Morguard Corporation

Management's Discussion and Analysis & Consolidated Financial Statements

2025

Third Quarter Report

Morguard 50 YEARS

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

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PART I

Morguard Corporation ("Morguard" or the "Company") is pleased to provide this review of operations and update on our financial performance for the three and nine months ended September 30, 2025. 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, 2025, 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, 2025 and 2024. 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 5, 2025. 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 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 failure to comply with, governmental regulations; liability and other claims asserted against the Company; risks and uncertainties relating to pandemics or epidemics; 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 presented 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 presented 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, and (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 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 to the Company.

The Company calculates an interest coverage ratio, an indebtedness to aggregate assets ratio and an adjusted shareholders' equity covenant on a Non-Consolidated Basis, and they 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, and prepaid expenses and other 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 a separate financial statement line in the Company's consolidated balance sheet, have been grouped as a 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 presented in 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 equity requirement for 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, and (v) loans payable. 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 for contingencies.

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

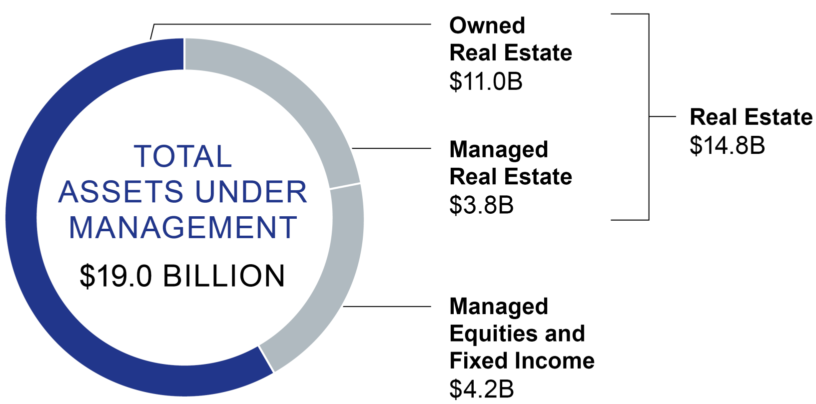
LIQUIDITY

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 for determining the annual level of dividends to common shareholders.

PART II

BUSINESS OVERVIEW

Morguard Corporation is a real estate investment company whose principal activities include the acquisition, development and ownership of multi-suite residential, commercial and hotel properties. Morguard is also one of Canada's premier real estate investment advisors and management companies, representing major institutional and private investors. Morguard's total assets under management (including both owned and managed assets) were valued at $19.0 billion as at September 30, 2025. 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 50 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 wholly owned subsidiary, 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, 2025, MIL together with Lincluden manages 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 follow this approach.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at	**September 30, 2025**	December 31, 2024	September 30, 2024
Real estate properties	**$11,140,340**	$11,048,485	$10,699,184
Hotel properties	**85,152**	85,999	86,319
Equity-accounted and other fund investments	**52,508**	63,064	51,373
Gross book value(1)	**11,763,052**	11,610,686	11,399,080
Indebtedness	**$5,301,986**	$5,269,028	$5,162,953
Indebtedness to gross book value (%)	**45.1**	45.4	45.3
Non-consolidated indebtedness to gross book value (%)(2)	**37.3**	37.7	37.6
Total equity	**$4,776,257**	$4,719,256	$4,560,056
Shareholders' equity per common share	**411.07**	400.36	380.26

(1) As at September 30, 2025, gross book value is calculated as total assets less right-of-use assets in the amount of $150,943 (December 31, 2024 - $148,742, September 30, 2024 - $144,784).
(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, 2025, non-consolidated gross book value is calculated (on a non-consolidated basis) as aggregate assets less right-of-use assets in the amount of $128,922 (December 31, 2024 - $126,878, September 30, 2024 - $123,639). 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 in Part I, "Specified Financial Measures."

	Three months ended September 30		**Nine months ended September 30**	
	2025	2024	**2025**	2024
Revenue from real estate properties	**$254,665**	$253,389	**$774,303**	$765,336
Revenue from hotel properties	**9,133**	8,462	**23,649**	27,725
Management and advisory fees	**9,804**	9,055	**29,712**	29,234
Total revenue	**278,220**	276,873	**840,838**	837,070
Net operating income	**155,708**	153,239	**402,762**	405,866
Adjusted NOI(1)	**140,874**	139,347	**419,297**	419,703
Fair value gain (loss), net	**(25,877)**	(45,143)	**27,275**	(100,404)
Net income attributable to common shareholders	**37,844**	498	**149,980**	184,802
Per common share - basic and diluted	**3.54**	0.05	**14.01**	17.09
Funds from operations(1)	**59,599**	63,040	**163,360**	142,364
Per common share - basic and diluted(1)	**5.57**	5.83	**15.26**	13.17
Normalized FFO(1)	**55,453**	53,738	**161,456**	157,584
Per common share - basic and diluted(1)	**5.18**	4.97	**15.08**	14.57
Distributions received from Morguard REIT	**2,688**	2,519	**7,924**	7,556
Distributions received from Morguard Residential REIT	**4,815**	4,688	**14,445**	14,065
Dividends declared/paid	**(2,140)**	(1,623)	**(6,424)**	(4,867)

(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 in Part I, "Specified Financial Measures."

Total assets as at September 30, 2025 were $11,913,995, compared to $11,759,428 as at December 31, 2024. Total assets increased by $154,567, primarily due to the following:

- An increase in real estate properties of $91,855, mainly due to capital and development expenditures of $137,419, tenant incentives and leasing commissions of $26,922, and a net fair value gain of $68,758, partially offset by a decrease of $138,819 due to the change in the U.S. dollar exchange rate;
- An increase in amounts receivable of $33,727;
- A decrease in equity-accounted and other fund investments of $10,556;
- An increase in other assets and prepaid expense of $8,752; and
- An increase in cash of $31,636.

Total revenue during the three months ended September 30, 2025 increased by $1,347 to $278,220, compared to $276,873 in 2024, primarily due to the following:

- An increase in revenue from real estate properties in the amount of $1,276, primarily due to higher average monthly rent ("AMR"), net of an increase in vacancy within the multi-suite residential segment and an increase in vacancy at Penn West Plaza. In addition, revenue increased from the change in foreign exchange rate and from the net impact of acquisition and disposition of properties; and
- An increase in revenue from hotel properties in the amount of $671, from an increase in occupancy and an increase in average daily rate ("ADR"), resulting in an overall increase in revenue per available room ("RevPar").

PROPERTY PROFILE

As at September 30, 2025, the Company and its subsidiaries own a diversified portfolio of 156 multi-suite residential, retail, office, industrial and hotel properties located in Canada and the United States.

PORTFOLIO COMPOSITION BY ASSET TYPE

The composition of the Company's real estate properties by asset type as at September 30, 2025 is 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	$6,763,426
Retail	36	8,138	—	2,189,508
Office(3)	62	8,735	—	1,944,400
Hotel	2	—	472	85,152
Properties and land held for and under development	—	—	—	243,006
Total real estate properties	**156**	**16,873**	**18,270**	**$11,225,492**

(1) Total GLA is shown on a proportionate basis; on a 100% basis, total GLA of the Company's commercial properties is 20.9 million square feet.
(2) Total suites include non-controlling interest. The Company on a proportionate basis has ownership of 17,353 suites.
(3) Includes industrial properties with 1,011,500 square feet of GLA and a fair value of $221,390.

The Company's multi-suite residential portfolio comprises 25 Canadian properties located primarily throughout the Greater Toronto Area ("GTA") and 31 U.S. properties located 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 7.7 million square feet of office GLA 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 independently operated 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. 2025	Jun. 2025	Mar. 2025	Dec. 2024	Sep. 2024
Multi-suite residential	17,798	93.5%	94.9%	96.0%	95.5%	94.6%
Retail	7,758,000 (1)	90.6%	90.0%	92.2%	93.1%	93.2%
Office(2)	8,687,000	82.7%	84.9%	86.9%	89.4%	88.9%

(1) Retail occupancy has been adjusted to exclude development space of 379,572 square feet of GLA.
(2) Office includes industrial properties with 1,011,500 square feet of GLA.

On February 1, 2025, Obsidian Energy's lease expired at Penn West Plaza, an office building located in Calgary, Alberta ("Obsidian Lease Expiry"). As at September 30, 2025, the occupancy percentage for Penn West Plaza was 80.8% compared to 100.0% at September 30, 2024.

LEASE PROFILE

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

Summary of Lease Expiries by Year (000s)		2025		2026		2027	
As at September 30, 2025	Total SF	SF	%	SF	%	SF	%
Retail(1)	7,758	468 (3)	6%	1,256	16%	998	13%
Office(2)	8,687	475	5%	1,196	14%	859	10%
Total	16,445	943	6%	2,452	15%	1,857	11%

(1) Retail square feet has been adjusted to exclude development space of 379,572 square feet of GLA.
(2) Includes industrial properties with 1,011,500 square feet of GLA.
(3) Includes 340,505 square feet of GLA on short-term leases.

THE HUDSON'S BAY COMPANY ("The Bay")

On Friday March 7, 2025, The Hudson's Bay Company ("HBC" or "The Bay") filed for creditor protection under the Companies' Creditors Arrangement Act. The Company had four Bay locations comprising a total of 439,250 square feet of GLA on a proportionate ownership basis (Centerpoint Mall, Toronto, Bramalea City Centre (20.7%), Brampton, St Laurent Centre, Ottawa and Cambridge Centre, Cambridge). The Company's annualized gross rent earned from The Bay leases is approximately $2,500 on a proportionate ownership basis. On June 15, 2025, the Company's lease with The Bay at Cambridge Centre was disclaimed, which resulted in a decrease of 1.7% of retail occupancy as at June 30, 2025 when compared to March 31, 2025.

On October 24, 2025, the Ontario Superior Court of Justice rejected a proposal from HBC to assign 25 department store leases across the country to B.C.-based businesswoman Ruby Liu for the creation of a new Canadian department store chain. Subsequently, the Company's remaining three leases at Bramalea City Centre, St. Laurent Centre and Centerpoint Mall were disclaimed with an effective date of November 27, 2025.

PART III

REVIEW OF OPERATIONAL RESULTS

The Company's operational results for the three and nine months ended September 30, 2025, and 2024 are summarized below:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Revenue from real estate properties	**$254,665**	$253,389	**$774,303**	$765,336
Revenue from hotel properties	**9,133**	8,462	**23,649**	27,725
Property operating expenses				
Property operating costs	**(63,613)**	(62,109)	**(193,810)**	(187,087)
Utilities	**(18,944)**	(14,701)	**(52,461)**	(46,393)
Realty taxes	**(19,817)**	(26,519)	**(132,705)**	(132,834)
Hotel operating expenses	**(5,716)**	(5,283)	**(16,214)**	(20,881)
Net operating income	**155,708**	153,239	**402,762**	405,866
OTHER REVENUE				
Management and advisory fees	**9,804**	9,055	**29,712**	29,234
Interest and other income	**4,618**	5,967	**13,174**	14,775
	14,422	15,022	**42,886**	44,009
EXPENSES				
Interest	**64,299**	64,258	**190,894**	192,374
Property management and corporate	**23,351**	21,394	**70,065**	66,334
Amortization of hotel properties and other	**1,530**	2,666	**5,489**	8,330
	89,180	88,318	**266,448**	267,038
OTHER INCOME (EXPENSE)				
Fair value gain (loss), net	**(25,877)**	(45,143)	**27,275**	(100,404)
Gain on sale of hotel properties	**—**	—	**—**	150,587
Equity income from investments	**690**	341	**1,652**	1,832
Other income (expense)	**57**	(824)	**(60)**	(828)
	(25,130)	(45,626)	**28,867**	51,187
Income before income taxes	**55,820**	34,317	**208,067**	234,024
Provision for income taxes				
Current	**405**	2,775	**4,691**	26,677
Deferred	**11,460**	23,627	**49,795**	27,226
	11,865	26,402	**54,486**	53,903
Net income for the period	**$43,955**	$7,915	**$153,581**	$180,121
Net income (loss) attributable to:				
Common shareholders	**$37,844**	$498	**$149,980**	$184,802
Non-controlling interest	**6,111**	7,417	**3,601**	(4,681)
	$43,955	$7,915	**$153,581**	$180,121
Net income per common share attributable to:				
Common shareholders - basic and diluted	**$3.54**	$0.05	**$14.01**	$17.09

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025

NET INCOME

Net income for the three months ended September 30, 2025 was $43,955, compared to $7,915 in 2024. The increase in net income of $36,040 for the three months ended September 30, 2025, was primarily due to the following:

- An increase in net operating income of $2,469, mainly due to higher non-recurring property tax refunds received, an increase in AMR, net of higher vacancy at multi-suite residential properties, the change in foreign exchange rate and from the net impact of acquisition and disposition of properties, partially offset by a decrease in gross rent and an increase in vacancy costs at Penn West Plaza, resulting from the Obsidian Lease Expiry;
- A decrease in non-cash net fair value loss of $19,266, mainly due to a decrease in fair value loss on Morguard Residential REIT units, partially offset by an increase in fair value loss on real estate properties and a decrease in fair value gain on marketable securities; and
- A decrease in income tax expense (current and deferred) of $14,537, mainly due to a lower fair value gain recorded on the Company's Canadian and U.S. properties.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

NET INCOME

Net income for the nine months ended September 30, 2025 was $153,581, compared to $180,121 in 2024. The decrease in net income of $26,540 for the nine months ended September 30, 2025 was primarily due to the following:

- A decrease in net operating income of $3,104, mainly due to a decrease in gross rent and an increase in vacancy costs at Penn West Plaza, resulting from the Obsidian Lease Expiry, partially offset by higher non-recurring property tax refunds received, an increase in AMR, net of higher vacancy at multi-suite residential properties, the change in foreign exchange rate and from the net impact of acquisition and disposition of properties;
- An increase in non-cash net fair value gain of $127,679, mainly due to a decrease in fair value loss on Morguard Residential REIT units, an increase in fair value gain on real estate properties, a decrease in fair value loss on other real estate funds investments, and an increase in fair value gain on marketable securities;
- A decrease in gain on sale of hotel properties of $150,587 due to the sale of 14 hotel properties on January 18, 2024 ("Hotel Portfolio Disposition"); and
- An increase in income tax expense (current and deferred) of $583, mainly due to a deferred tax increase from a higher fair value gain recorded on the Company's Canadian and U.S. properties, partly offset by a decrease in current taxes resulting from the disposal of properties in 2024.

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	
	2025	2024	**2025**	2024
Multi-suite residential (in local currency)	**$60,758**	$58,541	**$184,670**	$179,066
Retail (in local currency)	**31,819**	31,293	**90,278**	90,783
Office(1)	**27,079**	33,570	**85,026**	99,380
Hotel	**3,417**	3,111	**7,435**	7,780
Exchange amount to Canadian dollars	**14,036**	12,843	**45,038**	39,752
Comparative NOI	**137,109**	139,358	**412,447**	416,761
Acquired properties	**1,019**	—	**3,357**	—
Dispositions	**—**	283	**—**	1,221
Realty tax expense accounted for under IFRIC 21	**14,834**	13,892	**(16,535)**	(13,837)
Lease cancellation fees	**136**	305	**1,575**	4,081
Realty tax refund/reassessment	**3,242**	—	**3,773**	—
Other	**(632)**	(599)	**(1,855)**	(2,360)
NOI	**$155,708**	$153,239	**$402,762**	$405,866

(1) Includes industrial properties with Comparative NOI for the three and nine months ended September 30, 2025 of $2,202 (2024 - $2,737) and $7,743 (2024 - $7,792), 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, 2025 decreased by $2,249, or 1.6%, to $137,109 compared to $139,358 in 2024 due to the following:

- Multi-suite residential increased by $2,217 as a result of rental rate growth, net of higher vacancy, partly offset by an increase in operating expenses;
- Retail increased by $526 mainly due to a higher recovery of operating expenses and higher basic and percentage rent;
- Office decreased by $6,491 mainly due to lower gross rent and higher vacancy at Penn West Plaza, resulting from the Obsidian Lease Expiry;
- Hotel increased by $306 mainly due to an increase occupancy and ADR, resulting in an overall increase in RevPar, partly offset by an increase in operating expenses; and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by $1,193.

Comparative NOI for the nine months ended September 30, 2025 decreased by $4,314, or 1.0%, to $412,447 compared to $416,761 in 2024 due to the following:

- Multi-suite residential increased by $5,604 as a result of rental rate growth, net of higher vacancy, partly offset by an increase in operating expenses;
- Retail decreased by $505 mainly due to lower percentage rent and higher vacancy and bad debt expense;
- Office decreased by $14,354 mainly due to lower gross rent and higher vacancy at Penn West Plaza, resulting from the Obsidian Lease Expiry;
- Hotel decreased by $345 mainly due to an increase in operating expenses, partly offset by an increase in occupancy and ADR, resulting in an overall decrease in RevPar; and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by $5,286.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025

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 increased by $2,469, or 1.6%, for the three months ended September 30, 2025, to $155,708, compared to $153,239 generated in 2024, and is further analyzed by asset type below.

ADJUSTED NOI BY ASSET TYPE

For the three months ended September 30	2025	2024
Multi-suite residential	**$72,925**	$69,699
Retail	**36,603**	32,958
Office(1)	**27,929**	33,511
Hotel	**3,417**	3,179
Adjusted NOI	**140,874**	139,347
IFRIC 21 adjustment - multi-suite residential	**13,288**	12,268
IFRIC 21 adjustment - retail	**1,546**	1,624
NOI	**$155,708**	$153,239

(1) Includes industrial properties with NOI for the three months ended September 30, 2025 of $2,200 (2024 - $2,793).

NOI from the multi-suite residential portfolio for the three months ended September 30, 2025 increased by $4,246, or 5.2%, to $86,213, compared to $81,967 in 2024. The increase in NOI is due to the change in Adjusted NOI described below, and an increase in the IFRIC 21 adjustment of $1,020.

Adjusted NOI from the multi-suite residential portfolio for the three months ended September 30, 2025 increased by $3,226, or 4.6%, to $72,925, compared to $69,699 in 2024. The increase in Adjusted NOI is primarily due to the following:

- A decrease in Canadian multi-suite residential properties of $220 primarily resulting from:
  - An increase in operating costs by 2.8% mainly from higher property taxes and utilities due to higher rates and consumption, net of a decrease in insurance premiums. Partially offsetting higher operating expenses was an increase in AMR of 4.8%, net of higher vacancy. In addition, the Company's Canadian portfolio turned over 355 suites, or 4.3% of total suites achieving AMR growth of 11.6% on suite turnover.
- An increase in U.S. multi-suite residential properties of US$2,183 primarily resulting from:
  - An increase in revenue due to an increase in AMR of 2.0% and improved U.S. occupancy which increased to 93.2% at September 30, 2025, compared to 92.1% at September 30, 2024. The AMR growth rate is lower than historical average due to a more challenging leasing environment. Management expects more normalized AMR growth over the next several quarters in light of strong rental demand and higher occupancies. In addition to higher revenue was a slight decrease in operating costs by 0.2% mainly from lower property taxes, insurance premiums, bad debt expense and administrative expenses, net of an increase in repairs and maintenance and utilities. In addition, the Company's U.S. portfolio turned over 1,147 suites, or 12.0% of total suites, achieving AMR growth of 2.9% on suite turnover.
- An increase of $1,263 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the three months ended September 30, 2025 increased by $3,567, or 10.3%, to $38,149, compared to $34,582 in 2024. 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 $78.

Adjusted NOI from the retail portfolio for the three months ended September 30, 2025 increased by $3,645, or 11.1%, to $36,603 compared to $32,958 in 2024. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian retail properties of $4,016 primarily resulting from:
  - An increase of $3,242 due to higher non-recurring property tax refunds received; and
  - An increase of $774 primarily due to a higher recovery of operating expenses and higher basic and percentage rent.
- A decrease of $49 due to the change in the U.S. dollar foreign exchange rate.

NOI from the office portfolio for the three months ended September 30, 2025 decreased by $5,582, or 16.7%, to $27,929, compared to $33,511 in 2024, primarily due to the following:

- A decrease of $4,105 primarily due to lower gross rent and higher vacancy at Penn West Plaza, resulting from the Obsidian Lease Expiry;
- A decrease of $2,496 primarily due to a higher vacancy; and
- An increase of $1,019 from the acquisition of Telus Garden, Vancouver, during the fourth quarter of 2024.

NOI from the hotel portfolio for the three months ended September 30, 2025 increased by $238, or 7.5%, to $3,417, compared to $3,179 in 2024, primarily due to the following:

- An increase in occupancy from 79.8% to 83.4% and an increase in ADR of $11.04 from $216.09 to $227.13, resulting in an overall increase in RevPar of $16.82 from $172.53 to $189.35. Partially offsetting the increase in RevPar was an increase in operating expenses.

MANAGEMENT AND ADVISORY FEES

Morguard's management and advisory fees revenue for the three months ended September 30, 2025, increased by $749, or 8.3%, to $9,804, compared to $9,055 in 2024, primarily due to higher project management and property management fees earned.

INTEREST AND OTHER INCOME

Interest and other income for the three months ended September 30, 2025, decreased by $1,349, or 22.6%, to $4,618, compared to $5,967 in 2024. The decrease was primarily due to lower interest income earned.

INTEREST EXPENSE

Interest expense consists of the following:

For the three months ended September 30	2025	2024
Mortgages payable	**$50,139**	$50,076
Debentures payable, net of accretion	**6,724**	9,084
Bank indebtedness	**3,368**	327
Loans payable and other	**108**	168
Lease liabilities	**2,492**	2,452
Amortization of mark-to-market adjustments on mortgages, net	**207**	161
Amortization of deferred financing costs	**2,320**	2,098
	65,358	64,366
Less: Interest capitalized to properties under development	**(1,059)**	(108)
	$64,299	$64,258

Interest expense for the three months ended September 30, 2025, increased by $41, or 0.1%, to $64,299, compared to $64,258 in 2024, mainly due to an increase in interest on bank indebtedness, partially offset by lower interest on Debentures and an increase in interest capitalized to properties under development. The increase in interest on bank indebtedness is due to a higher amount borrowed on the Company's operating lines of credit. The decrease in interest on Debentures is primarily due to the repayment of Series F unsecured debentures on November 27, 2024. The increase in interest on mortgages payable is largely attributable to a change in foreign exchange rates increasing U.S. mortgage interest by $193.

PROPERTY MANAGEMENT AND CORPORATE

Property management and corporate expenses for the three months ended September 30, 2025, increased by $1,957, or 9.1%, to $23,351, compared to $21,394 in 2024, primarily due to an increase in salaries, training and project costs, partially offset by a higher non-cash adjustment to reduce compensation expense related to the Company's SARs plan of $698.

AMORTIZATION OF HOTEL PROPERTIES AND OTHER

Amortization of hotel properties and other for the three months ended September 30, 2025, decreased by $1,136, or 42.6%, to $1,530, compared to $2,666 in 2024.

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, 2025, the Company recognized a net fair value loss on real estate properties of $27,701, compared to a net fair value gain of $51,940 in 2024.

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

For the three months ended September 30	2025	2024
Multi-suite residential	**($10,941)**	$52,795
Retail	**(2,173)**	(3,343)
Office(1)	**(14,587)**	2,488
	($27,701)	$51,940

(1) Includes industrial properties with a fair value gain for the three months ended September 30, 2025 of $162 (2024 - $1,441).

For the three months ended September 30, 2025, the Company recognized the following fair value loss:

- A net fair value loss of $10,941 in the residential portfolio, mainly due to a 25 basis point increase in valuation parameters at four U.S. properties located in North Carolina and Georgia, and an adjustment on realty taxes accounted for under IFRIC 21, partially offset by an increase in stabilized NOI across the Company's Canadian residential portfolio.
- A net fair value loss of $2,173 in the retail portfolio, due to a decrease in projected cash flows at several properties, as well as an adjustment on realty taxes accounted for under IFRIC 21.
- A net fair value loss of $14,587 in the office portfolio, primarily due to a 25 basis point increase in the valuation parameters across several properties located in Ottawa, Ontario.

FAIR VALUE LOSS ON MORGUARD RESIDENTIAL REIT UNITS

For the three months ended September 30, 2025, the Company recorded a fair value loss on the Morguard Residential REIT units of $2,717, which includes a mark-to-market gain of $2,402 on the units as a result of an increase in trading price and the distributions made to external unitholders of $5,119.

FAIR VALUE GAIN ON OTHER FUND INVESTMENTS

For the three months ended September 30, 2025, the Company recorded a fair value gain on other fund investments of $255, primarily from a fair value gain on the Company's real estate properties held by the funds.

FAIR VALUE GAIN ON INVESTMENT IN MARKETABLE SECURITIES

For the three months ended September 30, 2025, the Company recorded a fair value gain on investment in marketable securities of $3,896 resulting from an increase in trading value of the securities.

EQUITY INCOME FROM INVESTMENTS

Equity income from investments for the three months ended September 30, 2025, increased by $349 to $690, compared to $341 in 2024, primarily due to higher NOI and lower fair value loss.

OTHER INCOME (EXPENSE)

Other income for the three months ended September 30, 2025, increased by $881 to $57, compared to other expense of $824 in 2024.

INCOME TAXES

Provision for income taxes consists of the following:

For the three months ended September 30	2025	2024
Current	**$405**	$2,775
Deferred	**11,460**	23,627
	$11,865	$26,402

For the three months ended September 30, 2025, the Company recorded an income tax expense of $11,865, compared to $26,402 in 2024. The decrease in income tax expense of $14,537 comprises a decrease of $12,167 in deferred tax expense and a decrease of $2,370 in current tax expense.

The decrease in current tax expense for the three months ended September 30, 2025 is primarily due to the Company undertaking a cost segregation study on specific U.S. properties that impacted the timing of the utilization of net operating losses. In addition, during the third quarter of 2025, the One Big Beautiful Bill (OB3) substantively enacted changes to the section 163(j) limitation, which includes the permanent return of EBITDA-based interest deduction limitations that previously expired for the taxation years ending after December 31, 2022. Effective for taxation years commencing on or after December 31, 2024, the OB3 change will increase the amount of deductible business interest expense and reduce taxable income.

The decrease in deferred income tax expense for the three months ended September 30, 2025 is primarily due to a lower fair value gain recorded on the Company's Canadian and U.S. properties.

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.

During 2024, the MIL Plan merged with the Morguard Plan, which resulted in a net asset transfer from the MIL Plan to the Morguard Plan. The asset transfer of the MIL Plan was completed on July 1, 2024, and treated as a "plan combination". The defined benefit obligation of the MIL Plan was determined as of June 30, 2024, using actuarial assumptions appropriate on that date, and then transferred to the Morguard Plan along with the MIL Plan assets. 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, 2025, an actuarial gain of $5,584 was recorded in the consolidated statements of comprehensive income (loss), compared to $12,450 (including a gain of $1,260 as a result of the merger) in 2024; 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, 2025

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 in Part I, "Specified Financial Measures."

NOI decreased by $3,104, or 0.8%, for the nine months ended September 30, 2025 to $402,762, compared to $405,866 in 2024, and is further analyzed by asset type below.

ADJUSTED NOI BY ASSET TYPE

For the nine months ended September 30	2025	2024
Multi-suite residential	**$224,165**	$213,201
Retail	**98,642**	97,310
Office(1)	**89,055**	102,348
Hotel	**7,435**	6,844
Adjusted NOI	**419,297**	419,703
IFRIC 21 adjustment - multi-suite residential	**(14,653)**	(12,308)
IFRIC 21 adjustment - retail	**(1,882)**	(1,529)
NOI	**$402,762**	$405,866

(1) Includes industrial properties with NOI for the nine months ended September 30, 2025 of $7,724 (2024 - $7,909).

NOI from the multi-suite residential portfolio for the nine months ended September 30, 2025 increased by $8,619, or 4.3%, to $209,512, compared to $200,893 in 2024. 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 $2,345.

Adjusted NOI from the multi-suite residential portfolio for the nine months ended September 30, 2025 increased by $10,964, or 5.1%, to $224,165, compared to $213,201 in 2024. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian multi-suite residential properties of $2,739 primarily resulting from:
  - An increase in AMR of 4.8%, net of higher vacancy. Partially offsetting higher revenue was an increase in operating costs by 1.7% mainly from higher property taxes, salary costs, repairs and maintenance and utilities due to higher gas consumption, net of a decrease in insurance premiums. In addition, the Company's Canadian portfolio turned over 719 suites, or 8.8% of total suites, achieving AMR growth of 13.7% on suite turnover.
- An increase in U.S. multi-suite residential properties of US$3,250 primarily resulting from:
  - An increase in revenue due to an increase in AMR of 2.0% and improved U.S. occupancy which increased to 93.2% at September 30, 2025, compared to 92.1% at September 30, 2024. The AMR growth rate is lower than historical average due to a more challenging leasing environment. Management expects more normalized AMR growth over the next several quarters in light of strong rental demand and higher occupancies. Partially offsetting higher revenue was an increase in operating costs by 2.4% mainly from higher administrative expenses, property taxes, utilities, repairs and maintenance and salary costs, net of a decrease in insurance premiums and bad debt expense. In addition, the Company's U.S. portfolio turned over 2,838 suites, or 29.6% of total suites, with an AMR growth of 0.7% on suite turnover.
- An increase of $4,975 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the nine months ended September 30, 2025, increased by $979, or 1.0%, to $96,760, compared to $95,781 in 2024. The increase in NOI is primarily due to the change in Adjusted NOI described below, partially offset by an increase in the IFRIC 21 adjustment of $353.

Adjusted NOI from the retail portfolio for the nine months ended September 30, 2025 increased by $1,332, or 1.4%, to $98,642 compared to $97,310 in 2024. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian retail properties of $1,278 primarily resulting from:
  - An increase of $3,242 due to higher non-recurring property tax refunds received; and
  - A decrease of $844 primarily due to lower percentage rent at three enclosed shopping centres and higher vacancy and higher bad debt expense mainly due to tenant insolvencies; and
  - A decrease of $1,120 from the sale of Heritage Towne Centre, Calgary, during the second quarter of 2024.
- An increase of $423 due to the change in the U.S. dollar foreign exchange rate.

NOI from the office portfolio for the nine months ended September 30, 2025 decreased by $13,293, or 13.0%, to $89,055, compared to $102,348 in 2024, primarily due to the following:

- A decrease of $11,836 primarily due to lower gross rent and higher vacancy at Penn West Plaza, resulting from the Obsidian Lease Expiry;
- A decrease of $1,313 primarily due to higher vacancy, partially offset by a higher recovery of operating expenses and higher step rent;
- A decrease of $2,584 due to lower non-recurring lease cancellation fees received compared to 2024;
- An increase of $3,357 from the acquisition of Telus Garden, Vancouver, during the fourth quarter of 2024; and
- A decrease of $917 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, 2025 increased by $591, or 8.6%, to $7,435, compared to $6,844 in 2024, primarily due to the following:

- An increase of $936 due to the Hotel Portfolio Disposition; and
- A decrease of $345 mainly due to an increase in operating expenses. Partially offsetting the increase in operating expenses was an increase in occupancy from 75.4% to 75.5% and an increase in ADR of $5.36 from $207.85 to $213.21, resulting in an increase in RevPar of $4.34 from $156.66 to $161.00.

MANAGEMENT AND ADVISORY FEES

Morguard's management and advisory fees revenue for the nine months ended September 30, 2025 increased by $478, or 1.6%, to $29,712, compared to $29,234 in 2024, primarily due to higher property management and asset management fees earned, partially offset by a decrease in disposition and project management fees earned.

INTEREST AND OTHER INCOME

Interest and other income for the nine months ended September 30, 2025 decreased by $1,601, or 10.8%, to $13,174, compared to $14,775 in 2024. The decrease was primarily due to lower interest income earned.

INTEREST EXPENSE

Interest expense consists of the following:

For the nine months ended September 30	2025	2024
Mortgages payable	**$148,460**	$149,086
Debentures payable, net of accretion	**20,014**	27,804
Bank indebtedness	**9,485**	1,700
Loans payable and other	**247**	405
Lease liabilities	**7,449**	7,371
Amortization of mark-to-market adjustments on mortgages, net	**858**	(57)
Amortization of deferred financing costs	**6,824**	6,176
Prepayment fee on mortgage extinguishment	**—**	257
	193,337	192,742
Less: Interest capitalized to properties under development	**(2,443)**	(368)
	$190,894	$192,374

Interest expense for the nine months ended September 30, 2025 decreased by $1,480, or 0.8%, to $190,894, compared to $192,374 in 2024, mainly due to a decrease in interest on Debentures, an increase in interest capitalized to properties under development, and lower interest on mortgages payable, partially offset by higher interest on bank indebtedness. The decrease in interest on Debentures is primarily due to the repayment of Series E and Series F senior unsecured debentures on January 25, 2024 and November 27, 2024, respectively. The increase in interest on bank indebtedness is due to a higher amount borrowed on the Company's operating lines of credit. The decrease in interest on mortgages payable is largely attributable to properties financed at lower fixed and floating rates of interest, partially offset by a change in foreign exchange rates increasing U.S. mortgage interest by $1,595.

PROPERTY MANAGEMENT AND CORPORATE

Property management and corporate expenses for the nine months ended September 30, 2025 increased by $3,731, or 5.6%, to $70,065, compared to $66,334 in 2024, primarily due to an increase in salary costs, information technology and project costs, partially offset by a higher non-cash adjustment to reduce compensation expense related to the Company's SARs plan of $1,226.

AMORTIZATION OF HOTEL PROPERTIES AND OTHER

Amortization of hotel properties and other for the nine months ended September 30, 2025 decreased by $2,841, or 34.1%, to $5,489, compared to $8,330 in 2024.

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, 2025, the Company recognized a net fair value gain on real estate properties of $68,758, compared to $53,331 in 2024.

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

For the nine months ended September 30	2025	2024
Multi-suite residential	**$119,252**	$139,974
Retail	**(16,979)**	(7,108)
Office[(1)]	**(33,515)**	(79,535)
	$68,758	$53,331

(1) Includes industrial properties with a fair value loss for the nine months ended September 30, 2025 of $4,173 (2024 - gain of $1,848).

For the nine months ended September 30, 2025, the Company recognized the following fair value gain (loss):

- A net fair value gain of $119,252 in the residential portfolio, mainly due to an increase in stabilized NOI across the Company's Canadian residential portfolio and an adjustment on realty taxes accounted for under IFRIC 21, partially offset by a 25 basis point increase in valuation parameters at four U.S. properties.
- A net fair value loss of $16,979 in the retail portfolio, due to a decrease in projected cash flows at several of the Company's Canadian enclosed malls as well as a result of certain leases being disclaimed through future restructuring or insolvency proceedings, partially offset by an adjustment on realty taxes accounted for under IFRIC 21; and
- A net fair value loss of $33,515 in the office portfolio, primarily due to a 25 to 75 basis point increase in valuation parameters across properties located in Ontario and a decrease in projected cash flows across several properties, partially offset by an increase in the valuation of a property located in Ottawa.

FAIR VALUE LOSS ON MORGUARD RESIDENTIAL REIT UNITS

For the nine months ended September 30, 2025, the Company recorded a fair value loss on the Morguard Residential REIT units of $42,333, which includes a mark-to-market loss of $26,689 on the units as a result of an increase in trading price and the distributions made to external unitholders of $15,644.

FAIR VALUE LOSS ON OTHER FUND INVESTMENTS

For the nine months ended September 30, 2025, the Company recorded a fair value loss on other fund investments of $3,592, primarily from a fair value loss on the Company's real estate properties held by the funds.

FAIR VALUE GAIN ON INVESTMENT IN MARKETABLE SECURITIES

For the nine months ended September 30, 2025, the Company recorded a fair value gain on investment in marketable securities of $4,240 resulting from an increase 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 for the nine months ended September 30, 2025 decreased by $180 to $1,652, compared to $1,832 in 2024, primarily due to lower NOI on the disposition of the Company's 50% interest in two hotel properties during 2024.

OTHER INCOME (EXPENSE)

Other expense for the nine months ended September 30, 2025, decreased by $768 to $60, compared to $828 in 2024.

INCOME TAXES

Provision for income taxes consists of the following:

For the nine months ended September 30	2025	2024
Current	**$4,691**	$26,677
Deferred	**49,795**	27,226
	$54,486	$53,903

For the nine months ended September 30, 2025, the Company recorded an income tax expense of $54,486, compared to $53,903 in 2024. The increase in income tax expense of $583 comprises an increase of $22,569 in deferred tax expense, partially offset by a decrease of $21,986 in current tax expense.

The decrease in current tax expense for the nine months ended September 30, 2025 is primarily the result of a decrease of $19,050 relating to the disposal of properties that occurred in 2024 and due to the Company undertaking a cost segregation study on specific U.S. properties that impacted the timing of the utilization of net operating losses as well as the changes to section 163(j) limitation described earlier.

The increase in deferred income tax expense for the nine months ended September 30, 2025 is primarily due to 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, 2025, an actuarial gain of $7,469 was recorded in the consolidated statements of comprehensive income (loss), compared to $11,317 (including a gain of $1,260 as a result of the merger) in 2024; 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 in 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	
	2025	2024	**2025**	2024
Multi-suite residential	**$72,925**	$69,699	**$224,165**	$213,201
Retail	**36,603**	32,958	**98,642**	97,310
Office	**27,929**	33,511	**89,055**	102,348
Hotel	**3,417**	3,179	**7,435**	6,844
Adjusted NOI(1)	**140,874**	139,347	**419,297**	419,703
Other Revenue				
Management and advisory fees	**9,804**	9,055	**29,712**	29,234
Interest and other income	**4,618**	5,967	**13,174**	14,775
Equity-accounted FFO(2)	**683**	568	**1,895**	2,216
	15,105	15,590	**44,781**	46,225
Expenses and Other				
Interest	**(64,299)**	(64,258)	**(190,894)**	(192,374)
Principal repayment of lease liabilities	**(396)**	(244)	**(1,539)**	(1,027)
Property management and corporate	**(23,351)**	(21,394)	**(70,065)**	(66,334)
Internal leasing costs	**850**	1,075	**3,581**	3,212
Amortization of capital assets	**(533)**	(277)	**(1,099)**	(867)
Current income taxes(3)	**(405)**	(2,775)	**(4,659)**	(7,595)
Non-controlling interests' share of FFO(4)	**(12,388)**	(13,665)	**(36,700)**	(41,234)
Unrealized changes in the fair value of financial instruments	**4,151**	9,890	**648**	(17,016)
Other income (expense)	**(9)**	(249)	**9**	(329)
FFO	**$59,599**	$63,040	**$163,360**	$142,364
FFO per common share amounts – basic and diluted	**$5.57**	$5.83	**$15.26**	$13.17
Weighted average number of common shares outstanding (in thousands):				
Basic and diluted	**10,701**	10,813	**10,707**	10,813

(1) For the three and nine months ended September 30, 2025, an IFRIC 21 adjustment of $14,834 (2024 - $13,892) was added and $16,535 (2024 - $13,837) was deducted, respectively, to the IFRS presentation of realty tax expense.
(2) Equity-accounted FFO excludes fair value adjustments on real estate properties.
(3) Current income taxes for three and nine months ended September 30, 2025 excludes $nil (2024 - $nil) and $32 (2024 - $19,082), respectively, of income tax relating to the disposal of properties.
(4) For the three and nine months ended September 30, 2025, non-controlling interests' share of FFO includes Morguard Residential REIT's non-controlling interest share of FFO in the amount of $7,202 (2024 - $7,358) and $23,150 (2024 - $23,008), respectively.

For the three months ended September 30, 2025, the Company recorded FFO of $59,599 ($5.57 per common share), compared to $63,040 ($5.83 per common share) in 2024. The decrease in FFO of $3,441 is mainly due to a decrease in interest and other income of $1,349, a decrease in unrealized changes in the fair value of financial instruments of $5,739 and an increase in property management and corporate expenses of $1,957, partially offset by an increase in Adjusted NOI of $1,527, a decrease in current income taxes of $2,370 and a decrease in non-controlling interests' share of FFO of $1,277.

The change in the foreign exchange rate had a positive impact on FFO of $156 ($0.01 per common share).

For the nine months ended September 30, 2025, the Company recorded FFO of $163,360 ($15.26 per common share), compared to $142,364 ($13.17 per common share) in 2024. The increase in FFO of $20,996 is mainly due to a decrease in interest expense of $1,480, a decrease in current income taxes of $2,936, a decrease in non-controlling interests' share of FFO of $4,534 and an increase in unrealized changes in the fair value of financial instruments of $17,664, partially offset by a decrease in interest and other income of $1,601 and an increase in property management and corporate expenses of $3,731.

The change in the foreign exchange rate had a positive impact on FFO of $1,329 ($0.12 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 in Part I, "Specified Financial Measures."

Normalized FFO	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
FFO (from above)	**$59,599**	$63,040	**$163,360**	$142,364
Add/(deduct):				
Unrealized changes in the fair value of financial instruments	**(4,151)**	(9,890)	**(648)**	17,016
SARs plan increase (decrease) in compensation expense	**102**	800	**(116)**	1,110
Lease cancellation fee and other	**(121)**	(254)	**(1,484)**	(3,690)
Tax effect of above adjustments	**24**	42	**344**	784
Normalized FFO	**$55,453**	$53,738	**$161,456**	$157,584
Per common share amounts – basic and diluted	**$5.18**	$4.97	**$15.08**	$14.57

Normalized FFO for the three months ended September 30, 2025 was $55,453 or $5.18 per common share, compared to $53,738, or $4.97 per common share, for the same period in 2024, which represents an increase in $1,715, or 3.2%.

Normalized FFO for the nine months ended September 30, 2025 was $161,456 or $15.08 per common share, compared to $157,584, or $14.57 per common share, for the same period in 2024, which represents an increase in $3,872, or 2.5%.

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	
	2025	2024	**2025**	2024
Net income attributable to common shareholders	**$37,844**	$498	**$149,980**	$184,802
Add/(deduct):				
Fair value loss (gain) on real estate properties, net[1]	**27,694**	(51,713)	**(68,515)**	(52,947)
Non-controlling interests' share of fair value gain (loss) on real estate properties, net[1]	**116**	489	**(9,041)**	(22,108)
Fair value loss (gain) on Morguard Residential REIT units	**(2,402)**	99,609	**26,689**	119,548
Distribution to Morguard Residential REIT's external unitholders	**5,119**	5,358	**15,644**	16,292
Non-controlling interest - Morguard Residential REIT	**(7,202)**	(7,358)	**(23,150)**	(23,008)
Fair value loss (gain) on conversion option of MRG convertible debentures	**(390)**	2,006	**(202)**	879
Amortization of intangible asset	**410**	1,729	**2,555**	5,186
Amortization of hotel properties	**587**	660	**1,835**	2,277
Foreign exchange loss (gain)	**(66)**	575	**69**	499
Deferred income taxes	**11,460**	23,627	**49,795**	27,226
Principal repayment of lease liabilities	**(396)**	(244)	**(1,539)**	(1,027)
Internal leasing costs	**850**	1,075	**3,581**	3,212
Realty taxes accounted for under IFRIC 21[2]	**(14,025)**	(13,271)	**15,627**	13,038
Gain on sale of hotel properties	**—**	—	**—**	(150,587)
Current tax on disposition of properties	**—**	—	**32**	19,082
FFO	**$59,599**	$63,040	**$163,360**	$142,364
FFO per common share – basic and diluted	**$5.57**	$5.83	**$15.26**	$13.17
Weighted average number of common shares outstanding (in thousands):				
Basic and diluted	**10,701**	10,813	**10,707**	10,813

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

PART IV

BALANCE SHEET ANALYSIS

REAL ESTATE PROPERTIES

The Company's real estate properties, together with hotel properties and equity-accounted and other real estate fund investments, represent approximately 95% 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, 2025	December 31, 2024
Real estate properties		
Multi-suite residential	**$6,763,426**	$6,769,886
Retail	**2,189,508**	2,152,748
Office[1]	**1,944,400**	1,945,766
	10,897,334	10,868,400
Properties under development	**120,016**	55,156
Land held for development	**122,990**	124,929
Real estate properties	**$11,140,340**	$11,048,485

(1) As at September 30, 2025, includes industrial properties in the amount of $221,390 (December 31, 2024 - $225,418).

Real estate properties increased by $91,855 at September 30, 2025 to $11,140,340, compared to $11,048,485 at December 31, 2024. The increase is primarily a result of the following:

- Capitalization of property enhancements, including capital expenditures and tenant improvements, totalling $98,240;
- Development expenditures of $66,101;
- A fair value gain on real estate properties of $68,758; and
- A decrease of $138,819 due to the change in the U.S. dollar exchange rate.

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 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, 2025, 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, 2024 - 3.3% to 10.3%), resulting in an overall weighted average capitalization rate of 5.6% (December 31, 2024 - 5.6%).

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

	September 30, 2025					December 31, 2024				
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%**	**9.5%**	**5.0%**	**7.6%**	100.0%	85.0%	9.5%	4.6%	7.7%

(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, 2025			December 31, 2024		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**11.3%**	**5.8%**	**7.7%**	11.3%	5.8%	7.7%
Terminal cap rate	**10.3%**	**5.3%**	**6.7%**	10.3%	5.3%	6.7%
Office						
Discount rate	**10.0%**	**5.9%**	**7.3%**	10.0%	5.1%	7.2%
Terminal cap rate	**9.5%**	**5.3%**	**6.6%**	9.5%	4.8%	6.5%

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, 2025, and December 31, 2024, is set out in the table below:

As at	September 30, 2025		December 31, 2024	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($355,136)**	**$397,179**	($360,692)	$404,402
Retail	**(64,279)**	**68,776**	(66,253)	71,008
Office[(1)]	**(62,088)**	**66,333**	(57,961)	61,854
	($481,503)	**$532,288**	($484,906)	$537,264

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

PROPERTY UNDER DEVELOPMENT – 725 VILLAGE GREEN BOULEVARD

The Company invests in development projects that generate accretive earnings and cash flow and that enhance the overall quality of our portfolio. During the third quarter of 2024, Morguard officially launched the construction of its new purpose-built rental community in the vibrant Port Credit area of Mississauga, Ontario. The development will be comprised of one nine-storey and two eight-storey mid-rise residential buildings on a 3.7-acre property and will contain 431 suites, from studios to three-bedroom units, townhomes and penthouse suites. As at September 30, 2025, the Company's cumulative investment amounted to $90,889 (December 31, 2024 - $33,369) and the project is anticipated to commence occupancies in the second half of 2027.

HOTEL PROPERTIES

Hotel properties consist of the following:

As at	September 30, 2025	December 31, 2024
Cost	**$113,435**	$112,447
Accumulated amortization	**(28,283)**	(26,448)
Hotel properties	**$85,152**	$85,999

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.

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	September 30, 2025	December 31, 2024
Joint ventures	**$7,574**	$6,963
Associates	**—**	69
Equity-accounted investments	**7,574**	7,032
Other real estate fund investments	**44,934**	56,032
Equity-accounted and other fund investments	**$52,508**	$63,064

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

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	**$7,032**	$39,001
Share of net income (loss)	**1,652**	(717)
Distributions received	**(1,110)**	(5,219)
Distributions received - sale of hotel joint ventures	**—**	(26,033)
Balance, end of period	**$7,574**	$7,032

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.

MORTGAGES PAYABLE

Mortgages payable totalled $4,703,439 at September 30, 2025, compared to $4,761,081 at December 31, 2024, a decrease of $57,642, mainly due to mortgage repayments on maturity of $554,129, scheduled principal repayments of $85,612, and a change in foreign exchange of $59,936, partially offset by net proceeds from new mortgage financing of $635,944.

MORTGAGE CONTINUITY SCHEDULE

As at	September 30, 2025	December 31, 2024
Opening mortgage balance	**$4,761,081**	$4,680,092
New mortgage financing	**644,910**	995,233
New mortgage financing costs	**(8,966)**	(11,414)
Mortgages assumed on acquisition	**—**	35,686
Mortgage repayments on maturity	**(554,129)**	(767,690)
Mortgage repayments on extinguishment	**—**	(214,777)
Scheduled principal repayments	**(85,612)**	(114,126)
Change in foreign exchange rate	**(59,936)**	152,203
Mortgages mark-to-market adjustment, net	**858**	(295)
Deferred financing costs (including extinguishment)	**5,233**	6,169
Closing mortgage balance	**$4,703,439**	$4,761,081

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at September 30, 2025, mortgages payable bear interest at rates ranging between 2.03% and 7.75% per annum with a weighted average interest rate of 4.29% (December 31, 2024 - 4.21%), mature between 2025 and 2058 and have a weighted average term to maturity of 4.1 years (December 31, 2024 - 4.1 years). Approximately 94% of the Company's mortgages have fixed interest rates.

MORTGAGE REPAYMENT SCHEDULE

As at September 30, 2025	Principal Instalment Repayments	Balance Maturing	Total	Weighted Average Contractual Interest Rate
2025 (remainder of year)	$29,880	$143,811	$173,691	3.37%
2026	105,422	768,465	873,887	4.50%
2027	73,770	649,357	723,127	4.57%
2028	61,527	597,572	659,099	4.69%
2029	54,872	574,022	628,894	4.57%
Thereafter	164,178	1,513,491	1,677,669	3.88%
	$489,649	$4,246,718	4,736,367	4.29%
Mark-to-market adjustment, net			(546)	
Deferred financing costs			(32,382)	
			$4,703,439	

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, 2025, and December 31, 2024, the Company is in compliance with all financial covenants.

The following table details the new and refinancing activities completed during the nine months ended September 30, 2025:

Date	Asset Type	Location	New Interest Rate	Maturing Interest Rate	Term (years)	Mortgage Proceeds	Mortgage Repayment
January 1, 2025	Retail	Ottawa, ON	—%	6.11%	—	$—	$5,356
February 21, 2025	Retail	Toronto, ON	4.56%	4.21%	5.0	43,500	41,114
March 1, 2025	Retail	Winnipeg, MB	5.01%	7.13%	5.0	8,008	8,008
March 1, 2025	Office	St. Laurent, QC	5.10%	6.06%	3.0	70,160	70,160
March 3, 2025	Residential	Kitchener, ON	4.02%	2.25%	10.0	79,413	30,832
April 1, 2025	Office	Mississauga, ON	7.50%	3.70%	2.0	11,000	22,453
June 26, 2025	Retail	Airdrie, AB	4.52%	6.27%	5.0	17,500	16,956
July 2, 2025	Residential	Toronto, ON	4.05%	2.98%	10.0	153,950	116,490
July 21, 2025	Office	Vancouver, BC	4.68%	3.40%	5.0	37,000	34,688
July 31, 2025	Residential	Chicago, IL	5.35%	3.49%	3.0	166,128	155,838
August 1, 2025	Hotel	New Westminster, BC	5.59%	7.71%	5.0	33,000	26,983
August 1, 2025	Office	Ottawa, ON	5.37%	7.05%	2.8	25,251	25,251
Weighted Averages and Total			**4.78%**	**4.23%**	**5.9**	**$644,910**	**$554,129**

MORTGAGE MATURITY SCHEDULE

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

				2025				2026
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	—	$—	—%	—%	10	$432,918	4.74%	42.7%
Retail	1	37,097	2.88%	50.6%	5	135,686	4.02%	47.1%
Office	4	106,714	3.54%	48.5%	8	199,861	4.30%	43.8%
	5	**$143,811**	**3.37%**	**49.0%**	**23**	**$768,465**	**4.50%**	**43.7%**

UNSECURED DEBENTURES

The Company's Unsecured Debentures consist of the following:

As at	Maturity Date	Coupon Interest Rate	September 30, 2025	December 31, 2024
Series H senior unsecured debentures	September 26, 2026	9.500%	**$175,000**	$175,000
Unamortized financing costs			**(789)**	(1,389)
			$174,211	$173,611

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. On November 27, 2024, the Series F senior unsecured debentures were fully repaid on maturity.

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 Limited ("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, and prepaid expenses and other 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 a separate financial statement line in the Company's consolidated balance sheet, have been grouped as a 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, 2025**	September 30, 2024
Interest coverage ratio(1)(2)	1.65	**2.35**	2.24
Indebtedness to aggregate assets ratio(2)	Less than or equal to 65%	**38.6%**	39.0%
Adjusted shareholders' equity(2)	Not less than $300,000	**$3,875,772**	$3,668,369

(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 in Part I, "Specified Financial Measures."

As at September 30, 2025, on a Non-Consolidated Basis, the Company's unencumbered assets, which include real estate, hotel properties and other investments, amounted to $851,488 (December 31, 2024 - $774,922).

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

MORGUARD NON-CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

As at	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Balance Sheet Indenture Adjustment	September 30, 2025 Morguard Non-Consolidated Basis	December 31, 2024 Morguard Non-Consolidated Basis
ASSETS							
Real estate properties	$11,140,340	($2,143,813)	($4,339,874)	($174,909)	$—	**$4,481,744**	$4,387,632
Hotel properties	85,152	—	—	—	28,283	**113,435**	112,447
Equity-accounted and other fund investments	52,508	(4,818)	(73,556)	1,425,989	—	**1,400,123**	1,389,344
Other assets	463,634	(21,110)	(104,750)	135,886	(24,488)	**449,172**	400,690
Cash	172,361	(7,426)	(77,501)	(2,469)	—	**84,965**	80,855
Total assets	$11,913,995	($2,177,167)	($4,595,681)	$1,384,497	$3,795	**$6,529,439**	$6,370,968
LIABILITIES							
Mortgages payable	$4,703,439	($935,364)	($1,722,270)	($105,872)	$—	**$1,939,933**	$1,968,803
Bank indebtedness and loans	279,147	(133,590)	—	124,500	—	**270,057**	210,000
Class B LP units	—	—	(312,599)	312,599	—	**—**	—
Unsecured debentures	174,211	—	—	—	—	**174,211**	173,611
Convertible debentures	145,189	(155,886)	(53,637)	64,334	—	**—**	—
Lease liabilities	170,312	(16,467)	(17,220)	485	—	**137,110**	137,819
Morguard Residential REIT units	439,127	—	—	(439,127)	—	**—**	—
Deferred income tax liabilities	949,737	—	(299,093)	—	(650,644)	**—**	—
Accounts payable and accrued liabilities	276,576	(64,343)	(86,025)	6,148	—	**132,356**	137,408
Total liabilities	7,137,738	(1,305,650)	(2,490,844)	(36,933)	(650,644)	**2,653,667**	2,627,641
Equity/Adjusted shareholders' equity	4,776,257	(871,517)	(2,104,837)	1,421,430	654,439	**3,875,772**	3,743,327
Total liabilities and equity	$11,913,995	($2,177,167)	($4,595,681)	$1,384,497	$3,795	**$6,529,439**	$6,370,968

COMPUTATION FOR INTEREST COVERAGE RATIO

Twelve months ended September 30	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Income Statement Indenture Adjustment	2025 Morguard Non-Consolidated Basis	2024 Morguard Non-Consolidated Basis
Revenue from real estate properties	$1,041,769	($243,773)	($354,363)	($16,741)	$—	**$426,892**	$407,677
Revenue from hotel properties	31,166	—	—	—	—	**31,166**	66,123
Property operating expenses	(487,805)	127,673	168,358	(9,411)	1,608	**(199,577)**	(184,922)
Hotel operating expenses	(21,331)	—	—	—	—	**(21,331)**	(51,600)
Net operating income	563,799	(116,100)	(186,005)	(26,152)	1,608	**237,150**	237,278
Management and advisory fees/distributions	40,157	—	—	48,032	—	**88,189**	88,491
Interest and other income	17,759	—	—	2,501	—	**20,260**	24,288
Property management and corporate(1)	(91,598)	3,851	23,031	(25,993)	(648)	**(91,357)**	(86,366)
Other income (expense)(2)	345	(110)	(5,940)	6,168	—	**463**	(126)
Distributions from Morguard REIT and Morguard Residential REIT	—	—	—	—	32,225	**32,225**	28,776
EBITDA	$530,462	($112,359)	($168,914)	$4,556	$33,185	**$286,930**	$292,341
Interest expense	$255,263	($64,255)	($88,752)	$17,576	$—	**$119,832**	$130,524
Interest capitalized to development projects	2,539	(525)	—	—	—	**2,014**	—
Interest expense for interest coverage ratio	$257,802	($64,780)	($88,752)	$17,576	$—	**$121,846**	$130,524

(1) Morguard consolidated property management and corporate expense for the twelve months ended September 30, 2025 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 $648 (2024 - $1,313).

(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, 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, 2025	December 31, 2024
Morguard Residential REIT(1)	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$48,637**	$47,830
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**96,552**	95,173
						$145,189	$143,003

(1) As at September 30, 2025, the liability includes the fair value of the conversion option of $1,159 (December 31, 2024 - $1,361).

Morguard Residential REIT

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. Underwriter's commission, 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. As at September 30, 2025, Morguard owns $5,000 (December 31, 2024 - $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. 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 their 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. As at September 30, 2025, Morguard owns $60,000 (December 31, 2024 - $60,000) aggregate principal amount of the 5.25% convertible unsecured subordinated debentures.

MORGUARD RESIDENTIAL REIT UNITS

As at September 30, 2025, the Company owns a 48.5% (December 31, 2024 - 47.4%) 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, 2025, the Company valued the non-controlling interest in the Morguard Residential REIT units at $439,127 (December 31, 2024 - $434,721) and classifies the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended September 30, 2025 of $2,717 (2024 - $104,967) and a fair value loss for the nine months ended September 30, 2025 of $42,333 (2024 - $135,840) in the consolidated statements of income.

BANK INDEBTEDNESS

As at September 30, 2025, the Company has borrowed $279,147 (December 31, 2024 - $168,079) on its operating lines of credit and has issued letters of credit in the amount of $3,243 (December 31, 2024 - $3,254). The Company has seven revolving lines of credit, of which six are subject to borrowing limitations that are based on the performance metrics of the underlying security. As at September 30, 2025, the maximum amount that can be borrowed on the operating lines of credit is $379,547 (December 31, 2024 - $360,391). As at September 30, 2025, the Company has operating lines of credit totalling $438,330 (December 31, 2024 - $436,350).

The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed charge on eleven properties have been pledged as collateral on these operating lines of credit. As at September 30, 2025, 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, 2025, 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, 2025	December 31, 2024
Balance, beginning of period	**$171,463**	$170,753
Interest on lease liabilities	**7,449**	9,860
Payments	**(8,988)**	(11,252)
Additions	**958**	685
Foreign exchange loss (gain)	**(570)**	1,417
Balance, end of period	**$170,312**	$171,463

Future minimum lease payments under lease liabilities are as follows:

As at	September 30, 2025	December 31, 2024
Within 12 months	**$11,666**	$11,469
2 to 5 years	**55,257**	55,351
Over 5 years	**324,927**	332,453
Total minimum lease payments	**391,850**	399,273
Less: future interest costs	**(221,538)**	(227,810)
Present value of minimum lease payments	**$170,312**	$171,463

EQUITY

Total equity increased by $57,001 to $4,776,257 at September 30, 2025, compared to $4,719,256 at December 31, 2024.

The increase in equity was primarily the result of:

- Net income for the nine months ended September 30, 2025 of $153,581;
- Non-controlling interest distributions of $4,788;
- Repurchase of common shares through the Company's NCIB (defined below) amounting to $5,245;
- Change in ownership of Morguard REIT of $7,097;
- Increase in Lincluden ownership interest of $4,000;
- Dividends paid of $6,424; and
- Unrealized foreign currency translation loss of $80,569.

On January 31, 2025, the Company acquired the remaining 40% ownership interest in Lincluden for a purchase price of $4,000, including closing costs.

During the nine months ended September 30, 2025, 43,600 common shares were repurchased through the Company's normal course issuer bid ("NCIB") for cash consideration of $5,245 at a weighted average price of $120.30 per common share.

As at September 30, 2025 and November 5, 2025, 10,678,003 common shares are 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 nine months ended September 30, 2025, Morguard received $23,479 in recurring distributions and dividends from subsidiaries and affiliated entities.

The Company has liquidity of $273,000, comprised of approximately $172,500 in cash and $100,500 available under its revolving credit facilities. Subsequent to September 30, 2025, the Company issued Series I senior unsecured debentures in the amount of $250,000 and used the proceeds to repay $195,000 of it's operating lines of credit. In addition, the Company has $1,142,000 of unencumbered income producing properties and other investments which could be utilized for financing.

The Company has approximately $912,000 of mortgages payable maturing during 2025 and 2026, having an aggregate loan-to-value ratio of 44%, which management expects to be able to refinance at similar or favourable terms. In addition, the Company has $175,000 of senior unsecured debentures maturing in September 2026 and $99,000 of unsecured convertible debentures maturing in December 2026. The Company expects to be able to issue new debt instruments and use current liquidity to permit the repayment of the 2025 and 2026 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 flows 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, 2025

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended September 30, 2025, was $54,065, compared to $51,937 in 2024. 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, 2025, totalled $53,593, compared to $39,422 in 2024. The cash used in investing activities reflects:

- Additions to real estate properties and tenant improvements of $35,017;
- Additions to capital and intangible assets of $683;
- Investment in properties under development of $23,578; and
- Net distributions from equity-accounted and other fund investments of $5,674.

Cash Provided by (Used in) Financing Activities

Cash provided by financing activities during the three months ended September 30, 2025, totalled $5,965, compared to cash used in financing activities of $72,842 in 2024. The cash provided by financing activities reflects:

- Proceeds from new mortgages, net of financing cost of $409,429;
- Mortgage principal repayments of $27,575;
- Repayment of mortgages on maturity of $359,250;
- Net repayment of bank indebtedness of $5,763;
- Dividends paid of $2,130;
- Distributions to non-controlling interest of $2,740;
- Morguard Residential REIT units repurchased for cancellation of $1,909; and
- Common shares repurchased for cancellation of $3,103.

NINE MONTHS ENDED SEPTEMBER 30, 2025

Cash Provided by Operating Activities

Cash provided by operating activities during the nine months ended September 30, 2025, was $142,553, compared to $163,784 in 2024. 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 used in investing activities during the nine months ended September 30, 2025, totalled $143,104, compared to cash provided by investing activities of $498,995 in 2024. The cash used in investing activities reflects:

- Additions to real estate properties and tenant improvements of $84,123;
- Additions to hotel properties of $988;
- Additions to capital and intangible assets of $2,056;
- Investment in properties under development of $66,101;
- Net proceeds from the sale of real estate properties of $296;
- Net decrease in mortgages and loans receivable of $4,194; and
- Net distributions from equity-accounted and other fund investments of $5,674.

Cash Provided by (Used in) Financing Activities

Cash provided by financing activities during the nine months ended September 30, 2025, totalled $33,764, compared to cash used in financing activities of $543,154 in 2024. The cash provided by financing activities reflects:

- Proceeds from new mortgages, net of financing cost of $635,944;
- Mortgage principal repayments of $85,612;
- Repayment of mortgages on maturity of $554,129;
- Net proceeds from bank indebtedness of $111,068;
- Repayment of loans payable of $20,000;
- Dividends paid of $6,396;
- Distributions to non-controlling interest of $4,531;
- Morguard Residential REIT units repurchased for cancellation of $22,860;
- Common shares repurchased for cancellation of $5,245;
- Investment in subsidiaries of $11,097; and
- Increase in restricted cash of $1,839.

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, 2025, Paros Holdings owns a 62.9% interest in Morguard through its ownership of 6,717,150 common shares. As at September 30, 2025, Paros Enterprises owns $25,000 (December 31, 2024 - $25,000) Series H senior unsecured debentures and $2,000 (December 31, 2024 - $2,000) of Morguard Residential REIT's 6.00% convertible unsecured subordinated debentures. As at September 30, 2025, and December 31, 2024, 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, 2025, and December 31, 2024, 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, 2025, the Company received a management fee of $374 (2024 - $330) and $1,045 (2024 - $990), respectively, and paid rent and operating expenses of $269 (2024 - $238) and $791 (2024 - $626), respectively.

As at September 30, 2025, and December 31, 2024, 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, 2025 was $nil (December 31, 2024 - $20,000). During the three and nine months ended September 30, 2025, the Company paid net interest of $nil (2024 - $nil) and $84 (2024 - $nil), respectively.

SHARE/UNIT PURCHASE AND OTHER LOANS

As at September 30, 2025, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $3,062 (December 31, 2024 - $2,960) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units of Morguard REIT, convertible debentures of Morguard REIT and units of Morguard Residential REIT, 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, 2025, the fair market value of the common shares/units held as collateral is $3,770.

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, 2025 and 2024, 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, 2024, 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.

The MD&A for the year ended December 31, 2024, 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, 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, 2025, 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, 2024.

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 by 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 loss ("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 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 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 mortgages payable has been determined by discounting the cash flows of these financial obligations using September 30, 2025 market rates for debts of similar terms. Based on these assumptions, the fair value as at September 30, 2025 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,186,844 (December 31, 2024 - $4,656,335), compared to the carrying value of $4,736,367 (December 31, 2024 - $4,791,513). The fair value of 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 their closing bid price. As at September 30, 2025, the fair value of Unsecured Debentures is estimated at $184,966 (December 31, 2024 - $186,555), compared to the carrying value of $175,000 (December 31, 2024 - $175,000).

The fair value of the convertible debentures liability is based on their market trading price. As at September 30, 2025, the fair value of convertible debentures before deferred financing costs is estimated at $152,607 (December 31, 2024 - $152,244), compared to the carrying value of $150,000 (December 31, 2024 - $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, 2025 market rates for debt of similar terms. Based on these assumptions, as at September 30, 2025, the fair value of the finance lease receivable is estimated at $59,703 (December 31, 2024 - $59,335).

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, 2024 and the Company's most recent Annual Information Form, dated February 20, 2025 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 is 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, 2025. 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, 2025.

An information disclosure policy constitutes the framework for the information disclosure process with regard to the annual and interim filings, as well as 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 the 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	Net Income Attributable to Common Shareholders	Net Income to Common Shareholders per Share - Basic/Diluted
September 30, 2025	**$278,220**	**$155,708**	**$140,874**	**$55,453**	**$43,955**	**$37,844**	**$3.54**
June 30, 2025	280,419	156,980	141,332	56,039	54,865	54,001	5.05
March 31, 2025	282,199	90,074	137,091	49,964	54,761	58,135	5.42
December 31, 2024	290,013	161,037	147,200	62,777	59,513	76,997	7.14
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

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 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. Ft.	# of rooms/ suites
2024	Fourth	Office(1)	Acquisition	557,000	—
2024	Fourth	Industrial	Disposition	27,950	—
2024	Second	Retail	Disposition	131,000	—
2024	Second	Hotels(2)	Disposition	—	299
2024	First	Industrial	Disposition	12,725	—
2024	First	Office	Disposition	250,500	—
2024	First	Hotels	Disposition	—	2,115
2023	Fourth	Residential	Acquisition	—	232

(1) The Company acquired a 20% interest in the property; total square feet is stated at 100% basis.
(2) The Company sold its 50% interest in two joint ventures; total number of rooms 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 2024 was primarily impacted by the Hotel Portfolio Disposition. In addition, lower hotel revenue during the first quarters of 2025 and 2024 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 Attributable to Common Shareholders

Taking into account the above factors for revenue and NOI variations, the change in net income 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 Morguard Residential REIT units recorded to net income (loss);
- The Company recorded a fair value gain on real estate properties for the nine months ended September 30, 2025, 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, 2024, mainly due to an increase in valuation parameters at the Company's retail and office properties;
- During the nine months ended September 30, 2025, the Company recorded a deferred income tax expense due to a net fair value gain recorded on the Company's Canadian and U.S. properties. For the year ended December 31, 2024, the Company recorded a deferred income tax expense mainly due to the recognition of previously unrecognized benefit of tax losses, partly offset by a net fair value loss recorded on the Company's real estate properties; and
- During the three months ended March 31, 2024, the Company recorded a gain on sale of hotel properties of $150,587.

SUBSEQUENT EVENTS

On October 14, 2025, the Company issued $250,000 principal amount of 5.00% Series I senior unsecured debentures due on October 14, 2028. Interest on the Series I unsecured debentures is payable semi-annually, not in advance, on October 14 and April 14 of each year, commencing on April 14, 2026.

Subsequent to September 30, 2025, the Company repaid $195,000 under its operating lines of credit.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	September 30, 2025	December 31, 2024
ASSETS			
Non-current assets			
Real estate properties	4	**$11,140,340**	$11,048,485
Hotel properties	5	**85,152**	85,999
Equity-accounted and other fund investments	6	**52,508**	63,064
Other assets	7	**301,010**	326,154
		11,579,010	11,523,702
Current assets			
Amounts receivable	8	**91,122**	57,395
Prepaid expenses and other		**71,502**	37,606
Cash		**172,361**	140,725
		334,985	235,726
		$11,913,995	$11,759,428
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	9	**$4,042,986**	$4,002,145
Debentures payable	10	**145,189**	316,614
Lease liabilities	12	**168,545**	169,924
Morguard Residential REIT units	11	**439,127**	434,721
Deferred income tax liabilities		**949,737**	904,303
		5,745,584	5,827,707
Current liabilities			
Mortgages payable	9	**660,453**	758,936
Debentures payable	10	**174,211**	—
Loans payable	20	**—**	20,000
Accounts payable and accrued liabilities	13	**278,343**	265,450
Bank indebtedness	14	**279,147**	168,079
		1,392,154	1,212,465
Total liabilities		**7,137,738**	7,040,172
EQUITY			
Shareholders' equity		**4,389,417**	4,292,423
Non-controlling interest		**386,840**	426,833
Total equity		**4,776,257**	4,719,256
		$11,913,995	$11,759,428

Contingencies 24

See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board:

(Signed) "K. Rai Sahi" *(Signed) "Bruce K. Robertson"*

K. Rai Sahi,
Director

Bruce K. Robertson,
Director

STATEMENTS OF INCOME

In thousands of Canadian dollars, except per common share amounts

		Three months ended September 30		Nine months ended September 30	
	Note	2025	2024	2025	2024
Revenue from real estate properties	16	**$254,665**	$253,389	**$774,303**	$765,336
Revenue from hotel properties	16	**9,133**	8,462	**23,649**	27,725
Property operating expenses					
Property operating costs		**(63,613)**	(62,109)	**(193,810)**	(187,087)
Utilities		**(18,944)**	(14,701)	**(52,461)**	(46,393)
Realty taxes		**(19,817)**	(26,519)	**(132,705)**	(132,834)
Hotel operating expenses		**(5,716)**	(5,283)	**(16,214)**	(20,881)
Net operating income		**155,708**	153,239	**402,762**	405,866
OTHER REVENUE					
Management and advisory fees	16	**9,804**	9,055	**29,712**	29,234
Interest and other income		**4,618**	5,967	**13,174**	14,775
		14,422	15,022	**42,886**	44,009
EXPENSES					
Interest	17	**64,299**	64,258	**190,894**	192,374
Property management and corporate	15(c)	**23,351**	21,394	**70,065**	66,334
Amortization of hotel properties and other		**1,530**	2,666	**5,489**	8,330
		89,180	88,318	**266,448**	267,038
OTHER INCOME (EXPENSE)					
Fair value gain (loss), net	18	**(25,877)**	(45,143)	**27,275**	(100,404)
Gain on sale of hotel properties	5	**—**	—	**—**	150,587
Equity income from investments	6	**690**	341	**1,652**	1,832
Other income (expense)	19	**57**	(824)	**(60)**	(828)
		(25,130)	(45,626)	**28,867**	51,187
Income before income taxes		**55,820**	34,317	**208,067**	234,024
Provision for income taxes	21				
Current		**405**	2,775	**4,691**	26,677
Deferred		**11,460**	23,627	**49,795**	27,226
		11,865	26,402	**54,486**	53,903
Net income for the period		**$43,955**	$7,915	**$153,581**	$180,121
Net income (loss) attributable to:					
Common shareholders		**$37,844**	$498	**$149,980**	$184,802
Non-controlling interest		**6,111**	7,417	**3,601**	(4,681)
		$43,955	$7,915	**$153,581**	$180,121
Net income per common share attributable to:					
Common shareholders - basic and diluted	22	**$3.54**	$0.05	**$14.01**	$17.09

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	
	2025	2024	**2025**	2024
Net income for the period	**$43,955**	$7,915	**$153,581**	$180,121
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain (loss)	**49,876**	(27,393)	**(80,569)**	50,841
Unrealized fair value loss on cash flow hedge	**(136)**	(3,343)	**(303)**	(3,343)
Deferred income tax recovery (provision)	**(7,930)**	4,899	**12,614**	(7,149)
	41,810	(25,837)	**(68,258)**	40,349
Items that will not be reclassified subsequently to net income:				
Actuarial gain on defined benefit pension plans	**5,584**	12,450	**7,469**	11,317
Deferred income tax provision	**(1,472)**	(3,268)	**(2,020)**	(2,954)
	4,112	9,182	**5,449**	8,363
Other comprehensive income (loss)	**45,922**	(16,655)	**(62,809)**	48,712
Total comprehensive income (loss) for the period	**$89,877**	($8,740)	**$90,772**	$228,833
Total comprehensive income (loss) attributable to:				
Common shareholders	**$81,671**	($14,892)	**$90,689**	$231,237
Non-controlling interest	**8,206**	6,152	**83**	(2,404)
	$89,877	($8,740)	**$90,772**	$228,833

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, 2024		$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		(4,867)	—	—	(4,867)	—	(4,867)
Distributions		—	—	—	—	(4,996)	(4,996)
Issuance of common shares		—	—	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
Changes during the period:							
Net income (loss)		76,997	—	—	76,997	(17,484)	59,513
Other comprehensive income		—	114,782	—	114,782	5,781	120,563
Dividends		(2,143)	—	—	(2,143)	—	(2,143)
Distributions		—	—	—	—	(3,163)	(3,163)
Issuance of common shares		—	—	8	8	—	8
Repurchase of common shares		(10,413)	—	(839)	(11,252)	—	(11,252)
Change in ownership of Morguard REIT		3,826	—	—	3,826	(6,441)	(2,615)
Tax impact of increase in subsidiary ownership interest		(1,711)	—	—	(1,711)	—	(1,711)
Shareholders' equity, December 31, 2024		$3,775,131	$419,740	$97,552	$4,292,423	$426,833	$4,719,256
Changes during the period:							
Net income		**149,980**	**—**	**—**	**149,980**	**3,601**	**153,581**
Other comprehensive loss		**—**	**(59,291)**	**—**	**(59,291)**	**(3,518)**	**(62,809)**
Dividends	15(a)	**(6,424)**	**—**	**—**	**(6,424)**	**—**	**(6,424)**
Distributions		**—**	**—**	**—**	**—**	**(4,788)**	**(4,788)**
Issuance of common shares	15(a)	**—**	**—**	**28**	**28**	**—**	**28**
Repurchase of common shares	15(a)	**(4,848)**	**—**	**(397)**	**(5,245)**	**—**	**(5,245)**
Change in ownership of Morguard REIT	15(b)	**20,977**	**—**	**—**	**20,977**	**(28,074)**	**(7,097)**
Increase in subsidiary ownership interest	15(b)	**3,214**	**—**	**—**	**3,214**	**(7,214)**	**(4,000)**
Tax impact of increase in subsidiary ownership interest		**(6,245)**	**—**	**—**	**(6,245)**	**—**	**(6,245)**
Shareholders' equity, September 30, 2025		**$3,931,785**	**$360,449**	**$97,183**	**$4,389,417**	**$386,840**	**$4,776,257**

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	2025	2024	2025	2024
OPERATING ACTIVITIES					
Net income for the period		**$43,955**	$7,915	**$153,581**	$180,121
Add (deduct) items not affecting cash	23(a)	**21,984**	55,563	**38,663**	(7,167)
Distributions from equity-accounted and other fund investments	6	**192**	205	**1,110**	859
Additions to tenant incentives and leasing commissions	4	**(2,774)**	(2,226)	**(14,117)**	(8,514)
Net change in operating assets and liabilities	23(b)	**(9,292)**	(9,520)	**(36,684)**	(1,515)
Cash provided by operating activities		**54,065**	51,937	**142,553**	163,784
INVESTING ACTIVITIES					
Additions to real estate properties and tenant improvements	4	**(35,017)**	(34,514)	**(84,123)**	(84,011)
Additions to hotel properties	5	**(264)**	(549)	**(988)**	(1,706)
Additions to capital and intangible assets		**(683)**	(1,032)	**(2,056)**	(2,838)
Investment in properties under development	4	**(23,578)**	(4,699)	**(66,101)**	(12,765)
Proceeds from the sale of real estate properties, net	4	**—**	—	**296**	162,562
Proceeds from the sale of hotel properties, net	5	**—**	—	**—**	405,801
Decrease in mortgages and loans receivable		**275**	1,372	**4,194**	2,250
Distribution from equity-accounted and other fund investments, net	6	**5,674**	—	**5,674**	29,702
Cash provided by (used in) investing activities		**(53,593)**	(39,422)	**(143,104)**	498,995
FINANCING ACTIVITIES					
Proceeds from new mortgages		**415,329**	217,456	**644,910**	615,588
Financing costs on new mortgages		**(5,900)**	(1,130)	**(8,966)**	(7,347)
Repayment of mortgages					
Principal instalment repayments		**(27,575)**	(28,525)	**(85,612)**	(85,104)
Repayments on maturity		**(359,250)**	(256,465)	**(554,129)**	(436,845)
Repayments due to mortgage extinguishments		**—**	—	**—**	(214,777)
Principal payment of lease liabilities		**(396)**	(244)	**(1,539)**	(1,027)
Proceeds from (repayment of) bank indebtedness, net	23(d)	**(5,763)**	6,748	**111,068**	(169,979)
Redemption of debentures payable		**—**	—	**—**	(225,000)
Repayment of loans payable, net		**—**	—	**(20,000)**	—
Dividends paid		**(2,130)**	(1,616)	**(6,396)**	(4,848)
Distributions to non-controlling interest, net		**(2,740)**	(1,306)	**(4,531)**	(4,546)
Morguard Residential REIT units repurchased for cancellation		**(1,909)**	(10,825)	**(22,860)**	(19,141)
Shares repurchased for cancellation		**(3,103)**	—	**(5,245)**	—
Investment in subsidiaries	15(b)	**—**	—	**(11,097)**	—
Decrease (increase) in restricted cash		**(598)**	3,065	**(1,839)**	9,872
Cash provided by (used in) financing activities		**5,965**	(72,842)	**33,764**	(543,154)
Net increase (decrease) in cash during the period		**6,437**	(60,327)	**33,213**	119,625
Net effect of foreign currency translation on cash balance		**1,832**	19	**(1,577)**	1,037
Cash, beginning of period		**164,092**	297,487	**140,725**	116,517
Cash, end of period		**$172,361**	$237,179	**$172,361**	$237,179

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three and nine months ended September 30, 2025 and 2024
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 5, 2025.

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:

	2025	2024
Canadian dollar to United States dollar exchange rates:		
- As at September 30	**$0.7182**	$0.7394
- As at December 31	—	0.6950
- Average for the three months ended September 30	**0.7260**	0.7332
- Average for the nine months ended September 30	**0.7149**	0.7351
United States dollar to Canadian dollar exchange rates:		
- As at September 30	**1.3924**	1.3525
- As at December 31	—	1.4389
- Average for the three months ended September 30	**1.3775**	1.3639
- Average for the nine months ended September 30	**1.3987**	1.3603

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at September 30, 2025, the Company owns a 48.5% (December 31, 2024 - 47.4%) 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, 2025, Morguard Residential REIT recorded distributions of $6,662, or $0.18999 per unit (2024 - $6,860, or $0.18501 per unit), of which $1,543 was paid to the Company (2024 - $1,502) and $5,119 was paid to the remaining unitholders (2024 - $5,358). In addition, during the three months ended

September 30, 2025, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $3,272 (2024 - $3,186).

During the nine months ended September 30, 2025, Morguard Residential REIT recorded distributions of $20,273, or $0.56997 per unit (2024 - $20,799, or $0.55503 per unit), of which $4,629 was paid to the Company (2024 - $4,507) and $15,644 was paid to the remaining unitholders (2024 - $16,292). In addition, during the nine months ended September 30, 2025, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $9,816 (2024 - $9,558).

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

As at September 30, 2025, the Company owns 44,960,897 units (December 31, 2024 - 42,448,462 units) of Morguard REIT, which represents a 68.4% (December 31, 2024 - 66.0%) ownership interest.

During the three months ended September 30, 2025, Morguard REIT recorded distributions of $3,939, or $0.06 per unit (2024 - $3,857, or $0.06 per unit), of which $2,688 (2024 - $2,519) was paid to or received by the Company through MRT's distribution reinvestment program ("MRT DRIP") and $1,251 was paid to the remaining unitholders (2024 - $1,338).

During the nine months ended September 30, 2025, Morguard REIT recorded distributions of $11,691, or $0.18 per unit (2024 - $11,574, or $0.18 per unit), of which $7,924 (2024 - $7,556) was paid to or received by the Company through MRT DRIP and $3,767 was paid to the remaining unitholders (2024 - $4,018).

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, 2025		December 31, 2024	
	MRT	MRG	MRT	MRG
Non-current assets	**$2,147,352**	**$4,413,430**	$2,153,058	$4,403,949
Current assets	**28,310**	**182,251**	19,385	167,682
Total assets	**$2,175,662**	**$4,595,681**	$2,172,443	$4,571,631
Non-current liabilities	**$904,483**	**$2,268,859**	$924,950	$2,167,110
Current liabilities	**399,931**	**221,985**	364,724	292,531
Total liabilities	**$1,304,414**	**$2,490,844**	$1,289,674	$2,459,641
Equity	**$871,248**	**$2,104,837**	$882,769	$2,111,990
Non-controlling interest	**$269,946**	**$1,083,360**	$307,200	$1,111,540

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

For the three months ended September 30	2025		2024	
	MRT	MRG	MRT	MRG
Revenue	**$57,688**	**$87,664**	$63,293	$85,788
Expenses	**(42,679)**	**(58,903)**	(48,735)	(61,758)
Fair value gain (loss) on real estate properties, net	**(10,345)**	**(18,187)**	868	22,417
Fair value gain (loss) on Class B LP units	**—**	**1,895**	—	(65,276)
Net income (loss) for the period	**$4,664**	**$12,469**	$15,426	($18,829)
Non-controlling interest	**$1,479**	**$6,356**	$5,402	($10,356)

For the three months ended September 30		2025		2024
	MRT	MRG	MRT	MRG
Cash provided by operating activities	**$23,614**	**$18,680**	$21,021	$15,133
Cash used in investing activities	**(12,308)**	**(17,777)**	(10,200)	(14,361)
Cash provided by (used in) financing activities	**(10,393)**	**9,439**	(10,487)	(25,486)
Net increase (decrease) in cash during the period	**$913**	**$10,342**	$334	($24,714)

For the nine months ended September 30		2025		2024
	MRT	MRG	MRT	MRG
Revenue	**$176,336**	**$266,475**	$191,737	$256,300
Expenses	**(143,121)**	**(219,348)**	(149,523)	(215,835)
Fair value gain (loss) on real estate properties, net	**(41,914)**	**50,946**	(65,597)	93,557
Fair value loss on Class B LP units	**—**	**(17,223)**	—	(77,504)
Net income (loss) for the period	**($8,699)**	**$80,850**	($23,383)	$56,518
Non-controlling interest	**($2,871)**	**$41,613**	($8,077)	$29,932

For the nine months ended September 30		2025		2024
	MRT	MRG	MRT	MRG
Cash provided by operating activities	**$25,537**	**$64,675**	$34,209	$65,779
Cash provided by (used in) investing activities	**(28,395)**	**(40,334)**	7,006	(31,810)
Cash provided by (used in) financing activities	**2,387**	**3,000**	(40,961)	50,808
Net increase (decrease) in cash during the period	**($471)**	**$27,341**	$254	$84,777

NOTE 4
REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	September 30, 2025	December 31, 2024
Income producing properties	**$10,897,334**	$10,868,400
Properties under development	**120,016**	55,156
Land held for development	**122,990**	124,929
	$11,140,340	$11,048,485

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

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2024	**$10,868,400**	**$55,156**	**$124,929**	**$11,048,485**
Additions:				
Capital expenditures	**71,318**	**—**	**—**	**71,318**
Development expenditures	**—**	**66,089**	**12**	**66,101**
Tenant improvements, incentives and leasing commissions	**26,922**	**—**	**—**	**26,922**
Transfers	**1,229**	**(1,229)**	**—**	**—**
Dispositions	**(296)**	**—**	**—**	**(296)**
Fair value gain (loss), net (Note 18)	**70,239**	**—**	**(1,481)**	**68,758**
Foreign currency translation	**(138,349)**	**—**	**(470)**	**(138,819)**
Other	**(2,129)**	**—**	**—**	**(2,129)**
Balance as at September 30, 2025	**$10,897,334**	**$120,016**	**$122,990**	**$11,140,340**

Transactions completed during the nine months ended September 30, 2025

Dispositions

During the three months ended March 31, 2025, the Company sold an industrial property consisting of 4,650 square feet, for net proceeds of $296, including closing costs.

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2024 is 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	99,217	—	—	99,217
Capital expenditures	116,179	—	—	116,179
Development expenditures	—	29,712	33	29,745
Tenant improvements, incentives and leasing commissions	29,206	—	—	29,206
Transfers	1,631	13,269	(14,900)	—
Dispositions	(165,527)	—	—	(165,527)
Fair value gain (loss), net	(23,003)	—	5,154	(17,849)
Foreign currency translation	342,951	—	1,178	344,129
Other	(5,577)	—	—	(5,577)
Balance as at December 31, 2024	$10,868,400	$55,156	$124,929	$11,048,485

Capitalization Rates

As at September 30, 2025, and December 31, 2024, 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, and includes a terminal value based on the application of a capitalization rate to estimated year-11 cash flows.

As at September 30, 2025, 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, 2024 - 3.3% to 10.3%), resulting in an overall weighted average capitalization rate of 5.6% (December 31, 2024 - 5.6%).

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

	September 30, 2025					December 31, 2024				
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%**	**9.5%**	**5.0%**	**7.6%**	100.0%	85.0%	9.5%	4.6%	7.7%

(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, 2025			December 31, 2024		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**11.3%**	**5.8%**	**7.7%**	11.3%	5.8%	7.7%
Terminal cap rate	**10.3%**	**5.3%**	**6.7%**	10.3%	5.3%	6.7%
Office						
Discount rate	**10.0%**	**5.9%**	**7.3%**	10.0%	5.1%	7.2%
Terminal cap rate	**9.5%**	**5.3%**	**6.6%**	9.5%	4.8%	6.5%

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, 2025 would decrease by $481,503 and increase by $532,288, respectively.

The sensitivity of the fair values of the Company's income producing properties as at September 30, 2025, and December 31, 2024, is set out in the table below:

As at	September 30, 2025		December 31, 2024	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($355,136)**	**$397,179**	($360,692)	$404,402
Retail	**(64,279)**	**68,776**	(66,253)	71,008
Office	**(62,088)**	**66,333**	(57,961)	61,854
	($481,503)	**$532,288**	($484,906)	$537,264

NOTE 5

HOTEL PROPERTIES

Hotel properties consist of the following:

As at September 30, 2025	Cost	Accumulated Amortization	Net Book Value
Land	**$14,577**	**$—**	**$14,577**
Buildings	**85,327**	**(15,723)**	**69,604**
Furniture, fixtures, equipment and other	**13,531**	**(12,560)**	**971**
	$113,435	**($28,283)**	**$85,152**

As at December 31, 2024	Cost	Accumulated Amortization	Net Book Value
Land	$14,577	$—	$14,577
Buildings	84,852	(14,117)	70,735
Furniture, fixtures, equipment and other	13,018	(12,331)	687
	$112,447	($26,448)	$85,999

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.

Changes in the carrying amounts of hotel properties for the nine months ended September 30, 2025 are summarized as follows:

As at September 30, 2025	Opening Net Book Value	Additions	Amortization	Closing Net Book Value
Land	**$14,577**	**$—**	**$—**	**$14,577**
Buildings	**70,735**	**475**	**(1,606)**	**69,604**
Furniture, fixtures, equipment and other	**687**	**513**	**(229)**	**971**
	$85,999	**$988**	**($1,835)**	**$85,152**

Changes in the carrying amounts of hotel properties for the year ended December 31, 2024 are summarized as follows:

As at December 31, 2024	Opening Net Book Value	Additions	Dispositions	Amortization	Closing Net Book Value
Land	$55,416	$—	($40,839)	$—	$14,577
Buildings	273,230	1,177	(201,339)	(2,333)	70,735
Furniture, fixtures, equipment and other	13,458	862	(13,036)	(597)	687
	$342,104	$2,039	($255,214)	($2,930)	$85,999

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, 2025	December 31, 2024
Joint ventures	**$7,574**	$6,963
Associates	**—**	69
Equity-accounted investments	**7,574**	7,032
Other real estate fund investments	**44,934**	56,032
Equity-accounted and other fund investments	**$52,508**	$63,064

Equity-accounted investments

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

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	**$7,032**	$39,001
Share of net income (loss)	**1,652**	(717)
Distributions received	**(1,110)**	(5,219)
Distributions received - sale of hotel joint ventures	**—**	(26,033)
Balance, end of period	**$7,574**	$7,032

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.

(b) Income Recognized from Other Fund Investments:

Other Real Estate Fund Investments

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Distribution income	**$198**	$94	**$392**	$94
Fair value gain (loss) for the period (Note 18)	**255**	(1,648)	**(3,592)**	(16,831)
Income (loss) from other real estate fund investments	**$453**	($1,554)	**($3,200)**	($16,737)

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.

During the three months ended September 30, 2025, the Company received a distribution representing a return of capital in the amount of $5,674 (US$4,075) in connection with the disposal of two properties held within the Company's other real estate fund investments.

NOTE 7

OTHER ASSETS

Other assets consist of the following:

As at	September 30, 2025	December 31, 2024
Investment in marketable securities	**$91,660**	$88,187
Accrued pension benefit asset	**88,354**	80,524
Finance lease receivable	**59,703**	59,355
Mortgages receivable	**5,525**	41,444
Goodwill	**24,488**	24,488
Capital assets, net	**17,580**	18,189
Intangible assets, net	**9,281**	9,997
Receivables from related parties (Note 20(c))	**3,062**	2,960
Right-of-use asset - office lease	**1,273**	927
Other	**84**	83
	$301,010	$326,154

As at September 30, 2025, mortgages receivable amount to $41,948 (December 31, 2024 - $44,709), of which $36,423 (December 31, 2024 - $3,265) is due within one year and included in amounts receivable (Note 8). The mortgages receivable have a weighted average term to maturity of 0.8 years (December 31, 2024 - 1.5 years) and a weighted average effective interest rate of 7.44% (December 31, 2024 - 7.51%).

NOTE 8

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	September 30, 2025	December 31, 2024
Tenant receivables	**$17,419**	$15,300
Unbilled other tenant receivables	**8,708**	9,030
Mortgages receivable (Note 7)	**36,423**	3,265
Other receivables	**35,591**	37,112
Allowance for expected credit loss	**(7,019)**	(7,312)
	$91,122	$57,395

NOTE 9

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	September 30, 2025	December 31, 2024
Mortgages payable	**$4,736,367**	$4,791,513
Mark-to-market adjustments, net	**(546)**	(1,404)
Deferred financing costs	**(32,382)**	(29,028)
	$4,703,439	$4,761,081
Current	**$660,453**	$758,936
Non-current	**4,042,986**	4,002,145
	$4,703,439	$4,761,081
Range of interest rates	**2.03 - 7.75%**	2.03 - 7.75%
Weighted average contractual interest rate	**4.29%**	4.21%
Estimated fair value of mortgages payable	**$4,186,844**	$4,656,335

As at September 30, 2025, approximately 93% of the Company's real estate and hotel properties, and related rental revenue, are pledged as collateral for the mortgages payable.

The aggregate principal repayments and balances maturing of the mortgages payable as at September 30, 2025, 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
2025 (remainder of year)	$29,880	$143,811	$173,691	3.37%
2026	105,422	768,465	873,887	4.50%
2027	73,770	649,357	723,127	4.57%
2028	61,527	597,572	659,099	4.69%
2029	54,872	574,022	628,894	4.57%
Thereafter	164,178	1,513,491	1,677,669	3.88%
	$489,649	$4,246,718	$4,736,367	4.29%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at September 30, 2025, mortgages payable mature between 2025 and 2058 and have a weighted average term to maturity of 4.1 years (December 31, 2024 - 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, 2025, and December 31, 2024, the Company is in compliance with all financial covenants.

NOTE 10

DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	September 30, 2025	December 31, 2024
Unsecured debentures	**$174,211**	$173,611
Convertible debentures	**145,189**	143,003
	$319,400	$316,614
Current	**$174,211**	$—
Non-current	**145,189**	316,614
	$319,400	$316,614

(a) Unsecured Debentures

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

As at	Maturity Date	Coupon Interest Rate	September 30, 2025	December 31, 2024
Series H senior unsecured debentures	September 26, 2026	9.500%	**$175,000**	$175,000
Unamortized financing costs			**(789)**	(1,389)
			$174,211	$173,611
Current			**$174,211**	$—
Non-current			**—**	173,611
			$174,211	$173,611

As at September 30, 2025, Paros Enterprises Limited ("Paros Enterprises"), a related party, owns $25,000 (December 31, 2024 - $25,000) Series H senior unsecured debentures.

For the three and nine months ended September 30, 2025, interest on Unsecured Debentures of $4,190 (2024 - $6,575) and $12,434 (2024 - $20,308), 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, 2025	December 31, 2024
Morguard Residential REIT[1]	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$48,637**	$47,830
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**96,552**	95,173
						$145,189	$143,003
Current						**$—**	$—
Non-current						**145,189**	143,003
						$145,189	$143,003

[1] As at September 30, 2025, the liability includes the fair value of the conversion option of $1,159 (December 31, 2024 - $1,361).

As at September 30, 2025, Paros Enterprises owns $2,000 (December 31, 2024 - $2,000) aggregate principal amount of the Morguard Residential REIT debentures.

For the three and nine months ended September 30, 2025, interest on convertible debentures net of accretion of $2,534 (2024 - $2,509) and $7,580 (2024 - $7,496), 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, 2025, the Company valued the non-controlling interest in the Morguard Residential REIT units at $439,127 (December 31, 2024 - $434,721) and classifies the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended September 30, 2025 of $2,717 (2024 - $104,967) and a fair value loss for the nine months ended September 30, 2025 of $42,333 (2024 - $135,840) in the consolidated statements of income (Note 18).

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

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Fair value gain (loss) on Morguard Residential REIT units	**$2,402**	($99,609)	**($26,689)**	($119,548)
Distributions to external unitholders (Note 3)	**(5,119)**	(5,358)	**(15,644)**	(16,292)
Fair value loss on Morguard Residential REIT units	**($2,717)**	($104,967)	**($42,333)**	($135,840)

NOTE 12

LEASE LIABILITIES

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

As at	September 30, 2025	December 31, 2024
Balance, beginning of period	**$171,463**	$170,753
Interest on lease liabilities (Note 17)	**7,449**	9,860
Payments	**(8,988)**	(11,252)
Additions	**958**	685
Foreign exchange loss (gain)	**(570)**	1,417
Balance, end of period	**$170,312**	$171,463
Current (Note 13)	**$1,767**	$1,539
Non-current	**168,545**	169,924
	$170,312	$171,463

Future minimum lease payments under lease liabilities are as follows:

As at	September 30, 2025	December 31, 2024
Within 12 months	**$11,666**	$11,469
2 to 5 years	**55,257**	55,351
Over 5 years	**324,927**	332,453
Total minimum lease payments	**391,850**	399,273
Less: future interest costs	**(221,538)**	(227,810)
Present value of minimum lease payments	**$170,312**	$171,463

NOTE 13

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	September 30, 2025	December 31, 2024
Accounts payable and accrued liabilities	**$225,845**	$215,334
Accrued liabilities (IFRIC 21, Levies)	**14,879**	—
Tenant deposits	**26,666**	26,350
Stock Appreciation Rights (“SARs”) liability (Note 15(c))	**4,752**	4,868
Income taxes payable	**—**	13,297
Lease liabilities (Note 12)	**1,767**	1,539
Derivative liabilities	**2,692**	2,389
Other	**1,742**	1,673
	$278,343	$265,450

NOTE 14
BANK INDEBTEDNESS

As at September 30, 2025, the Company has borrowed $279,147 (December 31, 2024 - $168,079) on its operating lines of credit and has issued letters of credit in the amount of $3,243 (December 31, 2024 - $3,254). The Company has seven revolving lines of credit, of which six are subject to borrowing limitations that are based on the performance metrics of the underlying security. As at September 30, 2025, the maximum amount that can be borrowed on the operating lines of credit is $379,547 (December 31, 2024 - $360,391). As at September 30, 2025, the Company has operating lines of credit totalling $438,330 (December 31, 2024 - $436,350).

The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed charge on eleven properties have been pledged as collateral on these operating lines of credit. As at September 30, 2025, 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, 2025, 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, 2023	10,813	$98,364
Common shares repurchased through the Company's NCIB	(92)	(839)
Dividend reinvestment plan	—	27
Balance, December 31, 2024	10,721	$97,552
Common shares repurchased through the Company's NCIB	**(44)**	**(397)**
Dividend reinvestment plan	**—**	**28**
Balance, September 30, 2025	**10,677**	**$97,183**

The Company had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 540,672 common shares. On September 17, 2025, the Company obtained the approval of the TSX under its NCIB, commencing September 22, 2025, to purchase up to 535,195 common shares, representing approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2026. The daily repurchase restriction for the common shares is 1,000. During the nine months ended September 30, 2025, 43,600 common shares were repurchased for cash consideration of $5,245 at a weighted average price of $120.30 per common share.

Total dividends declared during the three and nine months ended September 30, 2025, amounted to $2,140, or $0.20 per common share (2024 - $1,623, or $0.15 per common share) and $6,424, or $0.60 per common share (2024 - $4,867, or $0.45 per common share), respectively. On November 5, 2025, the Company declared a common share dividend of $0.20 per common share, to be paid in the fourth quarter of 2025.

(b) Contributed Surplus

During the three months ended September 30, 2025, the Company acquired nil units (2024 - nil units) of Morguard REIT for cash consideration of $nil (2024 - $nil) and for the nine months ended September 30, 2025, the Company acquired 1,284,000 units (2024 - nil units) of Morguard REIT for cash consideration of $7,097 (2024 - $nil). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended September 30, 2025 amounted to $nil (2024 - $nil) and for the nine months ended September 30, 2025, amounted to $12,455 (2024 - $nil) and the amounts have been recorded within retained earnings.

During the three months ended September 30, 2025, the Company acquired 466,630 units of Morguard REIT (2024 - nil units) under its distribution reinvestment program for non-cash consideration of $2,679 (2024 - $nil) and for the nine months ended September 30, 2025, the Company acquired 1,228,435 units of Morguard REIT (2024 - nil units) under its distribution reinvestment program for non-cash consideration of $6,969 (2024 - $nil). The difference between the non-cash consideration and the carrying value of the non-controlling interest acquired for the three months ended September 30, 2025 amounted to $1,132 (2024 - $nil) and for the nine months ended September 30, 2025, amounted to $8,522 (2024 - $nil) and the amounts have been recorded within retained earnings.

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

(c) Stock Appreciation Rights Plan

As at September 30, 2025, 245,000 rights are issued under the Company's SARs plan with exercise prices ranging between $30.74 and $184.00, having a weighted average exercise price of $138.00. No SARs were issued during the three and nine months ended September 30, 2025.

During the three and nine months ended September 30, 2025, the Company recorded a fair value adjustment of $102 to increase compensation expense (2024 - $800) and a fair value adjustment of $116 to reduce compensation expense (2024 - increase compensation expense of $1,110). 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, 2025: a dividend yield of 0.69% (2024 - 0.49%), expected volatility of approximately 26.47% (2024 - 25.26%) and the 10-year Bank of Canada Bond Yield of 2.70% (2024 - 2.83%).

(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, 2025, the Company has granted nil options.

(e) Accumulated Other Comprehensive Income

As at September 30, 2025, and December 31, 2024, accumulated other comprehensive income consists of the following amounts:

As at	September 30, 2025	December 31, 2024
Actuarial gain on defined benefit pension plans	**$52,879**	$47,430
Unrealized fair value loss on cash flow hedge	**(2,205)**	(1,972)
Unrealized foreign currency translation gain	**309,775**	374,282
	$360,449	$419,740

NOTE 16

REVENUE

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

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Rental income	**$143,401**	$142,699	**$425,561**	$426,865
Realty taxes and insurance	**37,871**	42,012	**123,298**	126,886
Common area maintenance recoveries	**26,788**	23,139	**78,758**	72,766
Property management and ancillary income	**46,605**	45,539	**146,686**	138,819
	$254,665	$253,389	**$774,303**	$765,336

The components of revenue from hotel properties are as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Room revenue	**$8,022**	$7,470	**$20,384**	$23,438
Other hotel revenue	**1,111**	992	**3,265**	4,287
	$9,133	$8,462	**$23,649**	$27,725

The components of management and advisory fees are as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Property and asset management fees	**$7,909**	$7,408	**$23,485**	$22,146
Other fees	**1,895**	1,647	**6,227**	7,088
	$9,804	$9,055	**$29,712**	$29,234

NOTE 17

INTEREST EXPENSE

The components of interest expense are as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Interest on mortgages	**$50,139**	$50,076	**$148,460**	$149,086
Interest on debentures payable, net of accretion (Note 10)	**6,724**	9,084	**20,014**	27,804
Interest on bank indebtedness	**3,368**	327	**9,485**	1,700
Interest on loans payable and other	**108**	168	**247**	405
Interest on lease liabilities (Note 12)	**2,492**	2,452	**7,449**	7,371
Amortization of mark-to-market adjustments on mortgages, net	**207**	161	**858**	(57)
Amortization of deferred financing costs	**2,320**	2,098	**6,824**	6,176
Prepayment fee on mortgage extinguishment	**—**	—	**—**	257
	65,358	64,366	**193,337**	192,742
Less: Interest capitalized to properties under development	**(1,059)**	(108)	**(2,443)**	(368)
	$64,299	$64,258	**$190,894**	$192,374

NOTE 18

FAIR VALUE GAIN (LOSS), NET

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

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Fair value gain (loss) on real estate properties, net (Note 4)	**($27,701)**	$51,940	**$68,758**	$53,331
Financial assets (liabilities):				
Fair value gain (loss) on conversion option of MRG convertible debentures	**390**	(2,006)	**202**	(879)
Fair value loss on MRG units (Note 11)	**(2,717)**	(104,967)	**(42,333)**	(135,840)
Fair value gain (loss) on other real estate fund investments (Note 6(b))	**255**	(1,648)	**(3,592)**	(16,831)
Fair value gain (loss) on investment in marketable securities	**3,896**	11,538	**4,240**	(185)
Total fair value gain (loss), net	**($25,877)**	($45,143)	**$27,275**	($100,404)

NOTE 19

OTHER INCOME (EXPENSE)

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

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Foreign exchange gain (loss)	**$66**	($575)	**($69)**	($499)
Other income (expense)	**(9)**	(249)	**9**	(329)
	$57	($824)	**($60)**	($828)

NOTE 20

RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in Note 10, related party transactions also include the following:

(a) Paros Holdings Corporation and Paros Enterprises Limited

Paros Holdings Corporation ("Paros Holdings") and Paros Enterprises are owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at September 30, 2025, Paros Holdings owns a 62.9% interest in Morguard through its ownership of 6,717,150 common shares. As at September 30, 2025, and December 31, 2024, 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, 2025, and December 31, 2024, 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, 2025, the Company received a management fee of $374 (2024 - $330) and $1,045 (2024 - $990), respectively, and paid rent and operating expenses of $269 (2024 - $238) and $791 (2024 - $626), respectively.

As at September 30, 2025, and December 31, 2024, 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, 2025 was $nil (December 31, 2024 - $20,000). During the three and nine months ended September 30, 2025, the Company paid net interest of $nil (2024 - $nil) and $84 (2024 - $nil), respectively.

(c) Share/unit Purchase and Other Loans

As at September 30, 2025, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $3,062 (December 31, 2024 - $2,960) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units of Morguard REIT, convertible debentures of Morguard

REIT and units of Morguard Residential REIT, 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, 2025, the fair market value of the common shares/units held as collateral is $3,770.

NOTE 21

INCOME TAXES

Recognized Deductible Temporary Differences

As at September 30, 2025, the Company's Canadian subsidiaries have a total of $10,700 (December 31, 2024 - $nil) of unutilized interest expense deductions of which deferred income tax assets were not recognized and can be carried forward indefinitely.

As at September 30, 2025, the Company's U.S. subsidiaries have total net operating losses of approximately US$64,491 (December 31, 2024 - US$22,731) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely. Included in the net operating losses is the Company's portion of net operating losses of a subsidiary where the Company owns a 51% effective interest in a limited partnership of US$9,819 (December 31, 2024 - US$8,747).

As at September 30, 2025, the Company's U.S. subsidiaries have a total of US$124,334 (December 31, 2024 - US$109,331) of unutilized interest expense deductions of which deferred income tax assets were recognized and can be carried forward indefinitely.

NOTE 22

NET INCOME PER COMMON SHARE

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Net income attributable to common shareholders	**$37,844**	$498	**$149,980**	$184,802
Weighted average number of common shares outstanding (000s) - basic and diluted	**10,701**	10,813	**10,707**	10,813
Net income per common share - basic and diluted	**$3.54**	$0.05	**$14.01**	$17.09

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

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Fair value loss (gain) on real estate properties, net	**$12,867**	($65,832)	**($52,223)**	($39,494)
Fair value loss (gain) on conversion option of MRG convertible debentures (Note 18)	**(390)**	2,006	**(202)**	879
Fair value loss (gain) on MRG units (Note 11)	**(2,402)**	99,609	**26,689**	119,548
Fair value loss (gain) on other real estate investment funds (Note 18)	**(255)**	1,648	**3,592**	16,831
Fair value loss (gain) on investment in marketable securities (Note 18)	**(3,896)**	(11,538)	**(4,240)**	185
Equity income from investments	**(690)**	(341)	**(1,652)**	(1,832)
Amortization of hotel properties and other	**1,530**	2,666	**5,489**	8,330
Amortization of deferred financing costs (Note 17)	**2,320**	2,098	**6,824**	6,176
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	**207**	161	**858**	(57)
Amortization of tenant incentives	**999**	504	**2,861**	1,711
Stepped rent - adjustment for straight-line method	**(226)**	520	**(525)**	2,594
Deferred income taxes	**11,460**	23,627	**49,795**	27,226
Accretion of convertible debentures	**460**	435	**1,397**	1,323
Gain on sale of hotel properties (Note 5)	**—**	—	**—**	(150,587)
	$21,984	$55,563	**$38,663**	($7,167)

(b) Net Change in Operating Assets and Liabilities

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Amounts receivable	**$10,812**	($5,372)	**($1,764)**	$3,677
Prepaid expenses and other	**(29,720)**	(17,987)	**(34,722)**	(25,771)
Accounts payable and accrued liabilities	**9,616**	13,839	**(198)**	20,579
Net change in operating assets and liabilities	**($9,292)**	($9,520)	**($36,684)**	($1,515)

(c) Supplemental Cash Flow Information

	Three months ended September 30		Nine months ended September 30	
	2025	2024	**2025**	2024
Interest paid	**$59,315**	$65,372	**$178,117**	$185,877
Interest received	**2,021**	712	**6,540**	5,035
Income taxes paid	**3,812**	2,521	**28,817**	7,031

During the three and nine months ended September 30, 2025, the Company issued non-cash dividends under the distribution reinvestment plan of $10 (2024 - $7) and $28 (2024 - $19), 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	Loans payable	Bank indebtedness	Total
Balance, beginning of period	$4,761,081	$173,611	$143,003	$171,463	$20,000	$168,079	$5,437,237
Repayments	(85,612)	—	—	(1,539)	—	(107,071)	(194,222)
New financing, net	635,944	—	—	—	(20,000)	218,139	834,083
Lump-sum repayments	(554,129)	—	—	—	—	—	(554,129)
Non-cash changes	6,091	600	2,186	958	—	—	9,835
Foreign exchange	(59,936)	—	—	(570)	—	—	(60,506)
Balance, September 30, 2025	**$4,703,439**	**$174,211**	**$145,189**	**$170,312**	**$—**	**$279,147**	**$5,472,298**

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, 2024 for an explanation of the Company's capital management policy.

The total managed capital for the Company as at September 30, 2025, and December 31, 2024, is summarized below:

As at	September 30, 2025	December 31, 2024
Mortgages payable, principal balance	**$4,736,367**	$4,791,513
Unsecured Debentures, principal balance	**175,000**	175,000
Convertible debentures, principal balance	**150,000**	150,000
Loans payable	**—**	20,000
Bank indebtedness	**279,147**	168,079
Lease liabilities	**170,312**	171,463
Shareholders' equity	**4,389,417**	4,292,423
	$9,900,243	$9,768,478

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

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

NOTE 26

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2024 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, 2025 market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at September 30, 2025 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,186,844 (December 31, 2024 - $4,656,335), compared to the carrying value of $4,736,367 (December 31, 2024 - $4,791,513). 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, 2025, the fair value of the Unsecured Debentures has been estimated at $184,966 (December 31, 2024 - $186,555), compared to the carrying value of $175,000 (December 31, 2024 - $175,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at September 30, 2025, the fair value of the convertible debentures before deferred financing costs has been estimated at $152,607 (December 31, 2024 - $152,244), compared to the carrying value of $150,000 (December 31, 2024 - $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, 2025, market rates for debt on similar terms (Level 3). Based on these assumptions, as at September 30, 2025, the fair value of the finance lease receivable has been estimated at $59,703 (December 31, 2024 - $59,355).

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

	September 30, 2025			December 31, 2024		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$11,140,340**	$—	$—	$11,048,485
Investments in marketable securities	**91,660**	**—**	**—**	88,187	—	—
Investments in real estate funds	**—**	**—**	**44,934**	—	—	56,032
Financial liabilities:						
Morguard Residential REIT units	**—**	**439,127**	**—**	—	434,721	—
Conversion option on MRG convertible debentures	**—**	**1,159**	**—**	—	1,361	—
Derivative liabilities	**—**	**2,692**	**—**	—	2,389	—

NOTE 27
SEGMENTED INFORMATION
(a) Operating Segments

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

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

For the three months ended September 30, 2025	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	**$132,203**	**$62,151**	**$60,311**	**$9,133**	**$263,798**
Property/hotel operating expenses	**(45,990)**	**(24,002)**	**(32,382)**	**(5,716)**	**(108,090)**
Net operating income	**$86,213**	**$38,149**	**$27,929**	**$3,417**	**$155,708**

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 nine months ended September 30, 2025	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	**$400,686**	**$190,183**	**$183,434**	**$23,649**	**$797,952**
Property/hotel operating expenses	**(191,174)**	**(93,423)**	**(94,379)**	**(16,214)**	**(395,190)**
Net operating income	**$209,512**	**$96,760**	**$89,055**	**$7,435**	**$402,762**

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

	Multi-suite Residential	Retail	Office	Hotel	Total
As at September 30, 2025					
Real estate/hotel properties	**$6,875,669**	**$2,251,168**	**$2,013,503**	**$85,152**	**$11,225,492**
Mortgages payable	**$2,861,618**	**$847,822**	**$942,459**	**$51,540**	**$4,703,439**
For the nine months ended September 30, 2025					
Additions to real estate/hotel properties	**$110,352**	**$19,666**	**$34,323**	**$988**	**$165,329**
Fair value gain (loss) on real estate properties	**$119,252**	**($16,979)**	**($33,515)**	**$—**	**$68,758**

	Multi-suite Residential	Retail	Office	Hotel	Total
As at December 31, 2024					
Real estate/hotel properties	$6,771,139	$2,263,763	$2,013,583	$85,999	$11,134,484
Mortgages payable	$2,867,205	$872,513	$975,084	$46,279	$4,761,081
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

(b) Regional Segments

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

As at	September 30, 2025	December 31, 2024
Real estate and hotel properties		
Canada	**$7,082,234**	$6,877,422
United States	**4,143,258**	4,257,062
	$11,225,492	$11,134,484

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Revenue from real estate and hotel properties				
Canada	**$165,607**	$167,296	**$499,968**	$509,989
United States	**98,191**	94,555	**297,984**	283,072
	$263,798	$261,851	**$797,952**	$793,061

NOTE 28

COMPARATIVE AMOUNTS

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

NOTE 29

SUBSEQUENT EVENTS

On October 14, 2025, the Company issued $250,000 principal amount of 5.00% Series I senior unsecured debentures due on October 14, 2028. Interest on the Series I unsecured debentures is payable semi-annually, not in advance, on October 14 and April 14 of each year, commencing on April 14, 2026.

Subsequent to September 30, 2025, the Company repaid $195,000 under its operating lines of credit.