MANAGEMENT'S DISCUSSION AND ANALYSIS
& CONSOLIDATED FINANCIAL STATEMENTS

MORGUARD
CORPORATION

2024
3RD QUARTER REPORT

Morguard

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

TABLE OF CONTENTS

PART I

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

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

This MD&A should be read in conjunction with the Company's unaudited condensed consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2024 and 2023. This MD&A is based on financial information prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and is dated November 6, 2024. Disclosure contained in this document is current to that date unless otherwise noted.

Additional information relating to Morguard Corporation, including the Company's Annual Information Form, can be found at www.sedarplus.ca 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 pandemic or epidemic and other factors referred to in the Company's filings with Canadian securities regulators. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not assume the obligation to update or revise any forward-looking statements.

SPECIFIED FINANCIAL MEASURES

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

NON-GAAP FINANCIAL MEASURES

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

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

ADJUSTED NOI

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

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

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

COMPARATIVE NOI

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

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

FUNDS FROM OPERATIONS ("FFO") AND NORMALIZED FFO

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

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

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

NON-CONSOLIDATED MEASURES

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

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

Non-Consolidated Basis adjustments include the following:

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

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

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

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

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

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

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

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

NON-GAAP RATIOS

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

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

NON-CONSOLIDATED INTEREST COVERAGE RATIO

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

NON-CONSOLIDATED INDEBTEDNESS TO AGGREGATE ASSETS RATIO

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

SUPPLEMENTARY FINANCIAL MEASURES

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

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

TOTAL REVENUE

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

GROSS BOOK VALUE

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

INDEBTEDNESS

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

INDEBTEDNESS TO GROSS BOOK VALUE RATIO

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

CAPITAL MANAGEMENT MEASURES

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

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

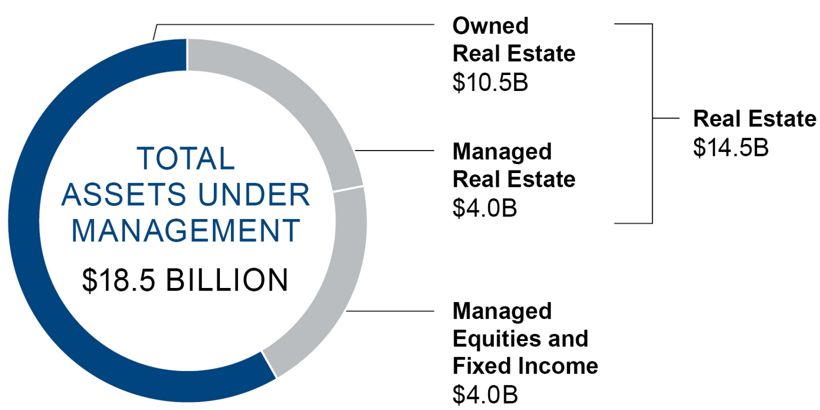
LIQUIDITY

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

PART II

BUSINESS OVERVIEW

Morguard Corporation is a real estate investment company whose principal activities include the acquisition, development and ownership of multi-suite residential, commercial and hotel properties. Morguard is also one of Canada's premier real estate investment advisors and management companies, representing major institutional and private investors. Morguard's total assets under management (including both owned and managed assets) were valued at $18.5 billion as at September 30, 2024. The Company's common shares are publicly traded and listed on the Toronto Stock Exchange ("TSX") under the symbol "MRC." The Company's primary goal is to accumulate a portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to shareholders.



MANAGEMENT AND ADVISORY SERVICES

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

As of September 30, 2024, MIL together with Lincluden manage a portfolio (excluding Morguard's corporately owned assets and assets owned by Morguard REIT and Morguard Residential REIT) of assets having an estimated value of $8.0 billion.

BUSINESS STRATEGY

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

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

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

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at	September 30, 2024	December 31, 2023	September 30, 2023
Real estate properties	**$10,699,184**	$10,493,655	$10,636,445
Real estate properties held for sale	**—**	125,307	—
Hotel properties	**86,319**	87,376	341,232
Hotel properties held for sale	**—**	254,728	—
Equity-accounted and other fund investments	**51,373**	95,525	99,460
Gross book value(1)	**11,399,080**	11,483,769	11,558,790
Indebtedness	**$5,162,953**	$5,638,032	$5,617,819
Indebtedness to gross book value (%)	**45.3**	49.1	48.6
Non-consolidated indebtedness to gross book value (%)(2)	**37.6**	43.2	43.3
Total equity	**$4,560,056**	$4,343,090	$4,382,067
Shareholders' equity per common share	**380.26**	359.51	361.80

(1) As at September 30, 2024, gross book value is calculated as total assets less right-of-use assets in the amount of $144,784 (December 31, 2023 - $139,319, September 30, 2023 - $133,392).
(2) Represents a non-GAAP financial ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. As at September 30, 2024, non-consolidated gross book value is calculated (on a non-consolidated basis) as aggregate assets less right-of-use assets in the amount of $123,639 (December 31, 2023 - $120,228, September 30, 2023 - $114,055). This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial ratio can be found under the section "Part I, Specified Financial Measures."

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Revenue from real estate properties	**$253,389**	$250,640	**$765,336**	$743,558
Revenue from hotel properties	**8,462**	47,895	**27,725**	123,203
Management and advisory fees	**9,055**	9,618	**29,234**	30,752
Total revenue	**276,873**	312,361	**837,070**	911,160
Net operating income	**153,239**	165,792	**405,866**	426,139
Adjusted NOI(1)	**139,347**	151,731	**419,703**	439,087
Fair value loss, net	**(45,143)**	(125,876)	**(100,404)**	(118,894)
Net income attributable to common shareholders	**498**	5,494	**184,802**	60,622
Per common share - basic and diluted	**0.05**	0.51	**17.09**	5.54
Funds from operations(1)	**63,040**	60,163	**142,364**	148,166
Per common share - basic and diluted(1)	**5.83**	5.56	**13.17**	13.55
Normalized FFO(1)	**53,738**	64,394	**157,584**	176,833
Per common share - basic and diluted(1)	**4.97**	5.95	**14.57**	16.17
Distributions received from Morguard REIT	**2,519**	2,513	**7,556**	7,413
Distributions received from Morguard Residential REIT	**4,688**	4,530	**14,065**	13,590
Dividends declared/paid	**(1,623)**	(1,622)	**(4,867)**	(4,897)

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

Total assets as at September 30, 2024, were $11,543,864, compared to $11,623,088 as at December 31, 2023. Total assets decreased by $79,224 primarily due to the following:

- An increase in real estate properties of $80,222 (including properties held for sale), mainly due to capital and development expenditures of $82,332, tenant incentives and leasing commissions of $22,588, a net fair value gain of $53,331, and an increase of $88,298 due to the change in the U.S. dollar exchange rate, partially offset by dispositions of $162,562;
- A decrease in hotel properties (including properties held for sale) of $255,785, mainly due to the sale of 14 hotel properties on January 18, 2024 ("Hotel Portfolio Disposition");

- A decrease in equity-accounted and other fund investments of $44,152, mainly due to the sale of the Company's 50% interest in two hotel joint ventures for net proceeds of $26,603 on April 16, 2024 and a fair value loss on the Company's other real estate fund investments;
- An increase in prepaid expenses and other of $20,010; and
- An increase in cash of $120,662.

Total revenue during the three months ended September 30, 2024, decreased by $35,488 to $276,873, compared to $312,361 in 2023, primarily due to the following:

- A decrease in revenue from hotel properties in the amount of $39,433, primarily due to the Hotel Portfolio Disposition; and
- An increase in revenue from real estate properties in the amount of $2,749, primarily due to higher average monthly rent ("AMR") within the multi-suite residential segment and from the net impact of acquisition and disposition of properties.

PROPERTY PROFILE

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

PORTFOLIO COMPOSITION BY ASSET TYPE

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

Asset Type	Number of Properties	GLA Square Feet (000s)(1)	Apartment Suites/Hotel Rooms(2)	Real Estate/ Hotel Properties
Multi-suite residential	56	—	17,798	$6,543,249
Retail	36	8,134	—	2,113,964
Office(3)	65	8,644	—	1,879,918
Hotel	2	—	472	86,319
Properties and land held for and under development	—	—	—	162,053
Total real estate properties	**159**	**16,778**	**18,270**	**$10,785,503**

(1) Total GLA is shown on a proportionate basis; on a 100% basis, total GLA of the Company's commercial properties is 20.4 million square feet.
(2) Total suites/hotel rooms include equity-accounted investments and non-controlling interest. The Company on a proportionate basis has ownership of 17,353 suites and 472 hotel rooms.
(3) Includes industrial properties with 1,046,000 square feet of GLA and a fair value of $229,639.

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

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

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

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

AVERAGE OCCUPANCY LEVELS

COMPARATIVE AVERAGE OCCUPANCY LEVELS

	Suites/GLA Square Feet	Sep. 2024	Jun. 2024	Mar. 2023	Dec. 2023	Sep. 2023
Multi-suite residential	17,798	94.6%	95.3%	95.6%	96.1%	96.1%
Retail	7,754,500 (1)	93.2%	93.6%	93.8%	94.0%	93.5%
Office(2)	8,595,300	88.9%	88.3%	87.9%	88.4%	88.1%

(1) Retail occupancy has been adjusted to exclude development space of 379,572 square feet of GLA.
(2) Office includes industrial properties with 1,046,000 square feet of GLA.

LEASE PROFILE

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

Summary of Lease Expiries as at (000s)		2024		2025		2026	
As at September 30, 2024	Total SF	SF	%	SF	%	SF	%
Retail(1)	7,755	415 (3)	5%	960	12%	1,295	17%
Office(2)	8,595	319	4%	1,229	14%	2,021	24%
Total	16,350	734	4%	2,189	13%	3,316	20%

(1) Retail square feet has been adjusted to exclude development space of 379,572 square feet of GLA.
(2) Includes industrial properties with 1,046,000 square feet of GLA.
(3) Includes 350,678 square feet of GLA on short-term leases.

PART III

REVIEW OF OPERATIONAL RESULTS

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Revenue from real estate properties	**$253,389**	$250,640	**$765,336**	$743,558
Revenue from hotel properties	**8,462**	47,895	**27,725**	123,203
Property operating expenses				
Property operating costs	**(62,109)**	(61,382)	**(187,087)**	(180,071)
Utilities	**(14,701)**	(16,600)	**(46,393)**	(50,464)
Realty taxes	**(26,519)**	(24,666)	**(132,834)**	(125,593)
Hotel operating expenses	**(5,283)**	(30,095)	**(20,881)**	(84,494)
Net operating income	**153,239**	165,792	**405,866**	426,139
OTHER REVENUE				
Management and advisory fees	**9,055**	9,618	**29,234**	30,752
Interest and other income	**5,967**	4,208	**14,775**	13,647
	15,022	13,826	**44,009**	44,399
EXPENSES				
Interest	**64,258**	66,830	**192,374**	194,533
Property management and corporate	**21,394**	20,773	**66,334**	65,254
Amortization of hotel properties and other	**2,666**	6,084	**8,330**	19,835
Recovery of impairment	**—**	(11,000)	**—**	(11,000)
	88,318	82,687	**267,038**	268,622
OTHER INCOME (EXPENSE)				
Fair value loss, net	**(45,143)**	(125,876)	**(100,404)**	(118,894)
Gain on sale of hotel properties	**—**	—	**150,587**	—
Equity income from investments	**341**	1,677	**1,832**	1,502
Other income (expense)	**(824)**	(627)	**(828)**	(765)
	(45,626)	(124,826)	**51,187**	(118,157)
Income (loss) before income taxes	**34,317**	(27,895)	**234,024**	83,759
Provision for (recovery of) income taxes				
Current	**2,775**	2,280	**26,677**	6,431
Deferred	**23,627**	(20,731)	**27,226**	22,254
	26,402	(18,451)	**53,903**	28,685
Net income (loss) for the period	**$7,915**	($9,444)	**$180,121**	$55,074
Net income (loss) attributable to:				
Common shareholders	**$498**	$5,494	**$184,802**	$60,622
Non-controlling interest	**7,417**	(14,938)	**(4,681)**	(5,548)
	$7,915	($9,444)	**$180,121**	$55,074
Net income per common share attributable to:				
Common shareholders - basic and diluted	**$0.05**	$0.51	**$17.09**	$5.54

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024
NET INCOME (LOSS)

Net income for the three months ended September 30, 2024 was $7,915, compared to net loss of $9,444 in 2023. The increase in net income of $17,359 for the three months ended September 30, 2024, was primarily due to the following:

- A decrease in net operating income of $12,553, mainly due to the Hotel Portfolio Disposition, partially offset by an increase in AMR at multi-suite residential properties;
- A decrease in amortization of hotel properties and other of $3,418, mainly due to the Hotel Portfolio Disposition;
- A decrease due to a recovery of impairment on hotel properties of $11,000 recorded in 2023;
- A decrease in non-cash net fair value loss of $80,733, mainly due to an increase in fair value gain on real estate properties, partially offset by an increase in fair value loss on the Morguard Residential REIT units; and
- An increase in income tax expense (current and deferred) of $44,853, mainly due to a higher fair value gain recorded on the Company's Canadian and U.S. properties.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
NET INCOME

Net income for the nine months ended September 30, 2024 was $180,121, compared to $55,074 in 2023. The increase in net income of $125,047 for the nine months ended September 30, 2024, was primarily due to the following:

- A decrease in net operating income of $20,273, mainly due to the Hotel Portfolio Disposition, partially offset by an increase in AMR at multi-suite residential properties;
- A decrease in amortization of hotel properties and other of $11,505, mainly due to the Hotel Portfolio Disposition;
- A decrease due to a recovery of impairment on hotel properties of $11,000 recorded in 2023;
- An increase in gain on sale of hotel properties of $150,587, due to the Hotel Portfolio Disposition;
- A decrease in non-cash net fair value loss of $18,490, mainly due to an increase in fair value gain on real estate properties, partially offset by an increase in fair value loss on the Morguard Residential REIT units; and
- An increase in income tax expense (current and deferred) of $25,218, mainly due to a higher fair value gain recorded on the Company's Canadian and U.S. properties.

COMPARATIVE NET OPERATING INCOME

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Multi-suite residential (in local currency)	**$57,505**	$58,010	**$173,606**	$169,921
Retail (in local currency)	**31,293**	28,486	**90,783**	84,894
Office(1)	**33,612**	32,362	**99,487**	94,964
Hotel	**3,111**	3,569	**7,780**	8,358
Exchange amount to Canadian dollars	**12,841**	12,231	**38,864**	37,025
Comparative NOI	**138,362**	134,658	**410,520**	395,162
Acquired properties	**1,036**	—	**6,348**	2,142
Dispositions	**243**	16,571	**1,114**	37,430
Realty tax expense accounted for under IFRIC 21	**13,892**	14,061	**(13,837)**	(12,948)
Lease cancellation fees	**305**	1,220	**4,081**	2,886
Realty tax refund/reassessment	**—**	—	**—**	4,029
Other	**(599)**	(718)	**(2,360)**	(2,562)
NOI	**$153,239**	$165,792	**$405,866**	$426,139

(1) Includes industrial properties with Comparative NOI for the three and nine months ended September 30, 2024 of $2,778 (2023 - $2,333) and $7,897 (2023 - $5,227), respectively.

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

Comparative NOI for the three months ended September 30, 2024, increased by $3,704 or 2.8%, to $138,362 compared to $134,658 in 2023 due to the following:

- Multi-suite residential decreased by $505 as a result of higher vacancy and an increase in operating expenses, partly offset by rental rate growth;
- Retail increased by $2,807 mainly due to higher rent and higher occupancy;
- Office increased by $1,250 mainly due to higher rent and higher occupancy, partly offset by a lower recovery of operating expenses;
- Hotel decreased by $458 mainly due to a decrease in revenue per available room ("RevPar"); and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by $610.

Comparative NOI for the nine months ended September 30, 2024, increased by $15,358 or 3.9%, to $410,520 compared to $395,162 in 2023 due to the following:

- Multi-suite residential increased by $3,685 as a result of rental rate growth, partly offset by higher vacancy and an increase in operating expenses;
- Retail increased by $5,889 mainly due to higher rent and higher occupancy;
- Office increased by $4,523 mainly due to higher rent, higher occupancy, and a higher recovery of operating expenses;
- Hotel decreased by $578 mainly due to an increase in operating expenses, partly offset by an increase in RevPar; and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by $1,839.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024

NET OPERATING INCOME

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

Net operating income decreased by $12,553, or 7.6%, for the three months ended September 30, 2024, to $153,239, compared to $165,792 generated in 2023, and is further analyzed by asset type below.

ADJUSTED NOI BY ASSET TYPE

For the three months ended September 30	2024	2023
Multi-suite residential	**$69,699**	$68,557
Retail	**32,958**	30,855
Office(1)	**33,511**	34,519
Hotel	**3,179**	17,800
Adjusted NOI	**139,347**	151,731
IFRIC 21 adjustment - multi-suite residential	**12,268**	12,242
IFRIC 21 adjustment - retail	**1,624**	1,819
NOI	**$153,239**	$165,792

(1) Includes industrial properties with NOI for the three months ended September 30, 2024 of $2,793 (2023 - $2,362).

NOI from the multi-suite residential portfolio for the three months ended September 30, 2024, increased by $1,168, or 1.4%, to $81,967, compared to $80,799 in 2023. The increase in NOI is due to the change in Adjusted NOI described below, and an increase in the IFRIC 21 adjustment of $26.

Adjusted NOI from the multi-suite residential portfolio for the three months ended September 30, 2024, increased by $1,142, or 1.7%, to $69,699, compared to $68,557 in 2023. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian multi-suite residential properties of $2,139 primarily resulting from:
  - An increase of $1,103 mainly due to an increase in AMR of 5.4% and higher parking income, partially offset by higher vacancy and property taxes. In addition, the Company's Canadian portfolio turned over 315 suites, or 3.8% of total suites, achieving AMR growth of 18.4% on suite turnover; and

- An increase of $1,036 from the acquisition of 50 Portland Street, Toronto, during the fourth quarter of 2023.
- A decrease in U.S. multi-suite residential properties of US$1,275 primarily resulting from higher vacancy and an increase in operating costs of 3.9% mainly from higher payroll costs and property taxes, partially offset by an increase in AMR of 1.9%.
- An increase of $278 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the three months ended September 30, 2024, increased by $1,908, or 5.8%, to $34,582, compared to $32,674 in 2023. The increase in NOI is primarily due to the change in Adjusted NOI described below, partially offset by a decrease in the IFRIC 21 adjustment of $195.

Adjusted NOI from the retail portfolio for the three months ended September 30, 2024, increased by $2,103, or 6.8%, to $32,958 compared to $30,855 in 2023. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian retail properties of $1,149 primarily resulting from:
  - An increase of $1,808 primarily due to higher rent and higher occupancy; and
  - A decrease of $659 from the sale of Heritage Towne Centre, Calgary, during the second quarter of 2024.
- An increase in U.S. retail properties of US$626.
- An increase of $328 due to the change in the U.S. dollar foreign exchange rate.

NOI from the office portfolio for the three months ended September 30, 2024, decreased by $1,008, or 2.9%, to $33,511, compared to $34,519 in 2023, primarily due to the following:

- An increase of $1,320 due to higher rent and higher occupancy, partially offset by a lower recovery of operating expenses;
- A decrease of $853 due to lower non-recurring lease cancellation fees received compared to 2023.
- A decrease of $1,475 from the sale of 181 Queen Street, Ottawa, during the first quarter of 2024.

NOI from the hotel portfolio for the three months ended September 30, 2024, decreased by $14,621, or 82.1%, to $3,179, compared to $17,800 in 2023, primarily due to the following:

- A decrease of $14,163 due to the Hotel Portfolio Disposition.
- A decrease of $458 mainly due to a decrease in RevPar of $2.94.

MANAGEMENT AND ADVISORY FEES

Morguard's management and advisory fees revenue for the three months ended September 30, 2024, decreased by $563, or 5.9%, to $9,055, compared to $9,618 in 2023, primarily due to a decrease in leasing and property management fees.

INTEREST AND OTHER INCOME

Interest and other income for the three months ended September 30, 2024, increased by $1,759, or 41.8%, to $5,967, compared to $4,208 in 2023. The increase was primarily due to higher interest earned on excess cash held.

INTEREST EXPENSE

Interest expense consists of the following:

For the three months ended September 30	2024	2023
Mortgages payable	**$50,076**	$48,978
Debentures payable, net of accretion	**9,084**	9,419
Bank indebtedness	**327**	4,402
Loans payable and other	**168**	205
Lease liabilities	**2,452**	2,469
Amortization of mark-to-market adjustments on mortgages, net	**161**	(432)
Amortization of deferred financing costs	**2,098**	2,222
Prepayment fee on mortgage extinguishment	**—**	—
	64,366	67,263
Less: Interest capitalized to properties under development	**(108)**	(433)
	$64,258	$66,830

Interest expense for the three months ended September 30, 2024, decreased by $2,572, or 3.8%, to $64,258, compared to $66,830 in 2023, mainly due to a decrease in interest on bank indebtedness and interest on Debentures, partially offset by higher interest on mortgages payable and a lower amortization of mark-to-market adjustments on mortgages. The decrease in interest on bank indebtedness is a result of the Hotel Portfolio Disposition, the net proceeds of which were used to repay bank indebtedness of $165,000 and repay the maturing Series E unsecured debentures of $225,000. The decrease in interest on Debentures is primarily due to the repayment of Series G and Series E senior unsecured debentures on September 28, 2023 and January 25, 2024, respectively, partially offset by the issuance of Series H senior unsecured debenture on September 26, 2023. The increase in interest on mortgages payable is largely attributable to properties financed at higher fixed and floating rates of interest, and a change in foreign exchange rates increasing U.S. mortgage interest by $326.

PROPERTY MANAGEMENT AND CORPORATE

Property management and corporate expenses for the three months ended September 30, 2024, increased by $621, or 3.0%, to $21,394, compared to $20,773 in 2023, primarily due to a higher non-cash adjustment to increase compensation expense related to the Company's SARs plan of $857.

AMORTIZATION OF HOTEL PROPERTIES AND OTHER

Amortization of hotel properties and other for the three months ended September 30, 2024, decreased by $3,418, or 56.2%, to $2,666, compared to $6,084 in 2023, primarily due to the Hotel Portfolio Disposition.

RECOVERY OF IMPAIRMENT

During the three months ended September 30, 2023, a recoverability analysis was completed in accordance with the procedures specified by IFRS, which indicated that a recovery of impairment of $11,000 should be recorded.

FAIR VALUE GAIN (LOSS) ON REAL ESTATE PROPERTIES

Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including changes in projected cash flows as a result of leasing, capitalization rates, discount rates and terminal capitalization rates. During the three months ended September 30, 2024, the Company recognized a net fair value gain on real estate properties of $51,940, compared to fair value loss of $170,289 in 2023.

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

For the three months ended September 30	2024	2023
Multi-suite residential	**$52,795**	($68,417)
Retail	**(3,343)**	(12,767)
Office(1)	**2,488**	(89,105)
	$51,940	($170,289)

(1) Includes industrial properties with a fair value gain for the three months ended September 30, 2024 of $1,441 (2023 - $1,875).

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

- A net fair value gain of $52,795 in the residential portfolio, mainly due to an increase in stabilized NOI across the Company's Canadian residential portfolio, partially offset by an adjustment on realty taxes accounted under IFRIC 21.
- A net fair value loss of $3,343 in the retail portfolio, due to a decrease in stabilized NOI and an adjustment on realty taxes accounted for under IFRIC 21.
- A net fair value gain of $2,488 in the office portfolio, primarily due to a 50 basis point decrease in valuation parameters at a property located in Québec, partially offset by a decrease in projected cash flows across several properties.

FAIR VALUE LOSS ON MORGUARD RESIDENTIAL REIT UNITS

For the three months ended September 30, 2024, the Company recorded a fair value loss on the Morguard Residential REIT units of $104,967, which includes a mark-to-market loss of $99,609 on the units as a result of an increase in trading price and the distributions made to external unitholders of $5,358.

FAIR VALUE GAIN ON INVESTMENT IN MARKETABLE SECURITIES

For the three months ended September 30, 2024, the Company recorded a fair value gain on investment in marketable securities of $11,538 resulting from an increase in trading value of the securities.

EQUITY INCOME FROM INVESTMENTS

Equity income from investments consists of the following:

For the three months ended September 30	2024	2023
Joint ventures	**$339**	$2,618
Associates	**2**	(941)
	$341	$1,677

Equity income from investments for the three months ended September 30, 2024, decreased by $1,336 to $341, compared to $1,677 in 2023, primarily due to lower NOI due to the disposition of the Company's 50% interest in two hotel properties, partially offset by a lower fair value loss on real estate properties.

OTHER EXPENSE

Other expense for the three months ended September 30, 2024, increased by $197 to $824, compared to other expense of $627 in 2023.

INCOME TAXES

For the three months ended September 30, 2024, the Company recorded an income tax expense of $26,402, compared to an income tax recovery $18,451 in 2023. The increase in income tax expense of $44,853 comprises an increase of $44,358 in deferred tax expense and an increase of $495 in current tax expense.

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

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

EIFEL Rules

On May 28, 2024, amended Canadian Bill C-59, *Fall Economic Statement Implementation Act, 2023*, became substantively enacted for financial reporting purposes. Bill C-59 implements the majority of the remaining income tax measures from the 2023 federal budget, as well as certain measures from the 2023 fall economic statement. Most notably, Bill C-59 contains the excessive interest and financing expenses limitation rules ("EIFEL Rules").

The EIFEL Rules, which became effective for the 2024 fiscal year, limit the amount of net interest and financing expenses that a corporation may deduct in computing taxable income to a fixed ratio (currently set at 30% of the EBITDA as calculated for tax purposes) or, where certain conditions are met and a consolidated group elects, a higher group ratio.

Based on the EIFEL Rules mentioned above and an assessment of forecasted EBITDA for the year ended December 31, 2024, the Company's current tax expense for the nine months ended September 30, 2024 increased by $834 from applying the EIFEL Rules which limit the deductibility of certain interest expenses.

On August 12, 2024, the Department of Finance released revised draft legislation that includes previously announced business tax measures, among others, related to an EIFEL exemption for purpose-build rental housing providers and certain regulated utility providers. The Company will continue to review the relevant legislation and available guidance to assess the full implications of the EIFEL Rules.

International Tax Reform: Pillar Two Model Rules

The Company is within scope of Pillar Two legislation as the parent company of a multinational enterprises ("MNE") group, with revenue that may exceed the EUR 750 million threshold per its consolidated financial statements.

On June 19, 2024, Canadian Bill C-69, *Budget Implementation Act, 2024, No. 1,* became substantively enacted for financial reporting purposes. Among other measures, Bill C-69 includes Canada's Global Minimum Tax Act ("GMTA"). The GMTA implements into Canadian domestic law the global minimum tax under Pillar Two as developed by the Organisation for Economic Co-operation and Development ("OECD") / G20 Inclusive Framework on Base Erosion and Profit Shifting. More specifically, the GMTA implements the top-up tax, income inclusion rule and the domestic minimum top-up tax rules that form part of the Model Rules for the Global Minimum Tax (GloBE Rules) that were released by the OECD on December 20, 2021.

To date, the U.S. has not indicated its commitment to enact Pillar Two legislation. The Company and its subsidiaries continue to review the relevant legislation and available guidance to assess the full implications of the Pillar Two Model Rules. Based on an assessment of historic data and forecasts for the year ended December 31, 2024, the Company does not expect a material exposure to Pillar Two income taxes for the year ended December 31, 2024.

PENSION PLANS

The Company maintains a defined benefit pension plan that provides benefits based on length of service and final average earnings under the Morguard Corporation Employee Retirement Plan (the "Morguard Plan"), as well as a defined benefit plan that provides benefits based on years of service, years of contributions and annual earnings under the Morguard Investments Limited Employees' Retirement Plan (the "MIL Plan"). Effective January 1, 2008, members of the MIL Plan and new employees of the Company commenced participation under the new defined contribution provisions of the Morguard Plan.

On July 1, 2024, the Morguard Plan merged with the MIL Plan which resulted in a net asset transfer from the MIL Plan into the Morguard Plan. Members of the Morguard Plan and the MIL Plan will continue to receive the full value of pension benefits accrued prior to the merger.

The Company's accounting policy under IFRS is to recognize actuarial gains/losses in the period in which they occur, and these gains/losses are reflected in the consolidated statements of comprehensive income (loss). During the three months ended September 30, 2024, an actuarial gain of $12,450 (including a gain of $1,260 as a result of the merger) was recorded in the consolidated statements of comprehensive income (loss), compared to an actuarial loss of $3,572 in 2023; the gains/losses are primarily due to a change in the trading price of the pension plan's underlying investments.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

NET OPERATING INCOME

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

Net operating income decreased by $20,273, or 4.8%, for the nine months ended September 30, 2024, to $405,866, compared to $426,139 generated in 2023, and is further analyzed by asset type below.

ADJUSTED NOI BY ASSET TYPE

For the nine months ended September 30	2024	2023
Multi-suite residential	**$213,201**	$203,569
Retail	**97,310**	95,665
Office[(1)]	**102,348**	101,144
Hotel	**6,844**	38,709
Adjusted NOI	**419,703**	439,087
IFRIC 21 adjustment - multi-suite residential	**(12,308)**	(11,319)
IFRIC 21 adjustment - retail	**(1,529)**	(1,629)
NOI	**$405,866**	$426,139

(1) Includes industrial properties with NOI for the nine months ended September 30, 2024 of $7,909 (2023 - $5,326).

NOI from the multi-suite residential portfolio for the nine months ended September 30, 2024, increased by $8,643, or 4.5%, to $200,893, compared to $192,250 in 2023. The increase in NOI is due to the change in Adjusted NOI described below, partially offset by an increase in the IFRIC 21 adjustment of $989.

Adjusted NOI from the multi-suite residential portfolio for the nine months ended September 30, 2024, increased by $9,632, or 4.7%, to $213,201, compared to $203,569 in 2023. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian multi-suite residential properties of $7,067 primarily resulting from:
  - An increase of $4,075 mainly due to an increase in AMR of 5.4% and a decrease in utilities due to lower gas rates and consumption, partially offset by higher vacancy and property taxes. In addition, the Company's Canadian portfolio turned over 681 suites, or 8.3% of total suites, achieving AMR growth of 20.9% on suite turnover; and
  - An increase of $2,992 from the acquisition of 50 Portland Street, Toronto, during the fourth quarter of 2023.
- An increase in U.S. multi-suite residential properties of US$819 primarily resulting from:
  - An increase of US$873 from the acquisition of Xavier, Chicago, during the first quarter of 2023; and
  - A decrease of US$54 mainly due to higher vacancy and an increase in operating costs by 3.5% mainly from

higher insurance premiums, payroll costs, and property taxes, partially offset by an increase in AMR of 1.9% and an increase in parking income;

- An increase of $1,746 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the nine months ended September 30, 2024, increased by $1,745, or 1.9%, to $95,781, compared to $94,036 in 2023. The increase in NOI is primarily due to the change in Adjusted NOI described below, and a decrease in the IFRIC 21 adjustment of $100.

Adjusted NOI from the retail portfolio for the nine months ended September 30, 2024, increased by $1,645, or 1.7%, to $97,310 compared to $95,665 in 2023. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian retail properties of $756 primarily resulting from:
  - An increase of $5,558 primarily due to higher basic and percentage rent at three enclosed shopping centres, including the partial redevelopment at a property located in British Columbia, completed during the third quarter of 2023. In addition, higher occupancy at an unenclosed shopping centre located in Toronto, and a higher recovery of operating expenses contributed to the overall increase compared to 2023;
  - A decrease of $4,029 due to non-recurring tax refunds received in 2023; and
  - A decrease of $773 from the sale of Heritage Towne Centre, Calgary, during the second quarter of 2024.
- An increase in U.S. retail properties of US$501.
- An increase of $388 due to the change in the U.S. dollar foreign exchange rate.

NOI from the office portfolio for the nine months ended September 30, 2024, increased by $1,204, or 1.2%, to $102,348, compared to $101,144 in 2023, primarily due to the following:

- An increase of $4,115 due to higher rent and occupancy at two industrial properties, as well as higher rent and a higher recovery of operating expenses at a property in Alberta.
- An increase of $1,229 due to higher non-recurring lease cancellation fees received compared to 2023.
- A decrease of $4,140 from the sale of 181 Queen Street, Ottawa, during the first quarter of 2024.

NOI from the hotel portfolio for the nine months ended September 30, 2024, decreased by $31,865, or 82.3%, to $6,844, compared to $38,709 in 2023, primarily due to the following:

- A decrease of $31,287 due to the Hotel Portfolio Disposition.
- A decrease of $578 mainly due to an increase in operating expenses, partially offset by an increase in RevPar of $1.34 from $155.32 to $156.66.

MANAGEMENT AND ADVISORY FEES

Morguard's management and advisory fees revenue for the nine months ended September 30, 2024, decreased by $1,518, or 4.9%, to $29,234, compared to $30,752 in 2023, primarily due to decrease in asset management and leasing fees.

INTEREST AND OTHER INCOME

Interest and other income for the nine months ended September 30, 2024, increased by $1,128, or 8.3%, to $14,775, compared to $13,647 in 2023. The increase was primarily due to higher interest earned on excess cash held, partially offset by lower interest earned on restricted cash of $565 held as part of a 1031 Exchange.

INTEREST EXPENSE

Interest expense consists of the following:

For the nine months ended September 30	2024	2023
Mortgages payable	**$149,086**	$141,971
Debentures payable, net of accretion	**27,804**	27,964
Bank indebtedness	**1,700**	12,430
Loans payable and other	**405**	710
Lease liabilities	**7,371**	7,427
Amortization of mark-to-market adjustments on mortgages, net	**(57)**	(1,395)
Amortization of deferred financing costs	**6,176**	6,487
Prepayment fee on mortgage extinguishment	**257**	—
	192,742	195,594
Less: Interest capitalized to properties under development	**(368)**	(1,061)
	$192,374	$194,533

Interest expense for the nine months ended September 30, 2024, decreased by $2,159, or 1.1%, to $192,374, compared to $194,533 in 2023, mainly due to a decrease in interest on bank indebtedness and interest on Debentures, partially offset by higher interest on mortgages payable and a lower amortization of mark-to-market adjustments on mortgages. The decrease in interest on bank indebtedness is a result of the Hotel Portfolio Disposition, the net proceeds of which were used to repay bank indebtedness of $165,000 and repay the maturing Series E unsecured debentures of $225,000. The decrease in interest on Debentures is primarily due to the repayment of Series G and Series E senior unsecured debentures on September 28, 2023 and January 25, 2024, respectively, partially offset by the issuance of Series H senior unsecured debenture on September 26, 2023. The increase in interest on mortgages payable is largely attributable to properties financed at higher fixed and floating rates of interest, and a change in foreign exchange rates increasing U.S. mortgage interest by $1,124.

PROPERTY MANAGEMENT AND CORPORATE

Property management and corporate expenses for the nine months ended September 30, 2024, increased by $1,080, or 1.7%, to $66,334, compared to $65,254 in 2023, primarily due to a higher non-cash adjustment to increase compensation expense related to the Company's SARs plan of $1,976, partially offset by a decrease in consulting expense.

AMORTIZATION OF HOTEL PROPERTIES AND OTHER

Amortization of hotel properties and other for the nine months ended September 30, 2024, decreased by $11,505, or 58.0%, to $8,330, compared to $19,835 in 2023, primarily due to the Hotel Portfolio Disposition.

RECOVERY OF IMPAIRMENT

During the nine months ended September 30, 2023, a recoverability analysis was completed in accordance with the procedures specified by IFRS, which indicated that a recovery of impairment of $11,000 should be recorded.

FAIR VALUE GAIN (LOSS) ON REAL ESTATE PROPERTIES

Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including changes in projected cash flows as a result of leasing, capitalization rates, discount rates and terminal capitalization rates. During the nine months ended September 30, 2024, the Company recognized a net fair value gain on real estate properties of $53,331, compared to a fair value loss of $106,696 in 2023.

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

For the nine months ended September 30	2024	2023
Multi-suite residential	**$139,974**	$89,940
Retail	**(7,108)**	(18,804)
Office[(1)]	**(79,535)**	(177,832)
	$53,331	($106,696)

(1) Includes industrial properties with a fair value gain for the nine months ended September 30, 2024 of $1,848 (2023 - $17,659).

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

- A net fair value gain of $139,974 in the residential portfolio, mainly due to an increase in stabilized NOI across the Company's Canadian residential portfolio and an adjustment to realty taxes accounted for under IFRIC 21, partially offset by a 25 basis point increase in capitalization rates across several U.S. properties.
- A net fair value loss of $7,108 in the retail portfolio, due to a 25 basis point increase in valuation parameters at few of the Company's enclosed malls, partially offset by an increase in projected cash flows.
- A net fair value loss of $79,535 in the office portfolio, primarily due to a 25 to 75 basis point increase in valuation parameters and decrease in projected cash flows across several properties.

FAIR VALUE LOSS ON MORGUARD RESIDENTIAL REIT UNITS

For the nine months ended September 30, 2024, the Company recorded a fair value loss on the Morguard Residential REIT units of $135,840, which includes a mark-to-market loss of $119,548 on the units as a result of a increase in trading price and the distributions made to external unitholders of $16,292.

FAIR VALUE LOSS ON INVESTMENT IN MARKETABLE SECURITIES

For the nine months ended September 30, 2024, the Company recorded a fair value loss on investment in marketable securities of $185 resulting from a decrease in trading value of the securities.

GAIN ON SALE OF HOTEL PROPERTIES

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

EQUITY INCOME FROM INVESTMENTS

Equity income from investments consists of the following:

For the nine months ended September 30	2024	2023
Joint ventures	**$1,859**	$2,111
Associates	**(27)**	(609)
	$1,832	$1,502

Equity income from investments for the nine months ended September 30, 2024, increased by $330 to $1,832, compared to $1,502 in 2023, primarily due to a lower fair value loss on real estate properties, partly offset by lower NOI due to the disposition of the Company's 50% interest in two hotel properties.

OTHER EXPENSE

Other expense for the nine months ended September 30, 2024, increased by $63 to $828, compared to $765 in 2023.

INCOME TAXES

For the nine months ended September 30, 2024, the Company recorded an income tax expense of $53,903, compared to $28,685 in 2023. The increase in income tax expense of $25,218 comprises a increase of $4,972 in deferred tax expense and an increase of $20,246 in current tax expense.

The increase in current tax expense for the nine months ended September 30, 2024 is primarily a result of an increase of $17,022 relating to the disposal of properties, an increase of $834 due to the EIFEL Rules being substantially enacted during the second quarter of 2024, and as a result of U.S. federal and state tax limitation of utilization of net operating losses, compared to 2023.

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

PENSION PLANS

The Company's accounting policy under IFRS is to recognize actuarial gains/losses in the period in which they occur, and these gains/losses are reflected in the consolidated statements of comprehensive income (loss). During the nine months ended September 30, 2024, an actuarial gain of $11,317 (including a gain of $1,260 as a result of the merger) was recorded in the consolidated statements of comprehensive income (loss), compared to an actuarial loss of $3,644 in 2023; the gains/losses are primarily due to a change in the trading price of the pension plan's underlying investments.

FUNDS FROM OPERATIONS

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

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Multi-suite residential	**$69,699**	$68,557	**$213,201**	$203,569
Retail	**32,958**	30,855	**97,310**	95,665
Office	**33,511**	34,519	**102,348**	101,144
Hotel	**3,179**	17,800	**6,844**	38,709
Adjusted NOI(1)	**139,347**	151,731	**419,703**	439,087
Other Revenue				
Management and advisory fees	**9,055**	9,618	**29,234**	30,752
Interest and other income	**5,967**	4,208	**14,775**	13,647
Equity-accounted FFO(2)	**568**	1,449	**2,216**	4,518
	15,590	15,275	**46,225**	48,917
Expenses and Other				
Interest	**(64,258)**	(66,830)	**(192,374)**	(194,533)
Principal repayment of lease liabilities	**(244)**	(405)	**(1,027)**	(1,229)
Property management and corporate	**(21,394)**	(20,773)	**(66,334)**	(65,254)
Internal leasing costs	**1,075**	1,320	**3,212**	3,394
Amortization of capital assets	**(277)**	(318)	**(867)**	(979)
Current income taxes(3)	**(2,775)**	(2,280)	**(7,595)**	(4,371)
Non-controlling interests' share of FFO(4)	**(13,665)**	(12,468)	**(41,234)**	(44,511)
Unrealized changes in the fair value of financial instruments	**9,890**	(5,116)	**(17,016)**	(31,566)
Other income (expense)	**(249)**	27	**(329)**	(789)
FFO	**$63,040**	$60,163	**$142,364**	$148,166
FFO per common share amounts – basic and diluted	**$5.83**	$5.56	**$13.17**	$13.55
Weighted average number of common shares outstanding (in thousands):				
Basic and diluted	**10,813**	10,813	**10,813**	10,933

(1) For three and nine months ended September 30, 2024, an IFRIC 21 adjustment of $13,892 (2023 - $14,061) was added and $13,837 (2023 - $12,948) was deducted, respectively, to the IFRS presentation of realty tax expense.
(2) Equity-accounted FFO exclude fair value adjustments on real estate properties, provision for (recovery of) impairment, deferred income taxes and amortization of hotel properties.
(3) Current income taxes for the three and nine months ended September 30, 2024, excludes $nil (2023 - $nil) and $19,082 (2023 - $2,060), respectively, of income tax relating to the disposal of properties.
(4) For the three and nine months ended September 30, 2024, non-controlling interests' share of FFO includes Morguard Residential REIT's non-controlling interest share of FFO in the amount of $7,358 (2023 - $7,690) and $23,008 (2023 - $24,187), respectively.

For the three months ended September 30, 2024, the Company recorded FFO of $63,040 ($5.83 per common share), compared to $60,163 ($5.56 per common share) in 2023. The increase in FFO of $2,877 is mainly due to an increase of interest and other income of $1,759, a decrease in interest expense of $2,572, and a decrease in unrealized changes in the fair value of financial instruments of $15,006, partially offset by a decrease in Adjusted NOI of $12,384, a decrease in equity-accounted FFO of $881 and an increase in non-controlling interests' share of FFO of $1,197.

The change in foreign exchange rate had a positive impact on FFO of $239 ($0.02 per common share).

For the nine months ended September 30, 2024, the Company recorded FFO of $142,364 ($13.17 per common share), compared to $148,166 ($13.55 per common share) in 2023. The decrease in FFO of $5,802 is mainly due to a decrease in Adjusted NOI of $19,384, a decrease in management and advisory fees of $1,518, a decrease in equity-accounted FFO of $2,302, and an increase in current income taxes of $3,224, partially offset by a decrease in interest expense of $2,159, a decrease in non-controlling interests' share of FFO of $3,277, and a decrease in unrealized changes in the fair value of financial instruments of $14,550.

The change in foreign exchange rate had a positive impact on FFO of $520 ($0.05 per common share).

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

Normalized FFO	**Three months ended September 30**		**Nine months ended September 30**	
	2024	2023	**2024**	2023
FFO (from above)	**$63,040**	$60,163	**$142,364**	$148,166
Add/(deduct):				
Unrealized changes in the fair value of financial instruments	**(9,890)**	5,116	**17,016**	31,566
SARs plan increase (decrease) in compensation expense	**800**	(57)	**1,110**	(866)
Lease cancellation fee and other	**(254)**	(1,020)	**(3,690)**	(2,476)
Tax effect of above adjustments	**42**	192	**784**	443
Normalized FFO	**$53,738**	$64,394	**$157,584**	$176,833
Per common share amounts – basic and diluted	**$4.97**	$5.95	**$14.57**	$16.17

Normalized FFO for the three months ended September 30, 2024, was $53,738 or $4.97 per common share, versus $64,394, or $5.95 per common share, for the same period in 2023, which represents a decrease of $10,656, or 16.5%.

Normalized FFO for the nine months ended September 30, 2024, was $157,584 or $14.57 per common share, versus $176,833, or $16.17 per common share, for the same period in 2023, which represents a decrease of $19,249, or 10.9%.

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Net income attributable to common shareholders	**$498**	$5,494	**$184,802**	$60,622
Add/(deduct):				
Fair value loss (gain) on real estate properties, net[1]	**(51,713)**	172,891	**(52,947)**	111,951
Non-controlling interests' share of fair value gain (loss) on real estate properties, net[1]	**489**	(20,385)	**(22,108)**	(25,187)
Fair value loss (gain) on Morguard Residential REIT units	**99,609**	(53,452)	**119,548**	(33,912)
Distribution to Morguard Residential REIT's external unitholders	**5,358**	5,465	**16,292**	16,624
Non-controlling interest - Morguard Residential REIT	**(7,358)**	(7,690)	**(23,008)**	(24,187)
Fair value loss (gain) on conversion option of MRG convertible debentures	**2,006**	(1,542)	**879**	(2,080)
Amortization of intangible asset	**1,729**	1,722	**5,186**	6,360
Amortization of hotel properties[2]	**660**	4,209	**2,277**	13,252
Foreign exchange loss (gain)	**575**	654	**499**	(24)
Deferred income taxes	**23,627**	(20,731)	**27,226**	22,254
Principal repayment of lease liabilities	**(244)**	(405)	**(1,027)**	(1,229)
Internal leasing costs	**1,075**	1,320	**3,212**	3,394
Realty taxes accounted for under IFRIC 21[3]	**(13,271)**	(13,392)	**13,038**	12,263
Recovery of impairment[4]	**—**	(13,995)	**—**	(13,995)
Gain on sale of hotel properties	**—**	—	**(150,587)**	—
Current tax on disposition of properties	**—**	—	**19,082**	2,060
FFO	**$63,040**	$60,163	**$142,364**	$148,166
FFO per common share – basic and diluted	**$5.83**	$5.56	**$13.17**	$13.55
Weighted average number of common shares outstanding (in thousands):				
Basic and diluted	**10,813**	10,813	**10,813**	10,933

(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.
(4) Includes provision for (recovery of) impairment for equity-accounted investments.

PART IV

BALANCE SHEET ANALYSIS

REAL ESTATE PROPERTIES

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

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

As at	September 30, 2024	December 31, 2023
Real estate properties		
Multi-suite residential	**$6,543,249**	$6,274,851
Retail	**2,113,964**	2,134,485
Office(1)	**1,879,918**	2,063,987
	10,537,131	10,473,323
Properties under development	**38,386**	12,175
Land held for development	**123,667**	133,464
Real estate properties	**$10,699,184**	$10,618,962
Real estate properties	**$10,699,184**	$10,493,655
Real estate properties held for sale	**—**	125,307
Total	**$10,699,184**	$10,618,962

(1) As at September 30, 2024, includes industrial properties in the amount of $229,639 (December 31, 2023 - $226,727).

Real estate properties (including real estate properties held for sale) increased by $80,222 at September 30, 2024, to $10,699,184, compared to $10,618,962 at December 31, 2023. The increase is primarily the result of the following:

- Capitalization of property enhancements, including capital expenditures and tenant improvements totalling $92,155;
- Development expenditures of $12,765;
- A fair value gain on real estate properties of $53,331;
- An increase of $88,298 due to the change in the U.S. dollar exchange rate; and
- Dispositions of real estate properties of $162,562.

During the three months ended June 30, 2024, the Company sold a retail property located in Calgary, Alberta, consisting of 131,000 square feet, for net proceeds of $37,050, including closing costs, and repaid the mortgage payable secured by the property in the amount of $17,030.

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

APPRAISAL CAPITALIZATION AND DISCOUNT RATES

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

As at September 30, 2024, using the direct capitalization approach, the multi-suite residential, retail and office properties were valued using capitalization rates in the range of 3.3% to 10.3% (December 31, 2023 - 3.3% to 10.3%), resulting in an overall weighted average capitalization rate of 5.7% (December 31, 2023 - 5.6%).

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

	September 30, 2024					December 31, 2023				
As at	Occupancy Rates		Capitalization Rates			Occupancy Rates		Capitalization Rates		
	Max.	Min.	Max.	Min.	Weighted Average	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	**98.5%**	**92.0%**	**6.3%**	**3.3%**	**4.4%**	98.5%	92.0%	6.3%	3.3%	4.4%
Retail	**99.0%**	**85.0%**	**10.3%**	**5.0%**	**7.5%**	99.0%	85.0%	10.3%	5.0%	7.4%
Office(1)	**100.0%**	**85.0%**	**9.0%**	**5.0%**	**7.7%**	100.0%	85.0%	9.0%	4.8%	7.1%

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

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

As at	September 30, 2024			December 31, 2023		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**11.3%**	**5.8%**	**7.7%**	11.3%	5.8%	7.7%
Terminal cap rate	**10.3%**	**5.3%**	**6.7%**	10.3%	5.0%	6.7%
Office						
Discount rate	**9.5%**	**6.0%**	**7.2%**	9.5%	5.8%	7.1%
Terminal cap rate	**8.8%**	**5.3%**	**6.5%**	8.5%	4.8%	6.4%

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

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

As at	September 30, 2024		December 31, 2023	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($337,516)**	**$377,110**	($315,323)	$351,896
Retail	**(62,486)**	**66,807**	(63,503)	67,930
Office(1)	**(59,767)**	**63,847**	(70,489)	75,687
	($459,769)	**$507,764**	($449,315)	$495,513

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

PROPERTY UNDER DEVELOPMENT – 725 VILLAGE GREEN BOULEVARD

During the third quarter, Morguard officially launched the construction of its new purpose-built rental community in the vibrant Port Credit area. The development will be comprised of one 9-storey and two 8-storey mid-rise residential buildings on a 3.7-acre property and will contain 431 suites, from studios to 3-bedroom units, townhomes and stunning penthouse suites with first occupancy projected during 2027.

Morguard is committed to achieving LEED Gold certification, a standard that represents excellence in green building design. Each suite will offer Heat Recovery Ventilation (HRV) units, which capture and reuse heat from exhaust air to improve energy efficiency. In addition, the property will capture rainwater in a cistern for irrigation, reducing water consumption. LED lighting and motion-controlled sensors will conserve energy throughout the building. Indoor parking will offer 480 bike parking spots and 50% of the parking spaces will be Electric Vehicle (EV) ready. These innovations will ensure that we minimize our environmental footprint.

The project offers a selection of premium amenities, including landscaped rooftop terraces, a greenhouse, chef's kitchen, a wine-down lounge and screening room, an expansive fitness and yoga centre, and pet spa and will also include a dog run, a children's play area, a dining area with BBQs and fire pits, and indoor/outdoor cabanas with lounge.

Exterior artist rendering

Suite kitchen rendering

HOTEL PROPERTIES

Hotel properties consist of the following:

As at	September 30, 2024	December 31, 2023
Cost	**$112,114**	$463,986
Accumulated impairment provision	**—**	(2,249)
Accumulated amortization	**(25,795)**	(119,633)
	$86,319	$342,104
Hotel properties held for sale	**—**	(254,728)
Hotel properties	**$86,319**	$87,376

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

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	September 30, 2024	December 31, 2023
Joint ventures	**$11,004**	$36,037
Associates	**177**	2,964
Equity-accounted investments	**11,181**	39,001
Other real estate fund investments	**40,192**	56,524
Equity-accounted and other fund investments	**$51,373**	$95,525

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

				Company's Ownership		Carrying Value	
Property/Investment	Principal Place of Business	Investment Type	Asset Type	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$8,253**	$7,755
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,751**	2,757
Courtyard by Marriott	Ottawa, ON	Joint Venture	Hotel	**—%**	50.0%	**—**	16,400
Marriott Residence Inn	London, ON	Joint Venture	Hotel	**—%**	50.0%	**—**	9,125
MIL Industrial Fund II LP(1)(2)	Various	Associate	Industrial	**18.8%**	18.8%	**177**	2,964
						$11,181	$39,001

(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.
(2) On February 28, 2024, the fund disposed of the remaining two industrial properties and distributed net proceeds in the amount of $2,760.

On April 16, 2024, the Company sold its 50% interest in two hotel joint ventures for net proceeds of $26,033, including working capital adjustments and closing costs.

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

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	**$39,001**	$46,789
Additions	**—**	7,250
Share of net income	**1,832**	4,334
Distributions received	**(3,619)**	(19,372)
Distributions received - sale of hotel joint ventures	**(26,033)**	—
Balance, end of period	**$11,181**	$39,001

MORTGAGES PAYABLE

Mortgages payable totalled $4,596,279 at September 30, 2024, compared to $4,680,092 at December 31, 2023, a decrease of $83,813, mainly due to mortgage repayments on maturity of $436,845, the repayment on extinguishment of mortgages of $214,777 and scheduled principal repayments of $85,104, partially offset by net proceeds from new mortgage financing of $608,241 and a change in foreign exchange of $40,248.

MORTGAGE CONTINUITY SCHEDULE

As at	September 30, 2024	December 31, 2023
Opening mortgage balance	**$4,680,092**	$4,642,151
New mortgage financing	**615,588**	679,085
New mortgage financing costs	**(7,347)**	(5,929)
Mortgages assumed on acquisition	**—**	26,259
Mortgage repayments on maturity	**(436,845)**	(503,847)
Mortgage repayments on extinguishment	**(214,777)**	—
Scheduled principal repayments	**(85,104)**	(118,434)
Change in foreign exchange rate	**40,248**	(43,810)
Mortgages mark-to-market adjustment, net	**(57)**	(3,379)
Deferred financing costs (including extinguishment)	**4,481**	7,996
Closing mortgage balance	**$4,596,279**	$4,680,092

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at September 30, 2024, mortgages payable bear interest at rates ranging between 2.03% and 7.92% per annum with a weighted average interest rate of 4.23% (December 31, 2023 - 4.36%), mature between 2024 and 2058 with a weighted average term to maturity of 4.1 years (December 31, 2023 - 4.1 years). Approximately 94% of the Company's mortgages have fixed interest rates.

MORTGAGE REPAYMENT SCHEDULE

As at September 30, 2024	Principal Instalment Repayments	Balance Maturing	Total	Weighted Average Contractual Interest Rate
2024 (remainder of year)	$28,903	$338,378	$367,281	4.90%
2025	104,845	537,380	642,225	3.64%
2026	87,024	618,223	705,247	4.55%
2027	59,063	634,120	693,183	4.58%
2028	48,592	339,077	387,669	4.26%
Thereafter	147,081	1,680,842	1,827,923	4.03%
	$475,508	$4,148,020	4,623,528	4.23%
Mark-to-market adjustment, net			(1,166)	
Deferred financing costs			(26,083)	
			$4,596,279	

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

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

Date	Asset Type	Location	New Interest Rate	Maturing Interest Rate	Term (years)	Mortgage Proceeds	Mortgage Repayment
January 21, 2024	Retail	Red Deer, AB	—%	5.97%	—	$—	$2,393
February 1, 2024	Retail	Toronto, ON	5.10%	8.35%	4.0	80,000	72,389
April 1, 2024	Office	Ottawa, ON	7.75%	3.50%	3.0	8,500	12,000
May 15, 2024	Residential	Mississauga, ON	4.73%	3.36%	10.5	64,352	26,906
June 5, 2024	Residential	Mississauga, ON	4.59%	3.36%	10.5	86,677	38,341
June 10, 2024	Residential	Mississauga, ON	4.60%	3.36%	10.5	58,603	26,164
June 12, 2024	Office	Ottawa, ON	6.65%	7.25%	3.0	25,000	28,500
June 25, 2024	Retail	Prince George, BC	5.82%	7.47%	5.0	75,000	65,098
August 1, 2024	Office	Ottawa, ON	7.05%	7.89%	1.0	25,647	25,647
September 1, 2024	Retail (2)	Cambridge, ON	5.16%	7.10%	5.0	41,000	46,001
September 1, 2024	Retail (2)	Airdrie, AB	6.27%	7.10%	0.5	17,500	17,500
September 26, 2024	Residential	Hollywood, CA	7.92%	7.92%	2.0	133,309	167,317
Weighted Averages and Total			**5.86%**	**6.89%**	**5.7**	**$615,588**	**$528,256**

(1) Mortgage repayment includes early mortgage extinguishments of $91,411 that were refinanced ahead of their scheduled maturity.
(2) The maturing mortgage was initially collateralized against three properties, and upon refinancing, were separated into a five-year mortgage secured against one property and a six-month mortgage secured against all three properties.

MORTGAGE MATURITY SCHEDULE

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

	2024				2025			
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	3	$88,539	4.41%	28.7%	3	$301,468	2.97%	39.7%
Retail	3	84,226	5.08%	67.9%	2	54,237	3.95%	53.1%
Office	2	165,613	5.07%	75.6%	6	154,418	4.13%	49.4%
Hotels	—	—	—%	—%	1	27,257	7.71%	61.9%
	8	**$338,378**	**4.90%**	**51.9%**	**12**	**$537,380**	**3.64%**	**44.1%**

UNSECURED DEBENTURES

The Company's Unsecured Debentures consist of the following:

As at	Maturity Date	Coupon Interest Rate	September 30, 2024	December 31, 2023
Series E senior unsecured debentures	January 25, 2024	4.715%	**$—**	$225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Series H senior unsecured debentures	September 26, 2026	9.500%	**175,000**	175,000
Unamortized financing costs			**(1,620)**	(2,389)
			$398,380	$622,611

On January 25, 2019, the Company issued $225,000 (net proceeds including issuance costs - $223,575) of Series E senior unsecured debentures due on January 25, 2024. On January 25, 2024, the Series E senior unsecured debentures were fully repaid on maturity.

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

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

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

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

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

Non-Consolidated Basis adjustments include the following:

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

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

Non-Consolidated Basis	**Covenant Requirements**	**September 30, 2024**	September 30, 2023
Interest coverage ratio(1)(2)	1.65	**2.24**	2.24
Indebtedness to aggregate assets ratio(2)	Less than or equal to 65%	**39.0%**	44.0%
Adjusted shareholders' equity(2)	Not less than $300,000	**$3,668,369**	$3,528,714

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

As at September 30, 2024, on a Non-Consolidated Basis, the Company's unencumbered assets which include real estate, hotel properties, and other investments amounted to $806,803 (December 31, 2023 - $807,219).

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

MORGUARD NON-CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

						September 30, 2024	December 31, 2023
As at	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Balance Sheet Indenture Adjustment	Morguard Non-Consolidated Basis	Morguard Non-Consolidated Basis
ASSETS							
Real estate properties	$10,699,184	($2,185,189)	($4,180,374)	($161,494)	$—	**$4,172,127**	$4,086,828
Real estate / hotel properties held for sale	—	—	—	—	—	**—**	380,035
Hotel properties	86,319	—	—	—	25,795	**112,114**	207,009
Equity-accounted and other fund investments	51,373	(8,253)	(60,514)	1,396,391	—	**1,378,997**	1,436,086
Other assets	706,988	(26,394)	(134,393)	78,262	(24,488)	**599,975**	490,280
Total assets	$11,543,864	($2,219,836)	($4,375,281)	$1,313,159	$1,307	**$6,263,213**	$6,600,238
LIABILITIES							
Mortgages payable	$4,596,279	($972,986)	($1,609,073)	($106,014)	$—	**$1,908,206**	$2,064,478
Construction financing, loans and bank indebtedness	21,390	(91,390)	—	70,000	—	**—**	115,259
Class B LP units	—	—	(331,889)	331,889	—	**—**	—
Unsecured debentures	398,380	—	—	—	—	**398,380**	622,611
Convertible debentures	143,903	(153,562)	(54,141)	63,800	—	**—**	—
Lease liabilities	170,255	(16,625)	(16,564)	371	—	**137,437**	138,413
Morguard Residential REIT units	494,797	—	—	(494,797)	—	**—**	—
Deferred income tax liabilities	874,733	—	(283,959)	—	(590,774)	**—**	—
Accounts payable and accrued liabilities	284,071	(62,344)	(76,321)	5,415	—	**150,821**	138,420
Total liabilities	6,983,808	(1,296,907)	(2,371,947)	(129,336)	(590,774)	**2,594,844**	3,079,181
Equity / Adjusted shareholders’ equity	4,560,056	(922,929)	(2,003,334)	1,442,495	592,081	**3,668,369**	3,521,057
Total liabilities and equity	$11,543,864	($2,219,836)	($4,375,281)	$1,313,159	$1,307	**$6,263,213**	$6,600,238

COMPUTATION FOR INTEREST COVERAGE RATIO

						2024	2023
Twelve months ended September 30	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Income Statement Indenture Adjustment	Morguard Non-Consolidated Basis	Morguard Non-Consolidated Basis
Revenue from real estate properties	$1,022,504	($257,594)	($341,300)	($15,933)	$—	**$407,677**	$391,396
Revenue from hotel properties	66,123	—	—	—	—	**66,123**	161,389
Property operating expenses	(461,884)	129,200	159,013	(10,378)	(873)	**(184,922)**	(176,661)
Hotel operating expenses	(51,600)	—	—	—	—	**(51,600)**	(116,996)
Net operating income	575,143	(128,394)	(182,287)	(26,311)	(873)	**237,278**	259,128
Management and advisory fees/distributions	42,054	—	—	46,437	—	**88,491**	88,297
Interest and other income	19,247	—	—	5,041	—	**24,288**	21,015
Property management and corporate[1]	(88,211)	3,694	22,316	(25,478)	1,313	**(86,366)**	(86,117)
Other income (expense)[2]	(187)	(6)	(1,715)	1,782	—	**(126)**	663
Distributions from Morguard REIT and Morguard Residential REIT	—	—	—	—	28,776	**28,776**	27,858
EBITDA	$548,046	($124,706)	($161,686)	$1,471	$29,216	**$292,341**	$310,844
Interest expense	$262,516	($68,131)	($83,234)	$19,373	$—	**$130,524**	$138,464
Interest capitalized to development projects	462	(462)	—	—	—	**—**	—
Interest expense for interest coverage ratio	$262,978	($68,593)	($83,234)	$19,373	$—	**$130,524**	$138,464

(1) Morguard consolidated property management and corporate expense for the twelve months ended September 30, 2024, includes a non-cash fair value adjustment relating to the Company’s SARs liability and has been adjusted to remove the impact of the increase in SARs expense of $1,313 (2023 - decrease in SARs expense of $2,030).

(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 (recovery of) impairment, other non-cash items and non-recurring items.

CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	September 30, 2024	December 31, 2023
Morguard Residential REIT(1)	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$49,141**	$47,277
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**94,762**	93,498
						$143,903	$140,775

(1) As at September 30, 2024, the liability includes the fair value of the conversion option of $3,010 (December 31, 2023 - $2,131).

Morguard Residential REIT

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

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

Morguard REIT

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

MORGUARD RESIDENTIAL REIT UNITS

As at September 30, 2024, the Company owned a 47.0% (December 31, 2023 - 46.1%) effective interest in Morguard Residential REIT through its ownership of 8,120,666 units and 17,223,090 Class B LP units. Although the Company owns less than 50% of Morguard Residential REIT, it continues to consolidate its investment on the basis of *de facto* control.

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

As at September 30, 2024, the Company valued the non-controlling interest in Morguard Residential REIT units at $494,797 (December 31, 2023 - $393,695) and classified the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended September 30, 2024 of $104,967 (2023 - gain of $47,987) and a fair value loss for the nine months ended September 30, 2024 of $135,840 (2023 - gain of $17,288) in the consolidated statements of income (loss).

BANK INDEBTEDNESS

As at September 30, 2024, the Company had borrowed $21,390 (December 31, 2023 - $191,369) on its operating lines of credit and had issued letters of credit in the amount of $3,001 (December 31, 2023 - $3,185). The Company has seven revolving lines of credit of which six are subject to borrowing limitations that are based on performance metrics of the underlying security. As at September 30, 2024, the maximum amount that can be borrowed on the operating lines of credit is $369,896 (December 31, 2023 - $392,735). During three months ended March 31, 2024, the Company's operating lines of credit were reduced due to the disposition of nine hotel properties that were secured against one of the Company's lines of credit. As at September 30, 2024, the Company has operating lines of credit totalling $436,350 (December 31, 2023 - $486,000).

The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed-charge on twelve properties have been pledged as collateral on these operating lines of credit. As at September 30, 2024, the majority of the Company's lines of credit can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on the prime lending rate, Canadian Overnight Repo Rate Average ("CORRA") for amounts borrowed in Canadian dollars, or the Secured Overnight Financing Rate ("SOFR") on amounts borrowed in United States dollars.

The bank credit agreements, which renew annually and are due on demand, include certain restrictive undertakings by the Company. As at September 30, 2024, the Company is in compliance with all undertakings.

LEASE LIABILITIES

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

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	**$170,753**	$172,517
Interest on lease liabilities	**7,371**	9,899
Payments	**(8,398)**	(11,521)
Additions	**170**	241
Foreign exchange loss (gain)	**359**	(383)
Balance, end of period	**$170,255**	$170,753

Future minimum lease payments under lease liabilities are as follows:

As at	September 30, 2024	December 31, 2023
Within 12 months	**$11,429**	$11,445
2 to 5 years	**44,747**	44,785
Over 5 years	**343,709**	351,114
Total minimum lease payments	**399,885**	407,344
Less: future interest costs	**(229,630)**	(236,591)
Present value of minimum lease payments	**$170,255**	$170,753

EQUITY

Total equity increased by $216,966 to $4,560,056 at September 30, 2024, compared to $4,343,090 at December 31, 2023.

The increase in equity was primarily the result of:

- Net income for the nine months ended September 30, 2024 of $180,121;
- Non-controlling interest distributions of $4,996;
- Dividends paid of $4,867; and
- Unrealized foreign currency translation gain of $50,841.

As at September 30, 2024, 10,813,498 common shares were outstanding. As at November 6, 2024, 10,810,398 common shares were outstanding.

PART V

LIQUIDITY

Morguard uses a combination of existing cash, cash generated from operations, mortgages, bank indebtedness, project-specific financing and equity to finance its activities. For the three and nine months ended September 30, 2024, Morguard received $7,412 and $22,480, respectively, in recurring distributions and dividends from subsidiaries and affiliated entities.

The Company has liquidity of approximately $585,000, comprised of $237,000 in cash and $348,000 available under its revolving credit facilities. In addition, the Company has approximately $109,000 of additional net mortgage financing proceeds expected to close during the fourth quarter, and $1,178,000 of unencumbered income producing properties and other investments which could be utilized for financing.

The Company has approximately $876,000 of mortgages payable maturing during 2024 and 2025 having an aggregate loan-to-value ratio of 47% which management expects to be able to refinance at similar or favourable terms. In addition, the Company has $225,000 of senior unsecured debentures maturing in November 2024. The Company expects to be able to issue new debt instruments and use current liquidity to permit the repayment of 2024 and 2025 maturities.

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

THREE MONTHS ENDED SEPTEMBER 30, 2024

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended September 30, 2024, was $51,937, compared to $63,540 in 2023. The cash provided by operating activities has been used to meet the Company's liquidity requirements, which consisted primarily of property re-leasing costs, maintenance costs and dividends to shareholders.

Cash Used in Investing Activities

Cash used in investing activities during the three months ended September 30, 2024, totalled $39,422, compared to cash used in investing activities of $18,246 in 2023. The cash used in investing activities reflects:

- Additions to real estate properties and tenant improvements of $34,514;
- Additions to hotel properties of $549;
- Additions to capital and intangible assets of $1,032;
- Investment in properties under development of $4,699; and
- Net decrease in mortgages and loans receivable of $1,372.

Cash Used in Financing Activities

Cash used in financing activities during the three months ended September 30, 2024, totalled $72,842, compared to cash used in financing activities of $79,103 in 2023. The cash used in financing activities reflects:

- Proceeds from new mortgages, net of financing cost of $216,326;
- Mortgage principal repayments of $28,525;
- Repayment of mortgages on maturity of $256,465;
- Net proceeds from bank indebtedness of $6,748;
- Dividends paid of $1,616;
- Distributions to non-controlling interest of $1,306;
- Morguard Residential REIT units repurchased for cancellation of $10,825; and
- Decrease in restricted cash of $3,065.

NINE MONTHS ENDED SEPTEMBER 30, 2024

Cash Provided by Operating Activities

Cash provided by operating activities during the nine months ended September 30, 2024, was $163,784, compared to $205,449 in 2023. The cash provided by operating activities has been used to meet the Company's liquidity requirements, which consisted primarily of property re-leasing costs, maintenance costs and dividends to shareholders.

Cash Provided by (Used in) Investing Activities

Cash provided by investing activities during the nine months ended September 30, 2024, totalled $498,995, compared to cash used in investing activities of $198,333 in 2023. The cash provided by investing activities reflects:

- Additions to real estate properties and tenant improvements of $84,011;
- Additions to hotel properties of $1,706;
- Additions to capital and intangible assets of $2,838;
- Investment in properties under development of $12,765;
- Net proceeds from the sale of real estate properties of $162,562;
- Net proceeds from sale of hotel properties of $405,801;
- Net decrease in mortgages and loans receivable of $2,250; and
- Net distributions from equity-accounted and other fund investments of $29,702.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities during the nine months ended September 30, 2024, totalled $543,154, compared to cash provided by financing activities of $9,001 in 2023. The cash used in financing activities reflects:

- Proceeds from new mortgages, net of financing cost of $608,241;
- Mortgage principal repayments of $85,104;
- Repayment of mortgages on maturity of $436,845;
- Repayment of mortgages due to early extinguishments of $214,777;
- Net repayment of bank indebtedness of $169,979;
- Redemption of debentures payable of $225,000;
- Dividends paid of $4,848;
- Distributions to non-controlling interest of $4,546;
- Morguard Residential REIT units repurchased for cancellation of $19,141; and
- Decrease in restricted cash of $9,872.

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 material are subject to review and approval by a committee of independent Directors.

PAROS HOLDINGS CORPORATION AND PAROS ENTERPRISES LIMITED

Paros Holdings Corporation ("Paros Holdings") and Paros Enterprises are owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at September 30, 2024, Paros Holdings owns a 61.9% interest in Morguard through its ownership of 6,691,000 common shares. As at September 30, 2024, Paros Enterprises owns $nil (December 31, 2023 - $20,079) Series E senior unsecured debentures, $7,244 (December 31, 2023 - $7,244) Series F senior unsecured debentures, $25,000 (December 31, 2023 - $25,000) Series H senior unsecured debentures, and $2,000 (December 31, 2023 - $2,000) of Morguard Residential REIT's 6.00% convertible unsecured subordinated debentures. As at September 30, 2024, and December 31, 2023, the Company has a demand loan agreement with Paros Enterprises that provides for the Company to borrow up to $50,000. As at September 30, 2024, and December 31, 2023, no amounts were drawn and no net interest expense was incurred.

TWC ENTERPRISES LIMITED

The Company provides TWC with managerial and consulting services for its business and the business of its subsidiaries. Mr. K. Rai Sahi is Chairman and Chief Executive Officer and the majority shareholder of TWC. Pursuant to contractual agreements between the Company and TWC, for the three and nine months ended September 30, 2024, the Company received a management fee of $330 (2023 - $328) and $990 (2023 - $985), respectively, and paid rent and operating expenses of $238 (2023 - $170) and $626 (2023 - $529), respectively.

As at September 30, 2024, and December 31, 2023, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at floating rates of interest consistent with the entity's borrowing cost. The total loan payable as at September 30, 2024 was $nil (December 31, 2023 - $nil). During the three and nine months ended September 30, 2024, the Company paid net interest of $nil (2023 - $198) and $nil (2023 - $414), respectively.

SHARE/UNIT PURCHASE AND OTHER LOANS

As at September 30, 2024, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $1,518 (December 31, 2023 - $1,508) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units of Morguard REIT and units of Morguard Residential REIT, and are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as amounts receivable on the consolidated balance sheets. As at September 30, 2024, the fair market value of the common shares/units held as collateral is $3,935.

PART VII

SUMMARY OF MATERIAL ACCOUNTING POLICIES AND ESTIMATES

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

Derivatives and Embedded Derivatives

All derivative instruments, including embedded derivatives, are recorded in the consolidated balance sheets at fair value unless exempted from derivative treatment as a normal purchase and sale. The Company enters into interest rate swaps to hedge its risk associated with interest rates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Hedge accounting is discontinued prospectively when the hedging relationship is terminated, when the instrument no longer qualifies as a hedge or when the hedging item is sold or terminated. In cash flow hedging relationships, the portion of the change in the fair value of the hedging derivative that is considered to be effective is recognized in other comprehensive income, while the portion considered to be ineffective is recognized in net income (loss). Unrealized hedging gains and losses in accumulated other comprehensive income are reclassified to net income (loss) in the periods when the hedged item affects net income (loss). Gains and losses on derivatives are immediately reclassified to net income (loss) when the hedged item is sold or terminated.

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

FINANCIAL INSTRUMENTS

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

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

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets subsequent to initial recognition are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and lost ("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 September 30, 2024, market rates for debts of similar terms. Based on these assumptions, the fair value as at September 30, 2024, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,526,184 (December 31, 2023 - $4,351,345), compared with the carrying value of $4,623,528 (December 31, 2023 - $4,704,260). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures liability is based on its closing bid price. As at September 30, 2024, the fair value of the Unsecured Debentures has been estimated at $411,712 (December 31, 2023 - $628,660), compared with the carrying value of $400,000 (December 31, 2023 - $625,000).

The fair value of the convertible debentures liability is based on their market trading prices. As at September 30, 2024, the fair value of the convertible debentures before deferred financing costs has been estimated at $149,225 (December 31, 2023 - $141,308), compared with the carrying value of $150,000 (December 31, 2023 - $150,000). The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using September 30, 2024, market rates for debt on similar terms. Based on these assumptions, as at September 30, 2024, the fair value of the finance lease receivable has been estimated at $59,237 (December 31, 2023 - $58,860).

RISKS AND UNCERTAINTIES

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

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

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

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

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

PART VIII

SUMMARY OF QUARTERLY INFORMATION

(In thousands of dollars, except per common share amounts)	Total Revenue	NOI	Adjusted NOI	Normalized FFO	Net Income (Loss)	Net Income (Loss) Attributable to Common Shareholders	Net Income (Loss) to Common Shareholders per Share - Basic/Diluted
September 30, 2024	**$276,873**	**$153,239**	**$139,347**	**$53,738**	**$7,915**	**$498**	**$0.05**
June 30, 2024	278,531	157,879	142,351	51,270	55,437	53,858	4.98
March 31, 2024	281,666	94,748	138,005	52,576	116,769	130,446	12.06
December 31, 2023	312,858	169,277	155,280	62,867	3,162	13,554	1.25
September 30, 2023	312,361	165,792	151,731	64,394	(9,444)	5,494	0.51
June 30, 2023	306,022	165,228	151,188	62,173	95,868	89,818	8.19
March 31, 2023	292,777	95,119	136,168	50,266	(31,350)	(34,690)	(3.15)
December 31, 2022	289,468	156,776	145,416	60,160	(423,305)	(383,030)	(34.48)

SUMMARY OF QUARTERLY RESULTS

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

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

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

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

(1) The Company sold its 50% interest in two joint ventures, total number of rooms is stated at 100% basis.
(2) The Company acquired a 50% interest in the property, total square feet is stated at 100% basis.

Revenue and Net Operating Income

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

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

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

Net Income (Loss) Attributable to Common Shareholders

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

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

SUBSEQUENT EVENTS

Subsequent to September 30, 2024, the Company announced that its Board of Directors has approved an increase to its annual cash dividend. This will bring the dividend to $0.80 per share on an annualized basis from the current level of $0.60 per share. The increase is expected to be effective for the fourth quarter dividend, payable in December 2024.

On October 7, 2024, the Company acquired a 20% interest in an office building located in Vancouver, British Columbia for a gross purchase price of $99,000, excluding closing costs, and assumed mortgages payable of $35,686 at a contractual interest rate of 3.40%, maturing on July 22, 2025.

The Company entered into agreements, subject to Canada Mortgage and Housing Corporation ("CMHC") approval, for the CMHC-insured refinancing of two multi-suite residential properties located in Mississauga, Ontario, providing gross proceeds of up to $109,265. The Company expects to close the refinancing during the fourth quarter of 2024. The maturing mortgages amount to $49,539, and have a weighted average interest rate of 3.15%.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	September 30, 2024	December 31, 2023
ASSETS			
Non-current assets			
Real estate properties	4	**$10,699,184**	$10,493,655
Hotel properties	5	**86,319**	87,376
Equity-accounted and other fund investments	6	**51,373**	95,525
Other assets	7	**343,885**	340,275
		11,180,761	11,016,831
Current assets			
Amounts receivable	8	**56,070**	59,861
Prepaid expenses and other		**69,854**	49,844
Cash		**237,179**	116,517
		363,103	226,222
Real estate and hotel properties held for sale		**—**	380,035
		$11,543,864	$11,623,088
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	9	**$3,630,063**	$3,550,358
Debentures payable	10	**318,114**	314,386
Lease liabilities	12	**168,706**	169,140
Morguard Residential REIT units	11	**494,797**	393,695
Deferred income tax liabilities		**874,733**	835,481
		5,486,413	5,263,060
Current liabilities			
Mortgages payable	9	**966,216**	1,129,734
Debentures payable	10	**224,169**	449,000
Accounts payable and accrued liabilities	13	**285,620**	246,835
Bank indebtedness	14	**21,390**	191,369
		1,497,395	2,016,938
Total liabilities		**6,983,808**	7,279,998
EQUITY			
Shareholders' equity		**4,111,916**	3,887,550
Non-controlling interest		**448,140**	455,540
Total equity		**4,560,056**	4,343,090
		$11,543,864	$11,623,088

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 (LOSS)

In thousands of Canadian dollars, except per common share amounts

	Note	Three months ended September 30 2024	Three months ended September 30 2023	Nine months ended September 30 2024	Nine months ended September 30 2023
Revenue from real estate properties	16	**$253,389**	$250,640	**$765,336**	$743,558
Revenue from hotel properties	16	**8,462**	47,895	**27,725**	123,203
Property operating expenses					
Property operating costs		**(62,109)**	(61,382)	**(187,087)**	(180,071)
Utilities		**(14,701)**	(16,600)	**(46,393)**	(50,464)
Realty taxes		**(26,519)**	(24,666)	**(132,834)**	(125,593)
Hotel operating expenses		**(5,283)**	(30,095)	**(20,881)**	(84,494)
Net operating income		**153,239**	165,792	**405,866**	426,139
OTHER REVENUE					
Management and advisory fees	16	**9,055**	9,618	**29,234**	30,752
Interest and other income		**5,967**	4,208	**14,775**	13,647
		15,022	13,826	**44,009**	44,399
EXPENSES					
Interest	17	**64,258**	66,830	**192,374**	194,533
Property management and corporate	15(c)	**21,394**	20,773	**66,334**	65,254
Amortization of hotel properties and other		**2,666**	6,084	**8,330**	19,835
Recovery of impairment	5	**—**	(11,000)	**—**	(11,000)
		88,318	82,687	**267,038**	268,622
OTHER INCOME (EXPENSE)					
Fair value loss, net	18	**(45,143)**	(125,876)	**(100,404)**	(118,894)
Gain on sale of hotel properties	5	**—**	—	**150,587**	—
Equity income from investments	6	**341**	1,677	**1,832**	1,502
Other income (expense)	19	**(824)**	(627)	**(828)**	(765)
		(45,626)	(124,826)	**51,187**	(118,157)
Income (loss) before income taxes		**34,317**	(27,895)	**234,024**	83,759
Provision for (recovery of) income taxes	21				
Current		**2,775**	2,280	**26,677**	6,431
Deferred		**23,627**	(20,731)	**27,226**	22,254
		26,402	(18,451)	**53,903**	28,685
Net income (loss) for the period		**$7,915**	($9,444)	**$180,121**	$55,074
Net income (loss) attributable to:					
Common shareholders		**$498**	$5,494	**$184,802**	$60,622
Non-controlling interest		**7,417**	(14,938)	**(4,681)**	(5,548)
		$7,915	($9,444)	**$180,121**	$55,074
Net income per common share attributable to:					
Common shareholders - basic and diluted	22	**$0.05**	$0.51	**$17.09**	$5.54

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Net income (loss) for the period	**$7,915**	($9,444)	**$180,121**	$55,074
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to net income (loss):				
Unrealized foreign currency translation gain (loss)	**(27,393)**	50,606	**50,841**	(4,104)
Unrealized fair value loss on cash flow hedge	**(3,343)**	—	**(3,343)**	—
Deferred income tax recovery (provision)	**4,899**	(7,780)	**(7,149)**	655
	(25,837)	42,826	**40,349**	(3,449)
Items that will not be reclassified subsequently to net income (loss):				
Actuarial gain (loss) on defined benefit pension plans	**12,450**	(3,572)	**11,317**	(3,644)
Deferred income tax recovery (provision)	**(3,268)**	933	**(2,954)**	947
	9,182	(2,639)	**8,363**	(2,697)
Other comprehensive income (loss)	**(16,655)**	40,187	**48,712**	(6,146)
Total comprehensive income (loss) for the period	**($8,740)**	$30,743	**$228,833**	$48,928
Total comprehensive income (loss) attributable to:				
Common shareholders	**($14,892)**	$43,457	**$231,237**	$54,622
Non-controlling interest	**6,152**	(12,714)	**(2,404)**	(5,694)
	($8,740)	$30,743	**$228,833**	$48,928

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Canadian dollars

	Note	Retained Earnings	Accumulated Other Comprehensive Income	Share Capital	Total Shareholders' Equity	Non-controlling Interest	Total
Shareholders' equity, January 1, 2023		$3,464,675	$300,340	$100,239	$3,865,254	$520,217	$4,385,471
Changes during the period:							
Net income (loss)		60,622	—	—	60,622	(5,548)	55,074
Other comprehensive loss		—	(6,000)	—	(6,000)	(146)	(6,146)
Dividends		(4,897)	—	—	(4,897)	—	(4,897)
Distributions		—	—	—	—	(5,164)	(5,164)
Issuance of common shares		—	—	20	20	—	20
Repurchase of common shares		(19,410)	—	(1,900)	(21,310)	—	(21,310)
Change in ownership of Morguard REIT		26,127	—	—	26,127	(39,486)	(13,359)
Tax impact of increase in subsidiary ownership interest		(7,622)	—	—	(7,622)	—	(7,622)
Shareholders' equity, September 30, 2023		$3,519,495	$294,340	$98,359	$3,912,194	$469,873	$4,382,067
Changes during the period:							
Net income (loss)		13,554	—	—	13,554	(10,392)	3,162
Other comprehensive loss		—	(35,817)	—	(35,817)	(2,255)	(38,072)
Dividends		(1,621)	—	—	(1,621)	—	(1,621)
Distributions		—	—	—	—	(1,686)	(1,686)
Issuance of common shares		—	—	5	5	—	5
Tax impact of increase in subsidiary ownership interest		(765)	—	—	(765)	—	(765)
Shareholders' equity, December 31, 2023		$3,530,663	$258,523	$98,364	$3,887,550	$455,540	$4,343,090
Changes during the period:							
Net income (loss)		**184,802**	**—**	**—**	**184,802**	**(4,681)**	**180,121**
Other comprehensive income		**—**	**46,435**	**—**	**46,435**	**2,277**	**48,712**
Dividends	15(a)	**(4,867)**	**—**	**—**	**(4,867)**	**—**	**(4,867)**
Distributions		**—**	**—**	**—**	**—**	**(4,996)**	**(4,996)**
Issuance of common shares	15(a)	**—**	**—**	**19**	**19**	**—**	**19**
Tax impact of increase in subsidiary ownership interest		**(2,023)**	**—**	**—**	**(2,023)**	**—**	**(2,023)**
Shareholders' equity, September 30, 2024		**$3,708,575**	**$304,958**	**$98,383**	**$4,111,916**	**$448,140**	**$4,560,056**

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

		Three months ended September 30		Nine months ended September 30	
	Note	**2024**	2023	**2024**	2023
OPERATING ACTIVITIES					
Net income (loss) for the period		**$7,915**	($9,444)	**$180,121**	$55,074
Add (deduct) items not affecting cash	23(a)	**55,563**	82,034	**(7,167)**	154,933
Distributions from equity-accounted and other fund investments		**205**	421	**859**	1,734
Additions to tenant incentives and leasing commissions	4	**(2,226)**	(7,632)	**(8,514)**	(13,019)
Net change in operating assets and liabilities	23(b)	**(9,520)**	(1,839)	**(1,515)**	6,727
Cash provided by operating activities		**51,937**	63,540	**163,784**	205,449
INVESTING ACTIVITIES					
Additions to real estate properties and tenant improvements	4	**(34,514)**	(26,199)	**(84,011)**	(179,075)
Additions to hotel properties	5	**(549)**	(1,985)	**(1,706)**	(5,489)
Additions to capital and intangible assets		**(1,032)**	(432)	**(2,838)**	(1,413)
Investment in properties under development	4	**(4,699)**	(2,760)	**(12,765)**	(12,656)
Proceeds from the sale of real estate properties, net	4	**—**	—	**162,562**	1,549
Proceeds from the sale of hotel properties, net	5	**—**	—	**405,801**	—
Decrease (increase) in mortgages and loans receivable		**1,372**	(1,861)	**2,250**	(1,729)
Investment in marketable securities		**—**	—	**—**	(8,194)
Distribution from equity-accounted and other fund investments, net	6	**—**	14,991	**29,702**	8,674
Cash provided by (used in) investing activities		**(39,422)**	(18,246)	**498,995**	(198,333)
FINANCING ACTIVITIES					
Proceeds from new mortgages		**217,456**	122,380	**615,588**	373,951
Financing costs on new mortgages		**(1,130)**	(1,141)	**(7,347)**	(4,739)
Repayment of mortgages					
Principal instalment repayments		**(28,525)**	(29,491)	**(85,104)**	(89,543)
Repayments on maturity		**(256,465)**	(61,662)	**(436,845)**	(242,713)
Repayments due to mortgage extinguishments	4, 5	**—**	—	**(214,777)**	—
Principal payment of lease liabilities		**(244)**	(405)	**(1,027)**	(1,229)
Proceeds from bank indebtedness		**32,653**	106,481	**82,923**	280,736
Repayment of bank indebtedness		**(25,905)**	(215,727)	**(252,902)**	(310,308)
Proceeds from issuance of debentures payable, net of costs		**—**	172,600	**—**	221,190
Redemption of debentures payable	10	**—**	(175,000)	**(225,000)**	(255,500)
Proceeds from loans payable, net		**—**	13,491	**—**	13,756
Dividends paid		**(1,616)**	(1,617)	**(4,848)**	(4,878)
Distributions to non-controlling interest, net		**(1,306)**	(1,707)	**(4,546)**	(4,724)
Morguard Residential REIT units repurchased for cancellation		**(10,825)**	(9,168)	**(19,141)**	(20,626)
Shares repurchased for cancellation		**—**	—	**—**	(21,310)
Investment in subsidiaries	15(b)	**—**	(1,504)	**—**	(13,359)
Decrease in restricted cash		**3,065**	3,367	**9,872**	88,297
Cash provided by (used in) financing activities		**(72,842)**	(79,103)	**(543,154)**	9,001
Net increase (decrease) in cash during the period		**(60,327)**	(33,809)	**119,625**	16,117
Net effect of foreign currency translation on cash balance		**19**	256	**1,037**	474
Cash, beginning of period		**297,487**	161,952	**116,517**	111,808
Cash, end of period		**$237,179**	$128,399	**$237,179**	$128,399

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three and nine months ended September 30, 2024 and 2023

In thousands of Canadian dollars, except per common share and unit amounts and unless otherwise noted

NOTE 1

NATURE AND DESCRIPTION OF COMPANY

Morguard Corporation (the "Company" or "Morguard") is a real estate investment and management company formed under the laws of Canada. Morguard's principal activities include property ownership, development and investment advisory services. Property ownership encompasses interests in multi-suite residential, commercial and hotel properties located in Canada and the United States. The common shares of the Company trade on the Toronto Stock Exchange ("TSX") under the symbol "MRC". The Company's head office is located at 55 City Centre Drive, Suite 1000, Mississauga, Ontario, L5B 1M3.

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on November 6, 2024.

These condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and should be read in conjunction with the most recent annual audited consolidated financial statements which include the material accounting policies most affected by estimates and judgments.

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

	2024	2023
Canadian dollar to United States dollar exchange rates:		
- As at September 30	**$0.7394**	$0.7396
- As at December 31	—	0.7561
- Average for the three months ended September 30	**0.7332**	0.7455
- Average for the nine months ended September 30	**0.7351**	0.7432
United States dollar to Canadian dollar exchange rates:		
- As at September 30	**1.3525**	1.3520
- As at December 31	—	1.3226
- Average for the three months ended September 30	**1.3639**	1.3414
- Average for the nine months ended September 30	**1.3603**	1.3456

Derivatives and Embedded Derivatives

All derivative instruments, including embedded derivatives, are recorded in the consolidated balance sheets at fair value unless exempted from derivative treatment as a normal purchase and sale. The Company enters into interest rate swaps to hedge its risk associated with interest rates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Hedge accounting is discontinued prospectively when the hedging relationship is terminated, when the instrument no longer qualifies as a hedge or when the hedging item is sold or terminated. In cash flow hedging relationships, the portion of the change in the fair value of the hedging derivative that is considered to be effective is recognized in other comprehensive income, while the portion considered to be ineffective is recognized in net income (loss). Unrealized hedging gains and losses in accumulated other comprehensive income are reclassified to net income (loss) in the periods when the hedged item affects net income (loss). Gains and losses on derivatives are immediately reclassified to net income (loss) when the hedged item is sold or terminated.

Future Material Accounting Policy Changes

IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, the IASB issued IFRS 18 that will replace IAS 1 - Presentation of Financial Statements. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 introduces the following:

- Defined subtotals and categories in the statement of profit or loss.
- Requirements to improve aggregation and disaggregation.
- Disclosures about management-defined performance measures in the notes to the financial statements.
- Targeted improvements to the statement of cash flows by amending IAS 7 - Statement of Cash Flows.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The standard is applied retrospectively, with specific transition provisions, and early adoption is permitted. The Company is currently assessing the impact this new standard will have on its consolidated financial statements.

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at September 30, 2024, the Company owned a 47.0% (December 31, 2023 - 46.1%) effective interest in Morguard Residential REIT through its ownership of 8,120,666 units and 17,223,090 Class B LP units. The Company continues to consolidate its investment in Morguard Residential REIT on the basis of *de facto* control in accordance with IFRS 10, Consolidated Financial Statements ("IFRS 10"). Refer to the Company's most recent annual audited consolidated financial statements for the factors that continue to support the conclusion that the Company has *de facto* control of Morguard Residential REIT.

During the three months ended September 30, 2024, Morguard Residential REIT recorded distributions of $6,860, or $0.18501 per unit (2023 - $6,895, or $0.18 per unit), of which $1,502 was paid to the Company (2023 - $1,430) and $5,358 was paid to the remaining unitholders (2023 - $5,465). In addition, during the three months ended September 30, 2024, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $3,186 (2023 - $3,100).

During the nine months ended September 30, 2024, Morguard Residential REIT recorded distributions of $20,799, or $0.55503 per unit (2023 - $20,914, or $0.54 per unit), of which $4,507 was paid to the Company (2023 - $4,290) and $16,292 was paid to the remaining unitholders (2023 - $16,624). In addition, during the nine months ended September 30, 2024, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $9,558 (2023 - $9,300).

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

As at September 30, 2024, and December 31, 2023, the Company owned 41,977,862 units of Morguard REIT, which represents a 65.3% (December 31, 2023 - 65.3%) ownership interest.

During the three months ended September 30, 2024, Morguard REIT recorded distributions of $3,857, or $0.06 per unit (2023 - $3,855, or $0.06 per unit), of which $2,519 (2023 - $2,513) was paid to the Company and $1,338 was paid to the remaining unitholders (2023 - $1,342).

During the nine months ended September 30, 2024, Morguard REIT recorded distributions of $11,574, or $0.18 per unit (2023 - $11,559, or $0.18 per unit), of which $7,556 (2023 - $7,413) was paid to the Company and $4,018 was paid to the remaining unitholders (2023 - $4,146).

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	September 30, 2024		December 31, 2023	
	MRT	MRG	MRT	MRG
Non-current assets	**$2,192,235**	**$4,240,888**	$2,260,976	$4,052,763
Current assets	**26,096**	**134,393**	17,762	43,168
Total assets	**$2,218,331**	**$4,375,281**	$2,278,738	$4,095,931
Non-current liabilities	**$942,077**	**$2,037,875**	$854,965	$1,913,882
Current liabilities	**354,783**	**334,072**	464,238	222,398
Total liabilities	**$1,296,860**	**$2,371,947**	$1,319,203	$2,136,280
Equity	**$921,471**	**$2,003,334**	$959,535	$1,959,651
Non-controlling interest	**$324,445**	**$1,060,966**	$336,449	$1,056,360

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

For the three months ended September 30		2024		2023
	MRT	MRG	MRT	MRG
Revenue	**$63,293**	**$85,788**	$62,512	$83,646
Expenses	**(48,735)**	**(61,758)**	(49,932)	(49,817)
Fair value gain (loss) on real estate properties, net	**868**	**22,417**	(52,047)	(29,124)
Fair value gain (loss) on Class B LP units	**—**	**(65,276)**	—	34,446
Net income (loss) for the period	**$15,426**	**($18,829)**	($39,467)	$39,151
Non-controlling interest	**$5,402**	**($10,356)**	($13,662)	$20,735

For the three months ended September 30		2024		2023
	MRT	MRG	MRT	MRG
Cash provided by operating activities	**$21,021**	**$15,133**	$21,289	$13,476
Cash used in investing activities	**(10,200)**	**(14,361)**	(8,745)	(9,369)
Cash used in financing activities	**(10,487)**	**(25,486)**	(17,829)	(15,506)
Net increase (decrease) in cash during the period	**$334**	**($24,714)**	($5,285)	($11,399)

For the nine months ended September 30		2024		2023
	MRT	MRG	MRT	MRG
Revenue	**$191,737**	**$256,300**	$189,219	$246,620
Expenses	**(149,523)**	**(215,835)**	(146,118)	(209,075)
Fair value gain (loss) on real estate properties, net	**(65,597)**	**93,557**	(88,885)	100,119
Fair value gain (loss) on Class B LP units	**—**	**(77,504)**	—	23,251
Net income (loss) for the period	**($23,383)**	**$56,518**	($45,784)	$160,915
Non-controlling interest	**($8,077)**	**$29,932**	($15,705)	$87,473

For the nine months ended September 30		2024		2023
	MRT	MRG	MRT	MRG
Cash provided by operating activities	**$34,209**	**$65,779**	$45,450	$65,806
Cash provided by (used in) investing activities	**7,006**	**(31,810)**	(29,223)	(188,758)
Cash provided by (used in) financing activities	**(40,961)**	**50,808**	(19,873)	135,377
Net increase (decrease) in cash during the period	**$254**	**$84,777**	($3,646)	$12,425

NOTE 4
REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	September 30, 2024	December 31, 2023
Income producing properties	**$10,537,131**	$10,348,016
Properties under development	**38,386**	12,175
Land held for development	**123,667**	133,464
Real estate properties	**$10,699,184**	$10,493,655
Real estate properties held for sale	**—**	125,307
Total	**$10,699,184**	$10,618,962

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

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2023	**$10,473,323**	**$12,175**	**$133,464**	**$10,618,962**
Additions:				
Acquisitions	**370**	**—**	**—**	**370**
Capital expenditures	**69,567**	**—**	**—**	**69,567**
Development expenditures	**—**	**12,755**	**10**	**12,765**
Tenant improvements, incentives and leasing commissions	**22,588**	**—**	**—**	**22,588**
Transfers	**1,444**	**13,456**	**(14,900)**	**—**
Dispositions	**(162,562)**	**—**	**—**	**(162,562)**
Fair value gain, net (Note 18)	**48,541**	**—**	**4,790**	**53,331**
Foreign currency translation	**87,995**	**—**	**303**	**88,298**
Other	**(4,135)**	**—**	**—**	**(4,135)**
Balance as at September 30, 2024	**$10,537,131**	**$38,386**	**$123,667**	**$10,699,184**

Transactions completed during the nine months ended September 30, 2024

Acquisitions

During the three months ended June 30, 2024, the Company acquired the remaining 5% interest in an office building located in Toronto, Ontario for a purchase price of $370, including closing costs.

Dispositions

During the three months ended June 30, 2024, the Company sold a retail property located in Calgary, Alberta, consisting of 131,000 square feet, for net proceeds of $37,050, including closing costs, and repaid the mortgage payable secured by the property in the amount of $17,030.

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

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

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

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

Capitalization Rates

As at September 30, 2024, and December 31, 2023, the Company had its portfolio internally appraised. In addition, the Company's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

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

As at September 30, 2024, using the direct capitalization approach, the multi-suite residential, retail and office properties were valued using capitalization rates in the range of 3.3% to 10.3% (December 31, 2023 - 3.3% to 10.3%), resulting in an overall weighted average capitalization rate of 5.7% (December 31, 2023 - 5.6%).

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

	September 30, 2024					December 31, 2023				
As at	**Occupancy Rates**		**Capitalization Rates**			Occupancy Rates		Capitalization Rates		
	Max.	**Min.**	**Max.**	**Min.**	**Weighted Average**	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	**98.5%**	**92.0%**	**6.3%**	**3.3%**	**4.4%**	98.5%	92.0%	6.3%	3.3%	4.4%
Retail	**99.0%**	**85.0%**	**10.3%**	**5.0%**	**7.5%**	99.0%	85.0%	10.3%	5.0%	7.4%
Office[(1)]	**100.0%**	**85.0%**	**9.0%**	**5.0%**	**7.7%**	100.0%	85.0%	9.0%	4.8%	7.1%

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

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

As at	September 30, 2024			December 31, 2023		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**11.3%**	**5.8%**	**7.7%**	11.3%	5.8%	7.7%
Terminal cap rate	**10.3%**	**5.3%**	**6.7%**	10.3%	5.0%	6.7%
Office						
Discount rate	**9.5%**	**6.0%**	**7.2%**	9.5%	5.8%	7.1%
Terminal cap rate	**8.8%**	**5.3%**	**6.5%**	8.5%	4.8%	6.4%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rates were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the income producing properties as at September 30, 2024 would decrease by $459,769 and increase by $507,764, respectively.

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

As at	September 30, 2024		December 31, 2023	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($337,516)**	**$377,110**	($315,323)	$351,896
Retail	**(62,486)**	**66,807**	(63,503)	67,930
Office	**(59,767)**	**63,847**	(70,489)	75,687
	($459,769)	**$507,764**	($449,315)	$495,513

NOTE 5

HOTEL PROPERTIES

Hotel properties consist of the following:

As at September 30, 2024	Cost	Accumulated Amortization	Net Book Value
Land	**$14,577**	**$—**	**$14,577**
Buildings	**84,592**	**(13,592)**	**71,000**
Furniture, fixtures, equipment and other	**12,945**	**(12,203)**	**742**
	$112,114	**($25,795)**	**$86,319**

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

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

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

As at September 30, 2024	Opening Net Book Value	Additions	Dispositions	Amortization	Closing Net Book Value
Land	**$55,416**	**$—**	**($40,839)**	**$—**	**$14,577**
Buildings	**273,230**	**917**	**(201,339)**	**(1,808)**	**71,000**
Furniture, fixtures, equipment and other	**13,458**	**789**	**(13,036)**	**(469)**	**742**
	$342,104	**$1,706**	**($255,214)**	**($2,277)**	**$86,319**

Changes in the carrying amounts of hotel properties for the year ended December 31, 2023, are summarized as follows:

As at December 31, 2023	Opening Net Book Value	Additions	Recovery of Impairment	Amortization	Closing Net Book Value
Land	$55,416	$—	$—	$—	$55,416
Buildings	267,048	2,730	10,041	(6,589)	273,230
Furniture, fixtures, equipment and other	14,775	4,730	959	(7,006)	13,458
	$337,239	$7,460	$11,000	($13,595)	$342,104

During the three months ended September 30, 2023, a recovery of previously recorded impairment of $11,000 was recorded.

NOTE 6
EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS
(a) Equity-accounted and Other Real Estate Fund Investments Consist of the Following:

As at	September 30, 2024	December 31, 2023
Joint ventures	**$11,004**	$36,037
Associates	**177**	2,964
Equity-accounted investments	**11,181**	39,001
Other real estate fund investments	**40,192**	56,524
Equity-accounted and other fund investments	**$51,373**	$95,525

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

				Company's Ownership		Carrying Value	
Property/Investment	Principal Place of Business	Investment Type	Asset Type	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$8,253**	$7,755
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,751**	2,757
Courtyard by Marriott	Ottawa, ON	Joint Venture	Hotel	**—%**	50.0%	**—**	16,400
Marriott Residence Inn	London, ON	Joint Venture	Hotel	**—%**	50.0%	**—**	9,125
MIL Industrial Fund II LP [(1)(2)]	Various	Associate	Industrial	**18.8%**	18.8%	**177**	2,964
						$11,181	$39,001

(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.
(2) On February 28, 2024, the fund disposed of the remaining two industrial properties and distributed net proceeds in the amount of $2,760.

On April 16, 2024, the Company sold its 50% interest in two hotel joint ventures for net proceeds of $26,033, including working capital adjustments and closing costs.

Equity-accounted investments

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

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	**$39,001**	$46,789
Additions	**—**	7,250
Share of net income	**1,832**	4,334
Distributions received	**(3,619)**	(19,372)
Distributions received - sale of hotel joint ventures	**(26,033)**	—
Balance, end of period	**$11,181**	$39,001

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

As at	September 30, 2024			December 31, 2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Non-current assets	**$108,292**	**$—**	**$108,292**	$156,001	$14,647	$170,648
Current assets	**5,811**	**968**	**6,779**	11,642	1,164	12,806
Total assets	**$114,103**	**$968**	**$115,071**	$167,643	$15,811	$183,454
Non-current liabilities	**$37,813**	**$—**	**$37,813**	$38,750	$—	$38,750
Current liabilities	**55,231**	**24**	**55,255**	56,940	257	57,197
Total liabilities	**$93,044**	**$24**	**$93,068**	$95,690	$257	$95,947
Net assets	**$21,059**	**$944**	**$22,003**	$71,953	$15,554	$87,507
Equity-accounted investments	**$11,004**	**$177**	**$11,181**	$36,037	$2,964	$39,001

For the three months ended September 30	2024			2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	**$4,070**	**$173**	**$4,243**	$9,185	$937	$10,122
Expenses	**(2,913)**	**(162)**	**(3,075)**	(720)	(605)	(1,325)
Fair value loss on real estate properties, net	**(454)**	**—**	**(454)**	(3,198)	(5,352)	(8,550)
Net income (loss) for the period	**$703**	**$11**	**$714**	$5,267	($5,020)	$247
Income (loss) in equity-accounted investments	**$339**	**$2**	**$341**	$2,618	($941)	$1,677

For the nine months ended September 30	2024			2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	**$16,373**	**$290**	**$16,663**	$25,939	$5,075	$31,014
Expenses	**(11,917)**	**(162)**	**(12,079)**	(13,285)	(2,693)	(15,978)
Fair value loss on real estate properties, net	**(666)**	**(272)**	**(938)**	(6,096)	(5,630)	(11,726)
Net income (loss) for the period	**$3,790**	**($144)**	**$3,646**	$6,558	($3,248)	$3,310
Income (loss) in equity-accounted investments	**$1,859**	**($27)**	**$1,832**	$2,111	($609)	$1,502

(b) Income Recognized from Other Fund Investments:

Other Real Estate Fund Investments

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Distribution income	**$94**	$69	**$94**	$256
Fair value loss for the period (Note 18)	**(1,648)**	(801)	**(16,831)**	(11,949)
Loss from other real estate fund investments	**($1,554)**	($732)	**($16,737)**	($11,693)

The Company’s two fund investments hold multi-suite residential, retail and office investment properties located in the United States. The funds are classified and measured at FVTPL. Gains or losses arise from the change in the fair value of the underlying real estate properties held by the funds (Level 3) and from foreign exchange currency translation. Distributions received from these funds are recorded in other expense on the consolidated statements of income.

NOTE 7
OTHER ASSETS

Other assets consist of the following:

As at	September 30, 2024	December 31, 2023
Investment in marketable securities	**$98,530**	$97,881
Accrued pension benefit asset	**88,374**	76,698
Finance lease receivable	**59,237**	58,860
Mortgages receivable	**41,697**	45,331
Goodwill	**24,488**	24,488
Capital assets, net	**18,020**	17,843
Intangible assets, net	**11,454**	14,587
Receivables from related parties (Note 20(c))	**1,518**	1,508
Inventory	**67**	2,395
Right-of-use asset - office lease	**484**	665
Other	**16**	19
	$343,885	$340,275

As at September 30, 2024, mortgages receivable amounted to $44,971 (December 31, 2023 - $45,658), of which $3,274 (December 31, 2023 - $327) is due within one year and included in prepaid expenses and other. The mortgages receivable have a weighted average term to maturity of 1.7 years (December 31, 2023 - 2.5 years) and a weighted average effective interest rate of 7.51% (December 31, 2023 - 7.53%).

NOTE 8
AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	September 30, 2024	December 31, 2023
Tenant receivables	**$19,445**	$21,377
Unbilled other tenant receivables	**6,189**	10,300
Other receivables	**36,593**	35,614
Allowance for expected credit loss	**(6,157)**	(7,430)
	$56,070	$59,861

NOTE 9
MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	September 30, 2024	December 31, 2023
Mortgages payable	**$4,623,528**	$4,704,260
Mark-to-market adjustments, net	**(1,166)**	(1,109)
Deferred financing costs	**(26,083)**	(23,059)
	$4,596,279	$4,680,092
Current	**$966,216**	$1,129,734
Non-current	**3,630,063**	3,550,358
	$4,596,279	$4,680,092
Range of interest rates	**2.03 - 7.92%**	2.03 - 8.75%
Weighted average contractual interest rate	**4.23%**	4.36%
Estimated fair value of mortgages payable	**$4,526,184**	$4,351,345

As at September 30, 2024, approximately 93% of the Company's real estate and hotel properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

The aggregate principal repayments and balances maturing of the mortgages payable as at September 30, 2024, together with the weighted average contractual interest rate on debt maturing in the next five years and thereafter, are as follows:

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Interest Rate
2024 (remainder of year)	$28,903	$338,378	$367,281	4.90%
2025	104,845	537,380	642,225	3.64%
2026	87,024	618,223	705,247	4.55%
2027	59,063	634,120	693,183	4.58%
2028	48,592	339,077	387,669	4.26%
Thereafter	147,081	1,680,842	1,827,923	4.03%
	$475,508	$4,148,020	$4,623,528	4.23%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at September 30, 2024, mortgages payable mature between 2024 and 2058 and have a weighted average term to maturity of 4.1 years (December 31, 2023 - 4.1 years). Approximately 94% of the Company's mortgages have fixed interest rates.

Some of the Company's mortgages payable require it to maintain annual debt service coverage ratios and/or debt to equity ratios and/or debt to appraised value ratios and arrange for capital expenditures in accordance with predetermined limits. As at September 30, 2024, and December 31, 2023, the Company was in compliance with all financial covenants.

On July 2, 2024, the Company completed a $75,000 fixed-for-variable interest rate swap agreement and designated this interest rate swap as a cash flow hedge and applied hedge accounting. The objective of the interest rate swap is to eliminate the variability of cash flows on the variable-rate mortgage stemming from fluctuations in market interest rates. As at September 30, 2024, the derivative liability was $3,343 (December 31, 2023 – $nil). The maturity date of the interest rate swap coincides with the mortgage payable maturity on June 3, 2029.

NOTE 10
DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	September 30, 2024	December 31, 2023
Unsecured debentures	**$398,380**	$622,611
Convertible debentures	**143,903**	140,775
	$542,283	$763,386
Current	**$224,169**	$449,000
Non-current	**318,114**	314,386
	$542,283	$763,386

(a) Unsecured Debentures

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

As at	Maturity Date	Coupon Interest Rate	September 30, 2024	December 31, 2023
Series E senior unsecured debentures	January 25, 2024	4.715%	**$—**	$225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Series H senior unsecured debentures	September 26, 2026	9.500%	**175,000**	175,000
Unamortized financing costs			**(1,620)**	(2,389)
			$398,380	$622,611
Current			**$224,169**	$449,000
Non-current			**174,211**	173,611
			$398,380	$622,611

On January 25, 2019, the Company issued $225,000 (net proceeds including issuance costs - $223,575) of Series E senior unsecured debentures due on January 25, 2024. On January 25, 2024, the Series E senior unsecured debentures were fully repaid on maturity.

As at September 30, 2024, Paros Enterprises Limited ("Paros Enterprises") owns $nil (December 31, 2023 - $20,079) Series E senior unsecured debentures, $7,244 (December 31, 2023 - $7,244) Series F senior unsecured debentures and $25,000 (December 31, 2023 - $25,000) Series H senior unsecured debentures.

For the three and nine months ended September 30, 2024, interest on the Unsecured Debentures of $6,575 (2023 - $7,140) and $20,308 (2023 - $20,911), respectively, is included in interest expense (Note 17).

(b) Convertible Debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	September 30, 2024	December 31, 2023
Morguard Residential REIT[(1)]	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$49,141**	$47,277
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**94,762**	93,498
						$143,903	$140,775
Current						**$—**	$—
Non-current						**143,903**	140,775
						$143,903	$140,775

(1) As at September 30, 2024, the liability includes the fair value of the conversion option of $3,010 (December 31, 2023 - $2,131).

As at September 30, 2024, Paros Enterprises, a related party, owns $2,000 (December 31, 2023 - $2,000) aggregate principal amount of the Morguard Residential REIT debentures.

For the three and nine months ended September 30, 2024, interest on convertible debentures net of accretion of $2,509 (2023 - $2,279) and $7,496 (2023 - $7,053), respectively, is included in interest expense (Note 17).

NOTE 11

MORGUARD RESIDENTIAL REIT UNITS

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

As at September 30, 2024, the Company valued the non-controlling interest in the Morguard Residential REIT units at $494,797 (December 31, 2023 - $393,695) and classified the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended September 30, 2024 of $104,967 (2023 - gain of $47,987) and a fair value loss for the nine months ended September 30, 2024 of $135,840 (2023 - gain of $17,288) in the consolidated statements of income (loss) (Note 18).

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Fair value gain (loss) on Morguard Residential REIT units	**($99,609)**	$53,452	**($119,548)**	$33,912
Distributions to external unitholders (Note 3)	**(5,358)**	(5,465)	**(16,292)**	(16,624)
Fair value gain (loss) on Morguard Residential REIT units	**($104,967)**	$47,987	**($135,840)**	$17,288

NOTE 12

LEASE LIABILITIES

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

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	**$170,753**	$172,517
Interest on lease liabilities (Note 17)	**7,371**	9,899
Payments	**(8,398)**	(11,521)
Additions	**170**	241
Foreign exchange loss (gain)	**359**	(383)
Balance, end of period	**$170,255**	$170,753
Current (Note 13)	**$1,549**	$1,613
Non-current	**168,706**	169,140
	$170,255	$170,753

Future minimum lease payments under lease liabilities are as follows:

As at	September 30, 2024	December 31, 2023
Within 12 months	**$11,429**	$11,445
2 to 5 years	**44,747**	44,785
Over 5 years	**343,709**	351,114
Total minimum lease payments	**399,885**	407,344
Less: future interest costs	**(229,630)**	(236,591)
Present value of minimum lease payments	**$170,255**	$170,753

NOTE 13
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	September 30, 2024	December 31, 2023
Accounts payable and accrued liabilities	**$211,559**	$211,128
Accrued liabilities (IFRIC 21, Levies)	**14,251**	—
Tenant deposits	**26,527**	26,537
Stock Appreciation Rights ("SARs") liability (Note 15(c))	**5,400**	4,290
Income taxes payable	**19,460**	—
Lease liabilities (Note 12)	**1,549**	1,613
Derivative liabilities (Note 9)	**3,343**	—
Other	**3,531**	3,267
	$285,620	$246,835

NOTE 14
BANK INDEBTEDNESS

As at September 30, 2024, the Company had borrowed $21,390 (December 31, 2023 - $191,369) on its operating lines of credit and had issued letters of credit in the amount of $3,001 (December 31, 2023 - $3,185). The Company has seven revolving lines of credit of which six are subject to borrowing limitations that are based on performance metrics of the underlying security. As at September 30, 2024, the maximum amount that can be borrowed on the operating lines of credit is $369,896 (December 31, 2023 - $392,735). During three months ended March 31, 2024, the Company's operating lines of credit were reduced due to the disposition of nine hotel properties (Note 5) that were secured against one of the Company's lines of credit. As at September 30, 2024, the Company has operating lines of credit totalling $436,350 (December 31, 2023 - $486,000).

The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed-charge on twelve properties have been pledged as collateral on these operating lines of credit. As at September 30, 2024, the majority of the Company's lines of credit can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on the prime lending rate, Canadian Overnight Repo Rate Average ("CORRA") for amounts borrowed in Canadian dollars, or the Secured Overnight Financing Rate ("SOFR") on amounts borrowed in United States dollars.

The bank credit agreements, which renew annually and are due on demand, include certain restrictive undertakings by the Company. As at September 30, 2024, the Company is in compliance with all undertakings.

NOTE 15
SHAREHOLDERS' EQUITY
(a) Share Capital Authorized

Unlimited common shares, no par value.
Unlimited preference shares, no par value, issuable in series.

Issued and Fully Paid Common Shares	Number (000s)	Amount
Balance, December 31, 2022	11,022	$100,239
Common shares repurchased through the Company's NCIB	(209)	(1,900)
Dividend reinvestment plan	—	25
Balance, December 31, 2023	10,813	$98,364
Dividend reinvestment plan	**—**	**19**
Balance, September 30, 2024	**10,813**	**$98,383**

The Company had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 540,661 common shares. On September 18, 2024, the Company obtained the approval of the TSX under its NCIB to purchase up to 540,672 common shares, being approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2025. The daily repurchase restriction for the common shares is 1,000. During the nine months ended September 30, 2024, there were no repurchases of common shares under the Company's NCIB plan.

Total dividends declared during the three and nine months ended September 30, 2024, amounted to $1,623, or $0.15 per common share (2023 - $1,622, or $0.15 per common share) and $4,867, or $0.45 per common share (2023 - $4,897, or $0.45 per common share), respectively. On November 6, 2024, the Company declared a common share dividend of $0.20 per common share to be paid in the fourth quarter of 2024.

(b) Contributed Surplus

During the three months ended September 30, 2024, the Company acquired nil units (2023 - 272,600 units) of Morguard REIT for cash consideration of $nil (2023 - $1,504) and for the nine months ended September 30, 2024, the Company acquired nil units (2023 - 2,436,221 units) of Morguard REIT for cash consideration of $nil (2023 - $13,359). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended September 30, 2024 amounted to $nil (2023 - $2,831) and for the nine months ended September 30, 2024, amounted to $nil (2023 - $26,127) and the amounts have been recorded within retained earnings.

(c) Stock Appreciation Rights Plan

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

As at September 30, 2024 Date of Grant	Exercise Price	Issued	Redeemed	Cancelled	Outstanding
March 20, 2008	$30.74	200,000	(113,500)	(61,500)	25,000
November 2, 2010	$43.39	55,000	(11,500)	(8,500)	35,000
May 13, 2014	$137.90	25,000	(2,000)	(23,000)	—
May 13, 2015	$153.82	10,000	—	—	10,000
January 11, 2017	$179.95	90,000	(1,500)	(23,500)	65,000
May 18, 2018	$163.59	125,000	—	(40,000)	85,000
August 8, 2018	$168.00	20,000	—	—	20,000
November 8, 2018	$184.00	10,000	—	—	10,000
Total		**535,000**	**(128,500)**	**(156,500)**	**250,000**

During the three and nine months ended September 30, 2024, the Company recorded a fair value adjustment to increase compensation expense of $800 (2023 - reduce compensation expense of $57) and $1,110 (2023 – reduce compensation expense of $866), respectively. The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income, and the liability is classified as accounts payable and accrued liabilities (Note 13).

The fair value for the SARs was calculated using the Black-Scholes option pricing model. In determining the fair value of the SARs, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions that were used in determining the fair value as at September 30, 2024: a dividend yield of 0.49% (2023 - 0.59%), expected volatility of approximately 25.26% (2023 - 25.75%) and the 10-year Bank of Canada Bond Yield of 2.83% (2023 - 4.45%).

(d) Stock Option Plan

The Company established a stock option plan (“SOP”) during 2022. The SOP entitles specified officers to receive common share options of the Company. Under the SOP, the Company may grant up to a maximum of 1,000,000 options. As at September 30, 2024, the Company has granted nil options.

(e) Accumulated Other Comprehensive Income

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

As at	September 30, 2024	December 31, 2023
Actuarial gain on defined benefit pension plans	**$54,198**	$45,835
Unrealized fair value loss on cash flow hedge	**(2,765)**	—
Unrealized foreign currency translation gain	**253,525**	212,688
	$304,958	$258,523

NOTE 16
REVENUE

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Rental income	**$142,699**	$139,370	**$426,865**	$413,876
Realty taxes and insurance	**42,012**	40,492	**126,886**	120,680
Common area maintenance recoveries	**23,139**	24,693	**72,766**	75,262
Property management and ancillary income	**45,539**	46,085	**138,819**	133,740
	$253,389	$250,640	**$765,336**	$743,558

The components of revenue from hotel properties are as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Room revenue	**$7,470**	$40,824	**$23,438**	$103,497
Other hotel revenue	**992**	7,071	**4,287**	19,706
	$8,462	$47,895	**$27,725**	$123,203

The components of management and advisory fees are as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Property and asset management fees	**$7,408**	$7,616	**$22,146**	$22,979
Other fees	**1,647**	2,002	**7,088**	7,773
	$9,055	$9,618	**$29,234**	$30,752

NOTE 17
INTEREST EXPENSE

The components of interest expense are as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Interest on mortgages	**$50,076**	$48,978	**$149,086**	$141,971
Interest on debentures payable, net of accretion (Note 10)	**9,084**	9,419	**27,804**	27,964
Interest on bank indebtedness	**327**	4,402	**1,700**	12,430
Interest on loans payable and other	**168**	205	**405**	710
Interest on lease liabilities (Note 12)	**2,452**	2,469	**7,371**	7,427
Amortization of mark-to-market adjustments on mortgages, net	**161**	(432)	**(57)**	(1,395)
Amortization of deferred financing costs	**2,098**	2,222	**6,176**	6,487
Prepayment fee on mortgage extinguishment	**—**	—	**257**	—
	64,366	67,263	**192,742**	195,594
Less: Interest capitalized to properties under development	**(108)**	(433)	**(368)**	(1,061)
	$64,258	$66,830	**$192,374**	$194,533

NOTE 18
FAIR VALUE LOSS, NET

The components of fair value loss are as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Fair value gain (loss) on real estate properties, net (Note 4)	**$51,940**	($170,289)	**$53,331**	($106,696)
Financial assets (liabilities):				
Fair value gain (loss) on conversion option of MRG convertible debentures	**(2,006)**	1,542	**(879)**	2,080
Fair value gain (loss) on MRG units (Note 11)	**(104,967)**	47,987	**(135,840)**	17,288
Fair value loss on other real estate fund investments (Note 6(b))	**(1,648)**	(801)	**(16,831)**	(11,949)
Fair value gain (loss) on investment in marketable securities	**11,538**	(4,315)	**(185)**	(19,617)
Total fair value loss, net	**($45,143)**	($125,876)	**($100,404)**	($118,894)

NOTE 19
OTHER INCOME (EXPENSE)

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Foreign exchange gain (loss)	**($575)**	($654)	**($499)**	$24
Other income (expense)	**(249)**	27	**(329)**	(789)
	($824)	($627)	**($828)**	($765)

NOTE 20
RELATED PARTY TRANSACTIONS

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

(a) Paros Holdings Corporation and Paros Enterprises Limited

Paros Holdings Corporation ("Paros Holdings") and Paros Enterprises are owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at September 30, 2024, Paros Holdings owns a 61.9% interest in Morguard through its ownership of 6,691,000 common shares. As at September 30, 2024, and December 31, 2023, the Company has a demand loan agreement with Paros Enterprises that provides for the Company to borrow up to $50,000. As at September 30, 2024, and December 31, 2023, no amounts were drawn and no net interest expense was incurred.

(b) TWC Enterprises Limited ("TWC")

The Company provides TWC with managerial and consulting services for its business and the business of its subsidiaries. Mr. K. Rai Sahi is Chairman and Chief Executive Officer and the majority shareholder of TWC. Pursuant to contractual agreements between the Company and TWC, for the three and nine months ended September 30, 2024, the Company received a management fee of $330 (2023 - $328) and $990 (2023 - $985), respectively, and paid rent and operating expenses of $238 (2023 - $170) and $626 (2023 - $529), respectively.

As at September 30, 2024, and December 31, 2023, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at floating rates of interest consistent with the entity's borrowing cost. The total loan payable as at September 30, 2024 was $nil (December 31, 2023 - $nil). During the three and nine months ended September 30, 2024, the Company paid net interest of $nil (2023 - $198) and $nil (2023 - $414), respectively.

(c) Share/unit Purchase and Other Loans

As at September 30, 2024, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $1,518 (December 31, 2023 - $1,508) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units of Morguard REIT and units of Morguard Residential REIT, and are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at September 30, 2024, the fair market value of the common shares/units held as collateral is $3,935.

NOTE 21
INCOME TAXES

(a) Unrecognized Deductible Temporary Differences

As at September 30, 2024, the Company's Canadian subsidiaries have total net operating losses of approximately $nil (December 31, 2023 - $267,907) of which no deferred income tax assets were recognized as it is not probable that taxable income will be available against which they can be utilized. As at September 30, 2024, the Company has other Canadian temporary differences of approximately $nil (December 31, 2023 - $9,701) of which no deferred income tax asset was recognized as it is not probable that taxable income will be available against which they can be utilized.

(b) Recognized Deductible Temporary Differences

As at September 30, 2024, the Company's U.S. subsidiaries have total net operating losses of approximately US$16,204 (December 31, 2023 - US$29,753) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely.

As at September 30, 2024, the Company's U.S. subsidiaries have a total of US$93,411 (December 31, 2023 - $68,027) of unutilized interest expense deductions of which deferred income tax assets were recognized and can be carried forward indefinitely.

(c) EIFEL Rules

On May 28, 2024, amended Canadian Bill C-59, *Fall Economic Statement Implementation Act, 2023*, became substantively enacted for financial reporting purposes. Bill C-59 implements the majority of the remaining income tax measures from the 2023 federal budget, as well as certain measures from the 2023 fall economic statement. Most notably, Bill C-59 contains the excessive interest and financing expenses limitation rules ("EIFEL Rules").

The EIFEL Rules, which became effective for the 2024 fiscal year, limit the amount of net interest and financing expenses that a corporation may deduct in computing taxable income to a fixed ratio (currently set at 30% of the EBITDA as calculated for tax purposes) or, where certain conditions are met and a consolidated group elects, a higher group ratio.

Based on the EIFEL Rules mentioned above and an assessment of forecasted EBITDA for the year ended December 31, 2024, the Company's current income tax expense for the nine months ended September 30, 2024 increased by $834 from applying the EIFEL Rules which limit the deductibility of certain interest expenses. In addition, a deferred tax asset relating to the unutilized interest expense deductions is included in the Company's recognized temporary differences.

On August 12, 2024, the Department of Finance released revised draft legislation that includes previously announced business tax measures, among others, related to an EIFEL exemption for purpose-build rental housing providers and certain regulated utility providers. The Company will continue to review the relevant legislation and available guidance to assess the full implications of the EIFEL Rules.

(d) International Tax Reform: Pillar Two Model Rules

The Company is within scope of Pillar Two legislation as the parent company of a multinational enterprises ("MNE") group, with revenue that may exceed the EUR 750 million threshold per its consolidated financial statements.

On June 19, 2024, Canadian Bill C-69, *Budget Implementation Act, 2024, No. 1*, became substantively enacted for financial reporting purposes. Among other measures, Bill C-69 includes Canada's Global Minimum Tax Act ("GMTA"). The GMTA implements into Canadian domestic law the global minimum tax under Pillar Two as developed by the Organisation for Economic Co-operation and Development ("OECD") / G20 Inclusive Framework on Base Erosion and Profit Shifting. More specifically, the GMTA implements the top-up tax, income inclusion rule and the domestic minimum top-up tax rules that form part of the Model Rules for the Global Minimum Tax (GloBE Rules) that were released by the OECD on December 20, 2021.

To date, the U.S. has not indicated its commitment to enact Pillar Two legislation. The Company and its subsidiaries continue to review the relevant legislation and available guidance to assess the full implications of the Pillar Two Model Rules. Based on an assessment of historic data and forecasts for the year ended December 31, 2024, the Company does not expect a material exposure to Pillar Two income taxes for the year ended December 31, 2024.

NOTE 22
NET INCOME PER COMMON SHARE

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Net income attributable to common shareholders	**$498**	$5,494	**$184,802**	$60,622
Weighted average number of common shares outstanding (000s) - basic and diluted	**10,813**	10,813	**10,813**	10,933
Net income per common share - basic and diluted	**$0.05**	$0.51	**$17.09**	$5.54

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Fair value loss (gain) on real estate properties, net	**($65,832)**	$156,228	**($39,494)**	$119,644
Fair value loss (gain) on conversion option of MRG convertible debentures (Note 18)	**2,006**	(1,542)	**879**	(2,080)
Fair value loss (gain) on MRG units (Note 11)	**99,609**	(53,452)	**119,548**	(33,912)
Fair value loss on other real estate investment funds (Note 18)	**1,648**	801	**16,831**	11,949
Fair value loss (gain) on investment in marketable securities (Note 18)	**(11,538)**	4,315	**185**	19,617
Equity income from investments	**(341)**	(1,677)	**(1,832)**	(1,502)
Amortization of hotel properties and other	**2,666**	6,084	**8,330**	19,835
Amortization of deferred financing costs (Note 17)	**2,098**	2,222	**6,176**	6,487
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	**161**	(432)	**(57)**	(1,395)
Amortization of tenant incentives	**504**	436	**1,711**	2,006
Stepped rent - adjustment for straight-line method	**520**	593	**2,594**	2,440
Deferred income taxes	**23,627**	(20,731)	**27,226**	22,254
Accretion of convertible debentures	**435**	189	**1,323**	590
Gain on sale of hotel properties (Note 5)	**—**	—	**(150,587)**	—
Recovery of impairment (Note 5)	**—**	(11,000)	**—**	(11,000)
	$55,563	$82,034	**($7,167)**	$154,933

(b) Net Change in Operating Assets and Liabilities

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Amounts receivable	**($5,372)**	$829	**$3,677**	$16,306
Prepaid expenses and other	**(17,987)**	(13,672)	**(25,771)**	(23,289)
Accounts payable and accrued liabilities	**13,839**	11,004	**20,579**	13,710
Net change in operating assets and liabilities	**($9,520)**	($1,839)	**($1,515)**	$6,727

(c) Supplemental Cash Flow Information

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Interest paid	**$65,372**	$65,541	**$185,877**	$181,011
Interest received	**712**	1,284	**5,035**	5,380
Income taxes paid (recovered)	**2,521**	(462)	**7,031**	(2,303)

During the three and nine months ended September 30, 2024, the Company issued non-cash dividends under the distribution reinvestment plan of $7 (2023 - $6) and $19 (2023 - $20), respectively.

(d) Reconciliation of Liabilities Arising from Financing Activities

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

	Mortgages payable	Unsecured debentures	Convertible debentures	Lease liabilities	Bank indebtedness	Total
Balance, beginning of period	**$4,680,092**	**$622,611**	**$140,775**	**$170,753**	**$191,369**	**$5,805,600**
Repayments	**(85,104)**	**—**	**—**	**(1,027)**	**(252,902)**	**(339,033)**
New financing, net	**608,241**	**—**	**—**	**—**	**82,923**	**691,164**
Lump-sum repayments	**(651,622)**	**(225,000)**	**—**	**—**	**—**	**(876,622)**
Non-cash changes	**4,424**	**769**	**3,128**	**170**	**—**	**8,491**
Foreign exchange	**40,248**	**—**	**—**	**359**	**—**	**40,607**
Balance, September 30, 2024	**$4,596,279**	**$398,380**	**$143,903**	**$170,255**	**$21,390**	**$5,330,207**

NOTE 24
CONTINGENCIES

The Company is contingently liable with respect to litigation, claims and environmental matters that arise from time to time, including those that could result in mandatory damages or other relief, which could result in significant expenditures. While the final outcome of these matters cannot be predicted with certainty, in the opinion of management, any uninsured liability that may arise from such contingencies would not have a material adverse effect on the financial position or results of operations of the Company. Any settlement of claims in excess of amounts recorded will be charged to operations as and when such determination is made.

NOTE 25
MANAGEMENT OF CAPITAL

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2023 for an explanation of the Company's capital management policy.

The total managed capital for the Company as at September 30, 2024, and December 31, 2023, is summarized below:

As at	September 30, 2024	December 31, 2023
Mortgages payable, principal balance	**$4,623,528**	$4,704,260
Unsecured Debentures, principal balance	**400,000**	625,000
Convertible debentures, principal balance	**150,000**	150,000
Bank indebtedness	**21,390**	191,369
Lease liabilities	**170,255**	170,753
Shareholders' equity	**4,111,916**	3,887,550
	$9,477,089	$9,728,932

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

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

NOTE 26

EMPLOYEE FUTURE BENEFITS

On July 1, 2024, the Morguard Corporation Employee Retirement Plan (the "Morguard Plan") merged with the Morguard Investments Limited Employees' Retirement Plan (the "MIL Plan") which resulted in a net asset transfer from the MIL Plan into the Morguard Plan. Members of the Morguard Plan and the MIL Plan will continue to receive the full value of pension benefits accrued prior to the merger.

During the three months ended September 30, 2024, the Company recorded a gain of $1,260 to the consolidated statements of comprehensive income (loss) as a result of the merger.

NOTE 27

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2023 for an explanation of the Company's risk management policy as it relates to financial instruments.

Fair Value of Financial Assets and Financial Liabilities

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

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

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using September 30, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at September 30, 2024, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,526,184 (December 31, 2023 - $4,351,345), compared with the carrying value of $4,623,528 (December 31, 2023 - $4,704,260). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures liability is based on its closing bid price (Level 1). As at September 30, 2024, the fair value of the Unsecured Debentures has been estimated at $411,712 (December 31, 2023 - $628,660), compared with the carrying value of $400,000 (December 31, 2023 - $625,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at September 30, 2024, the fair value of the convertible debentures before deferred financing costs has been estimated at $149,225 (December 31, 2023 - $141,308), compared with the carrying value of $150,000 (December 31, 2023 - $150,000).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using September 30, 2024, market rates for debt on similar terms (Level 3). Based on these assumptions, as at September 30, 2024, the fair value of the finance lease receivable has been estimated at $59,237 (December 31, 2023 - $58,860).

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

As at	September 30, 2024 Level 1	Level 2	Level 3	December 31, 2023 Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$10,699,184**	$—	$—	$10,618,962
Investments in marketable securities	**98,530**	**—**	**—**	97,881	—	—
Investments in real estate funds	**—**	**—**	**40,192**	—	—	56,524
Financial liabilities:						
Morguard Residential REIT units	**—**	**494,797**	**—**	—	393,695	—
Conversion option on MRG convertible debentures	**—**	**3,010**	**—**	—	2,131	—
Derivative liabilities	**—**	**3,343**	**—**	—	—	—

NOTE 28

SEGMENTED INFORMATION

(a) Operating Segments

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

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

For the three months ended September 30, 2024	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	**$128,144**	**$63,870**	**$61,375**	**$8,462**	**$261,851**
Property/hotel operating expenses	**(46,177)**	**(29,288)**	**(27,864)**	**(5,283)**	**(108,612)**
Net operating income	**$81,967**	**$34,582**	**$33,511**	**$3,179**	**$153,239**

For the three months ended September 30, 2023	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	$123,645	$62,084	$64,911	$47,895	$298,535
Property/hotel operating expenses	(42,846)	(29,410)	(30,392)	(30,095)	(132,743)
Net operating income	$80,799	$32,674	$34,519	$17,800	$165,792

For the nine months ended September 30, 2024	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	**$382,674**	**$191,565**	**$191,097**	**$27,725**	**$793,061**
Property/hotel operating expenses	**(181,781)**	**(95,784)**	**(88,749)**	**(20,881)**	**(387,195)**
Net operating income	**$200,893**	**$95,781**	**$102,348**	**$6,844**	**$405,866**

For the nine months ended September 30, 2023	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	$364,172	$186,525	$192,861	$123,203	$866,761
Property/hotel operating expenses	(171,922)	(92,489)	(91,717)	(84,494)	(440,622)
Net operating income	$192,250	$94,036	$101,144	$38,709	$426,139

	Multi-suite Residential	**Retail**	**Office**	**Hotel**	**Total**
As at September 30, 2024					
Real estate/hotel properties	**$6,575,639**	**$2,177,199**	**$1,946,346**	**$86,319**	**$10,785,503**
Mortgages payable	**$2,723,882**	**$870,650**	**$974,290**	**$27,457**	**$4,596,279**
For the nine months ended September 30, 2024					
Additions to real estate/hotel properties	**$53,798**	**$22,033**	**$29,459**	**$1,706**	**$106,996**
Fair value gain (loss) on real estate properties	**$139,974**	**($7,108)**	**($79,535)**	**$—**	**$53,331**

	Multi-suite Residential	Retail	Office	Hotel	Total
As at December 31, 2023					
Real estate/hotel properties	$6,302,723	$2,190,586	$2,125,653	$342,104	$10,961,066
Mortgages payable	$2,645,154	$893,085	$1,065,202	$76,651	$4,680,092
For the nine months ended September 30, 2023					
Additions to real estate/hotel properties	$153,170	$27,742	$23,838	$5,489	$210,239
Fair value gain (loss) on real estate properties	$89,940	($18,804)	($177,832)	$—	($106,696)

(b) Regional Segments

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

As at	**September 30, 2024**	December 31, 2023
Real estate and hotel properties		
Canada	**$6,759,331**	$7,061,612
United States	**4,026,172**	3,899,454
	$10,785,503	$10,961,066

	Three months ended September 30		**Nine months ended September 30**	
	2024	2023	**2024**	2023
Revenue from real estate and hotel properties				
Canada	**$167,296**	$206,265	**$509,989**	$594,679
United States	**94,555**	92,270	**283,072**	272,082
	$261,851	$298,535	**$793,061**	$866,761

NOTE 29

SUBSEQUENT EVENTS

On October 7, 2024, the Company acquired a 20% interest in an office building located in Vancouver, British Columbia for a gross purchase price of $99,000, excluding closing costs, and assumed mortgages payable of $35,686 at a contractual interest rate of 3.40%, maturing on July 22, 2025.

The Company entered into agreements, subject to Canada Mortgage and Housing Corporation (“CMHC”) approval, for the CMHC-insured refinancing of two multi-suite residential properties located in Mississauga, Ontario, providing gross proceeds of up to $109,265. The Company expects to close the refinancing during the fourth quarter of 2024. The maturing mortgages amount to $49,539, and have a weighted average interest rate of 3.15%.