
Non-current	**166,042**	166,531
	$167,675	$168,265

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2022	December 31, 2021
Within 12 months	**$11,172**	$11,306
2 to 5 years	**43,460**	43,546
Over 5 years	**355,291**	357,982
Total minimum lease payments	**$409,923**	$412,834
Less: future interest costs	**(242,248)**	(244,569)
Present value of minimum lease payments	**$167,675**	$168,265

NOTE 13

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2022	December 31, 2021
Accounts payable and accrued liabilities	**$219,344**	$189,987
Tenant deposits	**28,547**	28,209
Stock appreciation rights ("SARs") liability	**11,231**	12,923
Income taxes payable	**—**	5,161
Lease liability (Note 12)	**1,633**	1,734
Other	**3,031**	2,295
	$263,786	$240,309

NOTE 14

BANK INDEBTEDNESS

As at March 31, 2022, and December 31, 2021, the Company has operating lines of credit totalling $493,500, the majority of which can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on bankers' acceptance. As at March 31, 2022, the maximum amount that can be borrowed on the operating lines of credit is $399,441 (December 31, 2021 - $403,026), which includes deducting issued letters of credit in the amount of $8,833 (December 31, 2021 - $8,856) related to these facilities. The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed-charge security on specific properties have been pledged as collateral on these operating lines of credit. As at March 31, 2022, the Company had borrowed $9,907 (December 31, 2021 - $8,039) on its operating lines of credit.

The bank credit agreements include certain restrictive undertakings by the Company. As at March 31, 2022, 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, 2020	11,109	$100,942
Common shares repurchased through the Company's NCIB	(9)	(81)
Dividend reinvestment plan	1	68
Balance, December 31, 2021	11,101	$100,929
Dividend reinvestment plan	—	**7**
Balance, March 31, 2022	**11,101**	**$100,936**

On September 17, 2021, the Company obtained the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 555,024 common shares, being approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2022. The daily repurchase restriction for the common shares is 2,088. During the three months ended March 31, 2022, there were no repurchases of shares under the Company's NCIB plan.

Total dividends declared during the year ended March 31, 2022, amounted to $1,665, or $0.15 per common share (2021 - $1,665, or $0.15 per common share). On May 3, 2022, the Company declared a common share dividend of $0.15 per common share to be paid in the second quarter of 2022.

(b) Stock Appreciation Rights Plan

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

As at March 31, 2022

Date of Grant	Exercise Price	Issued	Redeemed	Cancelled	Outstanding
March 20, 2008	$30.74	200,000	(103,500)	(61,500)	35,000
November 2, 2010	$43.39	55,000	(6,500)	(8,500)	40,000
May 13, 2014	$137.90	25,000	(2,000)	(8,000)	15,000
May 13, 2015	$153.82	10,000	—	—	10,000
January 11, 2017	$179.95	90,000	(1,500)	(8,500)	80,000
May 18, 2018	$163.59	125,000	—	(5,000)	120,000
August 8, 2018	$168.00	20,000	—	—	20,000
November 8, 2018	$184.00	10,000	—	—	10,000
Total		**535,000**	**(113,500)**	**(91,500)**	**330,000**

During the three months ended March 31, 2022, the Company recorded a fair value adjustment to increase compensation expense of $450 (2021 - $456). 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 March 31, 2022: a dividend yield of 0.44% (2021 - 0.51%), expected volatility of approximately 30.43% (2021 - 29.96%) and the 10-year Bank of Canada Bond Yield of 2.43% (2021 - 1.55%).

(c) Accumulated Other Comprehensive Income

As at March 31, 2022, and December 31, 2021, accumulated other comprehensive income consists of the following amounts:

As at	March 31, 2022	December 31, 2021
Actuarial gain on defined benefit pension plans	**$53,543**	$50,689
Unrealized foreign currency translation gain	**104,259**	129,264
	$157,802	$179,953

NOTE 16

REVENUE

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

For the three months ended March 31	2022	2021
Rental income	**$124,658**	$118,247
Realty taxes and insurance	**35,710**	34,604
Common area maintenance recoveries	**24,817**	20,229
Property management and ancillary income	**37,408**	38,284
	$222,593	$211,364

The components of revenue from hotel properties are as follows:

For the three months ended March 31	2022	2021
Room revenue	**$22,343**	$16,493
Other hotel revenue	**5,708**	5,655
	$28,051	$22,148

The components of management and advisory fees are as follows:

For the three months ended March 31	2022	2021
Property and asset management fees	**$8,557**	$8,573
Other fees	**1,705**	1,553
	$10,262	$10,126

NOTE 17
INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2022	2021
Interest on mortgages	**$39,400**	$38,021
Interest on debentures payable, net of accretion (Note 10)	**11,332**	13,430
Interest on bank indebtedness	**182**	844
Interest on loans payable and other	**9**	282
Interest on lease liabilities (Note 12)	**2,405**	2,336
Amortization of mark-to-market adjustments on mortgages, net	**(495)**	(760)
Amortization of deferred financing costs	**2,125**	1,971
	54,958	56,124
Less: Interest capitalized to properties under development	**(74)**	(158)
	$54,884	$55,966

NOTE 18
FAIR VALUE GAIN, NET

The components of fair value gain are as follows:

For the three months ended March 31	2022	2021
Fair value gain on real estate properties, net (Note 4)	**$342,169**	$31,329
Financial assets (liabilities):		
Fair value gain (loss) on conversion option of MRG convertible debentures (Note 10)	**(2,150)**	423
Fair value gain (loss) on MRG units (Note 11)	**(58,649)**	5,206
Fair value loss on other real estate fund investments (Note 6(b))	**(2,278)**	(6,895)
Fair value gain on investment in marketable securities	**920**	8,863
Total fair value gain, net	**$280,012**	$38,926

NOTE 19
OTHER INCOME

The components of other income are as follows:

For the three months ended March 31	2022	2021
Foreign exchange loss	**($29)**	($465)
Other income	**2,135**	2,489
	$2,106	$2,024

NOTE 20

RELATED PARTY TRANSACTIONS

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

(a) Paros Enterprises Limited ("Paros")

Paros is the majority shareholder and ultimate parent of the Company. Paros is owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at March 31, 2022, the Company has a demand loan agreement with Paros that provides for the Company to borrow up to $50,000 (December 31, 2021 - $50,000). The total loan payable as at March 31, 2022 was $nil (December 31, 2021 - $nil). During the three months ended March 31, 2022, the Company incurred net interest expense of $nil (2021 - $33).

(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 through his personal holding companies, which include Paros. Pursuant to contractual agreements between the Company and TWC, for the three months ended March 31, 2022, the Company received a management fee of $319 (2021 - $319), and paid rent and operating expenses of $158 (2021 - $152).

The Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at either the prime rate or the bankers' acceptance rate plus applicable stamping fees. The total loan payable as at March 31, 2022 was $nil (December 31, 2021 - $nil). During the three months ended March 31, 2022, the Company paid net interest of $nil (2021 - $86).

(c) Share/unit Purchase and Other Loans

As at March 31, 2022, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $5,969 (December 31, 2021 - $6,190) are outstanding. The loans are collateralized by their common shares of the Company, units of Morguard REIT and units of Morguard Residential REIT and are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at March 31, 2022, the fair market value of the common shares/units held as collateral is $71,173.

NOTE 21

INCOME TAXES

(a) Tax Provision

For the three months ended March 31, 2022, the Company recorded income tax expense of $63,450 (2021 - $39,735).

(b) Unrecognized Deductible Temporary Differences

As at March 31, 2022, the Company's U.S. subsidiaries have total net operating losses of approximately US$34,481 (December 31, 2021 - US$69,363) of which no deferred tax assets were recognized as it is not probable that taxable income will be available against which the deductible temporary difference can be utilized. The net operating losses expire in varying years commencing 2030. The recognition of previously unrecognized tax losses relates to the classification of real estate properties held for sale (Note 4) as it is probable that taxable income will be available against which the losses will be utilized.

As at March 31, 2022, the Company's Canadian subsidiaries have total net operating losses of approximately $263,104 (December 31, 2021 - $257,782) of which no deferred tax assets were recognized as it is not probable that taxable income will be available against which they can be utilized. These losses expire in various years commencing 2022. The Company has other Canadian temporary differences for which no deferred tax asset was recognized for approximately $80,818 (December 31, 2021 - $82,926). These other temporary differences have no expiration date.

(c) Recognized Deductible Temporary Differences

As at March 31, 2022, the Company's U.S. subsidiaries have total net operating losses of US$61,792 (December 31, 2021 - US$33,066) of which deferred tax assets were recognized, comprising US$28,931 (December 31, 2021 - $nil) that will expire in various years commencing in 2032 and US$32,861 (December 31, 2021 - $33,066) that can be carried forward indefinitely.

As at March 31, 2022, the Company's U.S. subsidiaries have total unutilized interest expense deductions of US$20,292 (December 31, 2021 - US$13,943) of which deferred tax assets were recognized.

NOTE 22
NET INCOME PER COMMON SHARE

For the three months ended March 31	2022	2021
Net income attributable to common shareholders	**$206,269**	$15,155
Weighted average number of common shares outstanding (000s) - basic and diluted	**11,101**	11,101
Net income per common share - basic and diluted	**$18.58**	$1.37

NOTE 23
CONSOLIDATED STATEMENTS OF CASH FLOWS
(a) Items Not Affecting Cash

For the three months ended March 31	2022	2021
Fair value loss (gain) on real estate properties, net	**($306,583)**	$526
Fair value loss (gain) on conversion option of MRG convertible debentures (Note 18)	**2,150**	(423)
Fair value loss (gain) on MRG units (Note 11)	**53,204**	(10,643)
Fair value loss on other real estate investment funds (Note 18)	**2,278**	6,895
Fair value gain on investment in marketable securities (Note 18)	**(920)**	(8,863)
Equity income from investments	**(802)**	(429)
Amortization of hotel properties and other	**6,745**	8,358
Amortization of deferred financing costs (Note 17)	**2,125**	1,971
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	**(495)**	(760)
Amortization of tenant incentive	**1,279**	463
Stepped rent - adjustment for straight-line method	**1,211**	(1,726)
Deferred income taxes	**62,899**	38,903
Accretion of convertible debentures	**178**	267
	($176,731)	$34,539

(b) Net Change in Operating Assets and Liabilities

For the three months ended March 31	2022	2021
Amounts receivable	**($3,540)**	($10,265)
Prepaid expenses and other	**(32,018)**	(11,038)
Accounts payable and accrued liabilities	**(10,334)**	9,842
Net change in operating assets and liabilities	**($45,892)**	($11,461)

(c) Supplemental Cash Flow Information

For the three months ended March 31	2022	2021
Interest paid	**$58,813**	$54,954
Interest received	**514**	150
Income taxes paid	**9,085**	3,934

During the three months ended March 31, 2022, the Company issued non-cash dividends under the distribution reinvestment plan of $7 (2021 - $23).

(d) Reconciliation of Liabilities Arising from Financing Activities

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

	Mortgages payable	Unsecured debentures	Convertible debentures	Lease liabilities	Bank indebtedness	Total
Balance, beginning of period	**$4,627,968**	**$823,256**	**$171,893**	**$168,265**	**$8,039**	**$5,799,421**
Repayments	**(33,380)**	**—**	**—**	**(376)**	**(4,383)**	**(38,139)**
New financing, net	**95,405**	**—**	**—**	**—**	**6,251**	**101,656**
Lump-sum repayments	**(79,371)**	**—**	**—**	**—**	**—**	**(79,371)**
Non-cash changes	**1,030**	**239**	**2,689**	**—**	**—**	**3,958**
Foreign exchange	**(23,020)**	**—**	**—**	**(214)**	**—**	**(23,234)**
Balance, March 31, 2022	**$4,588,632**	**$823,495**	**$174,582**	**$167,675**	**$9,907**	**$5,764,291**

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, 2021, for an explanation of the Company's capital management policy.

The total managed capital for the Company as at March 31, 2022, and December 31, 2021, is summarized below:

As at	March 31, 2022	December 31, 2021
Mortgages payable, principal balance	**$4,607,875**	$4,648,175
Unsecured Debentures, principal balance	**825,000**	825,000
Convertible debentures, principal balance	**179,500**	179,500
Bank indebtedness	**9,907**	8,039
Lease liabilities	**167,675**	168,265
Shareholders' equity	**3,814,636**	3,632,176
	$9,604,593	$9,461,155

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

The Company's Unsecured Debentures contain covenants that are calculated on a non-consolidated basis, which represents the Company's consolidated results prepared in accordance with IFRS as shown on the Company's most recently published annual audited consolidated financial statements, adjusted, as required, to account for the Company's public entity investments in Morguard Residential REIT and Morguard REIT using the equity method. The covenants that the Company must maintain are a non-consolidated interest coverage ratio above 1.65 times, a non-consolidated debt to gross book value ratio not to exceed 65% and a minimum non-consolidated equity requirement of at least $300,000. If the Company does not meet these covenants, the Unsecured Debentures will become immediately due and payable unless the Company is able to remedy the default or obtain a waiver from debentureholders. 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, 2021, for an explanation of the Company's risk management policy as it relates to financial instruments.

Fair Value of Financial Assets and Financial Liabilities

The fair values of cash, restricted cash, amounts receivable, accounts payable and accrued liabilities and bank indebtedness approximate their carrying values due to the short-term maturity of those instruments. The fair values of mortgages and loans receivable are based on the current market conditions for financing loans with similar terms and risks. The loans payable are reflected at fair value since they are based on a floating interest rate and reflect the terms of current market conditions.

Mortgages payable, Unsecured Debentures, convertible debentures, lease liabilities and finance lease receivable are carried at amortized cost using the effective interest rate method of amortization. The estimated fair values of long-term borrowings have been determined based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Company.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2022, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at March 31, 2022, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,515,079 (December 31, 2021 - $4,769,113), compared with the carrying value of $4,607,875 (December 31, 2021 - $4,648,175). 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, 2022, the fair value of the Unsecured Debentures has been estimated at $813,426 (December 31, 2021 - $833,002) compared with the carrying value of $825,000 (December 31, 2021 - $825,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at March 31, 2022, the fair value of the convertible debentures before deferred financing costs has been estimated at $179,959 (December 31, 2021 - $180,769), compared with the carrying value of $179,500 (December 31, 2021 - $179,500).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using March 31, 2022, market rates for debt on similar terms (Level 3). Based on these assumptions, as at March 31, 2022, the fair value of the finance lease receivable has been estimated at $57,911 (December 31, 2021 - $57,772).

The fair value hierarchy of financial instruments and real estate properties measured at fair value in the consolidated balance sheets is as follows:

	March 31, 2022			December 31, 2021		
As at	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$10,424,060**	$—	$—	$10,244,875
Real estate properties held for sale	**—**	**—**	**124,174**	—	—	—
Investments in marketable securities	**113,952**	**—**	**—**	113,583	—	—
Investments in real estate funds	**—**	**—**	**78,564**	—	—	81,985
Financial liabilities:						
Morguard Residential REIT units	**—**	**549,429**	**—**	—	496,024	—
Conversion option on MRG convertible debentures	**—**	**4,178**	**—**	—	2,028	—

NOTE 27
SEGMENTED INFORMATION
(a) Operating Segments

The Company has the following five reportable segments after aggregation: (i) multi-suite residential, (ii) retail, (iii) office, (iv) industrial, and (v) hotel. 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, 2022	**Multi-suite Residential**	**Retail**	**Office**	**Industrial**	**Hotel**	**Total**
Revenue from real estate/hotel properties	**$101,562**	**$58,038**	**$59,675**	**$3,318**	**$28,051**	**$250,644**
Property/hotel operating expenses	**(78,515)**	**(34,494)**	**(28,543)**	**(1,198)**	**(27,803)**	**(170,553)**
Net operating income	**$23,047**	**$23,544**	**$31,132**	**$2,120**	**$248**	**$80,091**

For the three months ended March 31, 2021	Multi-suite Residential	Retail	Office	Industrial	Hotel	Total
Revenue from real estate/hotel properties	$92,866	$57,455	$58,057	$2,986	$22,148	$233,512
Property/hotel operating expenses	(69,976)	(33,229)	(24,538)	(1,205)	(18,090)	(147,038)
Net operating income	$22,890	$24,226	$33,519	$1,781	$4,058	$86,474

	Multi-suite Residential	**Retail**	**Office**	**Industrial**	**Hotel**	**Total**
As at March 31, 2022						
Real estate/hotel properties	**$5,718,579**	**$2,266,010**	**$2,243,816**	**$195,655**	**$434,982**	**$10,859,042**
Mortgages payable	**$2,351,909**	**$927,844**	**$1,110,077**	**$19,179**	**$143,254**	**$4,552,263**
For the three months ended March 31, 2022						
Additions to real estate/hotel properties	**$5,603**	**$6,715**	**$3,083**	**$26**	**$689**	**$16,116**
Fair value gain on real estate properties	**$312,270**	**$6,105**	**$8,885**	**$14,909**	**$—**	**$342,169**

	Multi-suite Residential	Retail	Office	Industrial	Hotel	Total
As at December 31, 2021						
Real estate/hotel properties	$5,573,098	$2,258,025	$2,233,031	$180,721	$457,153	$10,702,028
Mortgages payable	$2,394,507	$936,788	$1,119,176	$19,320	$158,177	$4,627,968
For the three months ended March 31, 2021						
Additions to real estate/hotel properties	$6,862	$4,102	$774	$120	$2,614	$14,472
Fair value gain (loss) on real estate properties	$42,882	($1,984)	($13,315)	$3,746	$—	$31,329

(b) Regional Segments

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

As at	March 31, 2022	December 31, 2021
Real estate and hotel properties		
Canada	**$7,410,104**	$7,348,930
United States	**3,448,938**	3,353,098
	$10,859,042	$10,702,028

For the three months ended March 31	2022	2021
Revenue from real estate and hotel properties		
Canada	**$178,203**	$168,967
United States	**72,441**	64,545
	$250,644	$233,512

NOTE 28

SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the Company sold a hotel property for gross proceeds of $8,680, excluding closing costs. The purchase price was satisfied with cash of $5,605 and a promissory note receivable of $3,075. At closing, the Company repaid a first mortgage loan totaling $10,106 that was secured by the hotel.

Subsequent to March 31, 2022, the Company completed the refinancing of a multi-suite residential property located in West Palm Beach, Florida, in the amount of $19,088 (US$15,275) at an interest rate of 3.89% and for a term of 10 years. The maturing mortgage amounts to $11,328 (US$9,065), was open and prepayable at no penalty before its scheduled maturity on August 1, 2022, and has an interest rate of 3.96%.

Subsequent to March 31, 2022, the Company entered into a binding commitment letter for the refinancing of a multi-suite residential property located in Palm Beach County, Florida, in the amount of $57,084 (US$45,682) at an interest rate of 4.19% and for a term of 10 years. The Company expects to close the refinancing during the second quarter of 2022. The maturing mortgage amounts to $29,096 (US$23,284), is open and prepayable at no penalty before its scheduled maturity on October 1, 2022, and has an interest rate of 3.78%.