2023 FIRST QUARTER REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MORGUARD CORPORATION

Morguard

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

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PART I

Morguard Corporation ("Morguard" or the "Company") is pleased to provide this review of operations and update on our financial performance for the three months ended March 31, 2023. Unless otherwise noted, dollar amounts are stated in thousands of Canadian dollars, except per common share amounts.

The following Management's Discussion and Analysis ("MD&A") sets out the Company's strategies and provides an analysis of the financial performance for the three months ended March 31, 2023, and significant risks facing the business. Historical results, including trends that might appear, should not be taken as indicative of future operations or results.

This MD&A should be read in conjunction with the Company's unaudited condensed consolidated financial statements and accompanying notes for the three months ended March 31, 2023 and 2022. This MD&A is based on financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and is dated May 2, 2023. Disclosure contained in this document is current to that date unless otherwise noted.

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

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

SPECIFIED FINANCIAL MEASURES

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

NON-GAAP FINANCIAL MEASURES

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

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

ADJUSTED NOI

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

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

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

COMPARATIVE NOI

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

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

FUNDS FROM OPERATIONS ("FFO") AND NORMALIZED FFO

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

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

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

NON-CONSOLIDATED MEASURES

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

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

Non-Consolidated Basis adjustments include the following:

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

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

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

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

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

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

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

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

NON-GAAP RATIOS

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

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

NON-CONSOLIDATED INTEREST COVERAGE RATIO

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

NON-CONSOLIDATED INDEBTEDNESS TO AGGREGATE ASSETS RATIO

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

SUPPLEMENTARY FINANCIAL MEASURES

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

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

TOTAL REVENUE

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

INDEBTEDNESS

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

INDEBTEDNESS TO TOTAL ASSETS RATIO

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

CAPITAL MANAGEMENT MEASURES

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

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

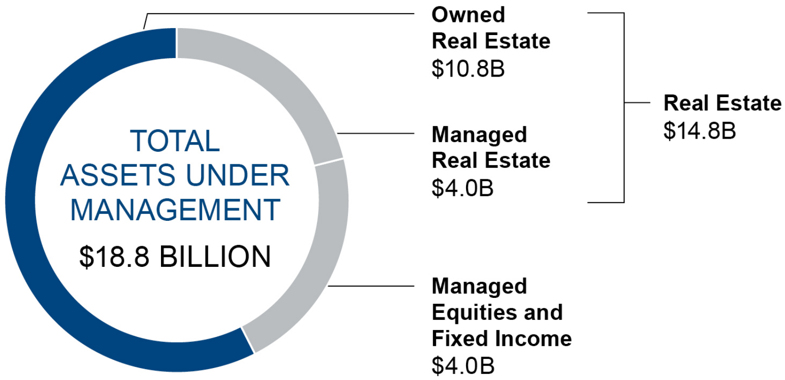
LIQUIDITY

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

PART II

BUSINESS OVERVIEW

Morguard Corporation is a real estate investment company whose principal activities include the acquisition, development and ownership of multi-suite residential, commercial and hotel properties. Morguard is also one of Canada's premier real estate investment advisors and management companies, representing major institutional and private investors. Morguard's total assets under management (including both owned and managed assets) were valued at $18.8 billion as at March 31, 2023. The Company's common shares are publicly traded and listed on the Toronto Stock Exchange ("TSX") under the symbol "MRC." The Company's primary goal is to accumulate a portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to shareholders.



MANAGEMENT AND ADVISORY SERVICES

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

As of March 31, 2023, MIL together with Lincluden manage a portfolio (excluding Morguard's corporately owned assets and assets owned by Morguard REIT and Morguard Residential REIT) of assets having an estimated value of $8.0 billion.

BUSINESS STRATEGY

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

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

- Increase property values and cash flow through aggressive leasing of available space and of space becoming available;
- Take advantage of long-standing relationships with national and regional tenants;

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

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at	March 31, 2023	December 31, 2022	March 31, 2022
Real estate properties	**$10,713,336**	$10,551,074	$10,424,060
Real estate properties held for sale	**—**	—	124,174
Hotel properties	**334,497**	337,239	434,982
Equity-accounted and other fund investments	**117,229**	120,347	139,709
Total assets	**11,793,990**	11,705,252	11,798,075
Indebtedness	**$5,846,044**	$5,804,887	$5,773,124
Indebtedness to total assets (%)	**49.6**	49.6	48.9
Non-consolidated indebtedness to total assets (%)(1)	**44.7**	45.0	44.0
Total equity	**$4,338,547**	$4,385,471	$4,377,825
Shareholders' equity per common share	**348.43**	350.68	343.64

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

For the three months ended March 31	2023	2022
Revenue from real estate properties	**$246,372**	$222,593
Revenue from hotel properties	**31,159**	28,051
Management and advisory fees	**10,150**	10,262
Total revenue	**292,777**	264,937
Net operating income	**95,119**	80,091
Fair value gain (loss), net	**(24,191)**	280,012
Net income (loss) attributable to common shareholders	**(34,690)**	206,269
Per common share - basic and diluted	**(3.15)**	18.58
Funds from operations(1)	**32,652**	41,867
Per common share - basic and diluted(1)	**2.96**	3.77
Normalized FFO(1)	**50,266**	42,871
Per common share - basic and diluted(1)	**4.56**	3.86
Distributions received from Morguard REIT	**2,409**	2,342
Distributions received from Morguard Residential REIT	**4,530**	4,401
Dividends declared/paid	**(1,653)**	(1,665)

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

Total assets as at March 31, 2023, were $11,793,990, compared to $11,705,252 as at December 31, 2022. Total assets increased by $88,738 primarily due to the following:

- An increase in real estate properties of $162,262, mainly due to acquisitions of $112,980, a net fair value gain of $33,771, capital and development expenditures of $19,678, tenant incentives and leasing commissions of $2,346, partially offset by dispositions of $1,549 and a decrease of $3,531 due to the change in the U.S. dollar exchange rate;
- A decrease in other assets and prepaid expense of $67,978;
- An decrease in amounts receivable of $8,416; and
- An increase in cash of $8,730.

Total revenue during the three months ended March 31, 2023, increased by $27,840 to $292,777, compared to $264,937 in 2022, primarily due to the following:

- An increase in revenue from real estate properties in the amount of $23,779, primarily due to higher average monthly rent ("AMR") and lower vacancy within the multi-suite residential segment and an increase of $7,613 from a change in foreign exchange rates;

- An increase in revenue from hotel properties in the amount of $3,108, resulting from greater demand for international travel as well as leisure and business demand relative to 2022; and
- An increase in interest and other income of $1,065.

PROPERTY PROFILE

As at March 31, 2023, the Company and its subsidiaries own a diversified portfolio of 178 multi-suite residential, retail, office, industrial and hotel properties located in Canada and in the United States.

PORTFOLIO COMPOSITION BY ASSET TYPE

The composition of the Company's real estate properties by asset type as at March 31, 2023, was as follows:

Asset Type	Number of Properties	GLA Square Feet (000s)(1)	Apartment Suites/Hotels Rooms(2)	Real Estate/ Hotel Properties
Multi-suite residential	55	—	17,566	$6,201,975
Retail	37	8,232	—	2,136,339
Office(3)	69	8,865	—	2,237,084
Hotel	17	—	2,907	334,497
Properties and land held for and under development	—	—	—	137,938
Total real estate properties	**178**	**17,097**	**20,473**	**$11,047,833**

(1) Total GLA is shown on a proportionate basis; on a 100% basis, total GLA of the Company's commercial properties is 20.7 million square feet.
(2) Total suites/hotel rooms include equity-accounted investments and non-controlling interest. The Company on a proportionate basis has ownership of 17,121 suites and 2,737 hotel rooms.
(3) Includes industrial properties with 1,078,500 square feet of GLA and a fair value of $205,603.

The Company's multi-suite residential portfolio comprises 24 Canadian properties located primarily throughout the Greater Toronto Area ("GTA") and 31 U.S. properties in California, Texas, Louisiana, Illinois, Georgia, Florida, North Carolina, Virginia and Maryland. The combined multi-suite residential portfolio represents 17,566 suites.

The Company's retail portfolio includes two broad categories of income producing properties: (i) enclosed full-scale, regional shopping centres; and (ii) neighbourhood and community shopping centres that are primarily anchored by food retailers and discount department stores. The retail portfolio comprises 25 properties located in Canada and 12 properties located in Florida, Louisiana and Maryland. The combined retail portfolio represents 8.2 million square feet of gross leaseable area ("GLA").

The Company's office portfolio is focused on well-located, high-quality office buildings in major Canadian urban centres primarily located throughout the GTA, downtown Ottawa, 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 7.8 million square feet of office and 1.1 million square feet of industrial GLA.

The Company's hotel portfolio comprises 13 branded and 4 unbranded hotel properties located in three Canadian provinces. Branded hotels include Hilton, Marriott and Holiday Inn and consist of full and select service formats. The hotel portfolio represents 2,907 rooms.

AVERAGE OCCUPANCY LEVELS

COMPARATIVE AVERAGE OCCUPANCY LEVELS

	Suites/GLA Square Feet		Mar. 2023	Dec. 2022	Sep. 2022	Jun. 2022	Mar. 2022
Multi-suite residential	17,566	(1)	96.6%	96.6%	96.8%	95.2%	94.3%
Retail	7,724,000	(2)	92.9%	93.3%	92.8%	93.2%	93.0%
Office(3)	8,865,500	(3)	86.6%	87.2%	89.9%	90.3%	90.4%

(1) Excludes one property that reached stabilized occupancy during the first quarter of 2023, located in Los Angeles, California. Including the one property previously under initial lease-up, occupancy at March 31, 2023 is 96.8% (December 31, 2022 - 96.3%, September 30, 2022 - 96.3%, June 30, 2022 - 94.7%, March 31, 2022 - 93.7%).
(2) Retail occupancy has been adjusted to exclude development space of 507,735 square feet of GLA.
(3) Includes industrial properties with 1,078,500 square feet of GLA.

As at March 31, 2023, the retail occupancy levels were adjusted to exclude development space and space that is pending demolition (507,735 square feet of GLA), this adjustment increased retail occupancy from 87.2% to 92.9%.

LEASE PROFILE

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

Summary of Lease Expiries as at		2023		2024		2025	
March 31, 2023	Total SF	SF	%	SF	%	SF	%
Retail(1)	7,724	1,069	14%	671	9%	695	9%
Office(2)	8,865	604	7%	747	8%	1,205	14%
Total	16,589	1,673	10%	1,418	9%	1,900	11%

(1) Retail square feet has been adjusted to exclude development space of 507,735 square feet of GLA.
(2) Includes industrial properties with 1,078,500 square feet of GLA.

PART III

REVIEW OF OPERATIONAL RESULTS

The Company's operational results for the three months ended March 31, 2023, and 2022 are summarized below:

For the three months ended March 31	2023	2022
Revenue from real estate properties	**$246,372**	$222,593
Revenue from hotel properties	**31,159**	28,051
Property operating expenses		
Property operating costs	**(58,513)**	(54,841)
Utilities	**(19,494)**	(16,998)
Realty taxes	**(78,822)**	(70,911)
Hotel operating expenses	**(25,583)**	(27,803)
Net operating income	**95,119**	80,091
OTHER REVENUE		
Management and advisory fees	**10,150**	10,262
Interest and other income	**5,096**	4,031
	15,246	14,293
EXPENSES		
Interest	**62,727**	54,884
Property management and corporate	**21,906**	20,514
Amortization of hotel properties and other	**7,510**	6,745
	92,143	82,143
OTHER INCOME (EXPENSE)		
Fair value gain (loss), net	**(24,191)**	280,012
Equity income from investments	**1,171**	802
Other income (expense)	**(841)**	2,106
	(23,861)	282,920
Income (loss) before income taxes	**(5,639)**	295,161
Provision for income taxes		
Current	**29**	551
Deferred	**25,682**	62,899
	25,711	63,450
Net income (loss) for the period	**($31,350)**	$231,711
Net income (loss) attributable to:		
Common shareholders	**($34,690)**	$206,269
Non-controlling interest	**3,340**	25,442
	($31,350)	$231,711
Net income (loss) per common share attributable to:		
Common shareholders - basic and diluted	**($3.15)**	$18.58

FOR THE THREE MONTHS ENDED MARCH 31, 2023

NET INCOME (LOSS)

Net loss for the three months ended March 31, 2023 was $31,350, compared to net income of $231,711 in 2022. The decrease in net income of $263,061 for the three months ended March 31, 2023, was primarily due to the following:

- An increase in non-cash net fair value loss of $304,203, mainly due to a decrease in net fair value gain recorded on real estate properties, an increase in fair value loss on marketable securities and on other real estate fund investments, and a decrease in fair value loss on the Morguard Residential REIT units;
- An increase in net operating income of $15,028, primarily due to an increase in AMR and lower vacancy at multi-suite residential properties. In addition, higher NOI from the hotel portfolio due to greater demand for

international travel as well as leisure and business travel relative to 2022;
- An increase in interest expense of $7,843, mainly due to higher interest on mortgages payable and bank indebtedness, partially offset by lower interest on the Debentures, primarily due to the repayment of the Series C senior unsecured debenture on September 15, 2022. The change in foreign exchange rate increased U.S. mortgage interest by $1,949; and
- A decrease in income tax expense (current and deferred) of $37,739, primarily a result of a lower fair value gain recorded on the Company's real estate properties compared to the prior period.

FOR THE THREE MONTHS ENDED MARCH 31, 2023

NET OPERATING INCOME

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

Net operating income increased by $15,028, or 18.8%, during the three months ended March 31, 2023, to $95,119 compared to $80,091 generated in 2022, and is further analyzed by asset type below.

ADJUSTED NOI BY ASSET TYPE

For the three months ended March 31	2023	2022
Multi-suite residential	**$64,634**	$54,779
Retail	**32,965**	27,398
Office(1)	**32,993**	33,252
Hotel	**5,576**	248
Adjusted NOI	**136,168**	115,677
IFRIC 21 adjustment - multi-suite residential	**(35,781)**	(31,732)
IFRIC 21 adjustment - retail	**(5,268)**	(3,854)
NOI	**$95,119**	$80,091

(1) Includes industrial properties with NOI for the three months ended March 31, 2023 of $1,507 (2022 - $2,120).

NOI from the multi-suite residential portfolio for the three months ended March 31, 2023, increased by $5,806, or 25.2% to $28,853, compared to $23,047 in 2022. 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 $4,049.

Adjusted NOI from the multi-suite residential portfolio for the three months ended March 31, 2023, increased by $9,855 or 18.0%, to $64,634, compared to $54,779 in 2022. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian multi-suite residential properties of $3,073 primarily resulting from;
  - Higher occupancy from improved leasing activity and an increase in AMR of 3.2%. In addition, the Canadian portfolio turned over 182 suites, or 2.3% of total suites and achieved AMR growth of 19.7% on suite turnover.
- An increase in U.S. multi-suite residential properties of US$3,306 primarily resulting from;
  - An increase of US$3,367 mainly due to an increase in AMR of 12.5%;
  - A decrease of US$1,606 from the sale of three properties during 2022; and
  - An increase of US$1,545 from the acquisition of Echelon Chicago during the third quarter of 2022 and the initial lease-up of Lumina Hollywood which reached stabilized occupancy during the first quarter of 2023.
- An increase of $3,476 due to the change in the U.S. dollar foreign exchange rate.

Adjusted NOI from the retail portfolio for the three months ended March 31, 2023, increased by $5,567 or 20.3%, to $32,965 compared to $27,398 in 2022. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian retail properties of $4,623 primarily resulting from:
  - An increase of $2,826 due to recoveries from a prior year tax refund received; and
  - An increase of $1,797 predominantly due to higher revenue from percent rent leases and lower abatements, partially offset by lower lease cancellation fees received.

- An increase in U.S. retail properties of US$420 primarily resulting from the acquisition of Rockville Town Square during the third quarter of 2022.
- An increase of $524 due to the change in the U.S. dollar foreign exchange rate.

NOI from the office portfolio for the three months ended March 31, 2023, decreased by $259, or 0.8%, to $32,993, compared to $33,252 in 2022, primarily due to the following:

- A decrease of $1,588 mainly due to lower occupancy, lower recoveries of operating expenses, and a decrease in lease cancellation fees received;
- An increase of $1,329 from the acquisition of 3199 Palladium Drive and 215 Slater Street during 2022.

NOI from the hotel portfolio for the three months ended March 31, 2023, increased by $5,328, to $5,576, compared to $248 in 2022, primarily due to the following:

- An increase of $7,593 mainly due to higher revenue per available room ("RevPar") as the easing of pandemic restrictions positively impacted transient and corporate demand compared to prior period. During the three months ended March 31, 2023, hotel occupancy was 67.1%, compared to 43.4% during the same period in 2022, as a result RevPar increased by $58.02 to $114.36 for the period, compared to $56.34 in 2022. The average daily rate ("ADR") increased to $170.44 during the three months ended March 31, 2023, compared to $129.81 in 2022;
- A decrease of $1,604 predominantly due to a lower provision for the Tourism and Hospitality Recovery Program ("THRP"); and
- A decrease of $661 due to the sale of hotel properties during 2022.

COMPARATIVE NET OPERATING INCOME

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

For the three months ended March 31	2023	2022
Multi-suite residential (in local currency)	**$53,287**	$46,599
Retail (in local currency)	**28,100**	25,779
Office[(1)]	**31,811**	32,953
Hotel	**5,986**	(382)
Exchange amount to Canadian dollars	**11,431**	8,045
Comparative NOI	**130,615**	112,994
Acquired properties	**3,614**	—
Dispositions	**(371)**	2,973
Realty tax expense accounted for under IFRIC 21	**(41,049)**	(35,586)
Lease cancellation fees	**415**	1,205
U.S. residential initial lease-up	**328**	(182)
Realty tax refund/reassessment	**2,826**	680
Other	**(1,259)**	(1,993)
NOI	**$95,119**	$80,091

(1) Includes industrial properties with Comparative NOI for the three months ended March 31, 2023 of $1,514 (2022 - $2,048).

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

Comparative NOI for the three months ended March 31, 2023, increased by $17,621 or 15.6%, to $130,615 compared to $112,994 in 2022 due to the following:

- Multi-suite residential increased by $6,688 as a result of lower vacancy and rental rate growth;
- Retail increased by $2,321 mainly due to higher rent from percent rent leases and lower abatements;
- Office decreased by $1,142 mainly due to higher vacancy which lead to lower revenue, as well as lower recoveries of operating expenses;

- Hotel increased by $6,368 mainly due to greater demand for international travel as well as leisure and business travel relative to 2022; and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by $3,386.

MANAGEMENT AND ADVISORY FEES

Morguard's management and advisory fee revenue for the three months ended March 31, 2023, decreased by $112 or 1.1%, to $10,150 compared to $10,262 in 2022.

INTEREST AND OTHER INCOME

Interest and other income for the three months ended March 31, 2023, increased by $1,065 or 26.4%, to $5,096 compared to $4,031 in 2022. The increase was primarily due to higher interest income on mortgages receivable.

INTEREST EXPENSE

Interest expense consists of the following:

For the three months ended March 31	2023	2022
Mortgages payable	**$45,605**	$39,400
Debentures payable, net of accretion	**9,327**	11,332
Bank indebtedness	**3,659**	182
Loans payable and other	**262**	9
Lease liabilities	**2,484**	2,405
Amortization of mark-to-market adjustments on mortgages, net	**(496)**	(495)
Amortization of deferred financing costs	**2,165**	2,125
	63,006	54,958
Less: Interest capitalized to properties under development	**(279)**	(74)
	$62,727	$54,884

Interest expense for the three months ended March 31, 2023, increased by $7,843, or 14.3% to $62,727, compared to $54,884 in 2022, mainly due to an increase in interest on mortgages payable and bank indebtedness, partially offset by lower interest on the Debentures, primarily due to the repayment of the Series C senior unsecured debentures on September 15, 2022. The increase in interest on mortgages payable is largely attributable to properties financed at higher fixed and floating rates of interest, and a change in foreign exchange rates increasing U.S. mortgage interest by $1,949.

PROPERTY MANAGEMENT AND CORPORATE

Property management and corporate expenses for the three months ended March 31, 2023, increased by $1,392, or 6.8% to $21,906, compared to $20,514 in 2022, primarily due to an increase in salary costs, partially offset by a decrease in non-cash compensation expense related to the Company's SARs plan of $1,125.

AMORTIZATION OF HOTEL PROPERTIES AND OTHER

Amortization of hotel properties and other for the three months ended March 31, 2023, increased by $765 to $7,510, compared to $6,745 in 2022.

FAIR VALUE GAIN ON REAL ESTATE PROPERTIES

Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including changes in projected cash flows as a result of leasing, capitalization rates, discount rates and terminal capitalization rates. During the three months ended March 31, 2023, the Company recognized a fair value gain of $33,756, compared to $342,169 in 2022.

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

For the three months ended March 31, 2023	2023	2022
Multi-suite residential	**$79,133**	$312,270
Retail	**8,193**	6,105
Office[(1)]	**(53,570)**	23,794
	$33,756	$342,169

(1) Includes industrial properties with a fair value gain for the three months ended March 31, 2023 of $1,359 (2022 - $14,909).

For the three months ended March 31, 2023, the Company recognized the following fair value gain (loss):

- A net fair value gain of $79,133 in the residential portfolio, mainly due to an increase in stabilized NOI across the Company's Canadian and U.S. residential portfolio and an adjustment on realty taxes accounted for under IFRIC 21.
- A net fair value gain of $8,193 in the retail portfolio, primarily due to an increase in projected cash flows across several properties.
- A net fair value loss of $53,570 in the office portfolio, primarily due to a decrease in projected cash flows across several properties.

FAIR VALUE GAIN ON MORGUARD RESIDENTIAL REIT UNITS

For the three months ended March 31, 2023, the Company recorded a fair value loss on the Morguard Residential REIT units of $39,660, which includes a mark-to-market loss of $34,054 on the units as a result of an increase in the trading price and the distributions made to external unitholders of $5,606.

FAIR VALUE GAIN (LOSS) ON INVESTMENT IN MARKETABLE SECURITIES

For the three months ended March 31, 2023, the Company recorded a fair value loss on investment in marketable securities of $8,653 resulting from a decrease in market value of the securities.

EQUITY INCOME FROM INVESTMENTS

Equity income from investments consist of the following:

For the three months ended March 31	2023	2022
Joint ventures	**$963**	$617
Associates	**208**	185
	$1,171	$802

Equity income from investments for the three months ended March 31, 2023, increased by $369 to $1,171, compared to $802 in 2022.

OTHER INCOME (EXPENSE)

Other expense for the three months ended March 31, 2023, increased by $2,947, to an expense of $841 compared to other income of $2,106 in 2022.

INCOME TAXES

For the three months ended March 31, 2023, the Company recorded total income tax expense of $25,711, compared to $63,450 in 2022. The decrease in income tax expense of $37,739 comprises a decrease of $37,217 in deferred tax expense and $522 in current tax expense.

The decrease in deferred tax expense for the three months ended March 31, 2023 is primarily a result of lower fair value gain recorded on the Company's Canadian and U.S. properties compared to the fair value gains recorded during the same period in 2022.

PENSION PLANS

The Company's accounting policy under IFRS is to recognize actuarial gains/losses in the period in which they occur, and these gains/losses are reflected in the consolidated statement of comprehensive income (loss). During the three months ended March 31, 2023, an actuarial gain of $1,743 was recorded in the consolidated statements of comprehensive income (loss), compared to an actuarial gain of $3,883 for the three months ended March 31, 2022.

FUNDS FROM OPERATIONS

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

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

For the three months ended March 31	2023	2022
Multi-suite residential	**$64,634**	$54,779
Retail	**32,965**	27,398
Office	**32,993**	33,252
Hotel	**5,576**	248
Adjusted NOI(1)	**136,168**	115,677
Other Revenue		
Management and advisory fees	**10,150**	10,262
Interest and other income	**5,096**	4,031
Equity-accounted FFO(2)	**1,388**	1,162
	16,634	15,455
Expenses and Other		
Interest	**(62,727)**	(54,884)
Principal repayment of lease liabilities	**(410)**	(376)
Property management and corporate	**(21,906)**	(20,514)
Internal leasing costs	**642**	721
Amortization of capital assets	**(331)**	(391)
Current income taxes(3)	**138**	(551)
Non-controlling interests' share of FFO(4)	**(16,111)**	(14,047)
Unrealized changes in the fair value of financial instruments	**(18,576)**	(1,358)
Other income (expense)	**(869)**	2,135
FFO	**$32,652**	$41,867
FFO per common share amounts – basic and diluted	**$2.96**	$3.77
Weighted average number of common shares outstanding (in thousands):		
Basic and diluted	**11,022**	11,101

(1) For the three months ended March 31, 2023, an IFRIC 21 adjustment of $41,049 (2022 - $35,586) was added to the IFRS presentation of realty tax expense.
(2) Equity-accounted FFO exclude fair value adjustments on real estate properties, provision for impairment and amortization of hotel properties.
(3) Current income taxes for the three months ended March 31, 2023, excludes $167 (2022 - $nil) of income tax relating to the disposal of properties.
(4) For the three months ended March 31, 2023, non-controlling interests' share of FFO includes Morguard Residential REIT's non-controlling interest share of FFO in the amount of $7,963 (2022 - $6,729).

For the three months ended March 31, 2023, the Company recorded FFO of $32,652 ($2.96 per common share), compared to $41,867 ($3.77 per common share) in 2022. The decrease in FFO of $9,215 is mainly due to the following:

- An increase in Adjusted NOI of $20,491, primarily due to higher NOI from the residential portfolio from rental rate growth and higher occupancy as well as higher NOI from the hotel portfolio resulting from greater demand for international, leisure and business travel;
- An increase in interest expense of $7,843, mainly due to an increase in interest on mortgages payable and bank indebtedness, partially offset by lower interest on the Debentures;
- An increase in the non-controlling interests' share of FFO of $2,064;
- An increase in unrealized changes in the fair value of the Company's financial instruments of $17,218; and
- A decrease in other income (expense) of $3,004.

The change in foreign exchange rate had a positive impact on FFO of $982 ($0.09 per common share).

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

Normalized FFO

For the three months ended March 31	2023	2022
FFO (from above)	**$32,652**	$41,867
Add/(deduct):		
Unrealized changes in the fair value of financial instruments	**18,576**	1,358
SARs plan increase (decrease) in compensation expense	**(675)**	450
Lease cancellation fee and other	**(344)**	(952)
Tax effect of above adjustments	**57**	148
Normalized FFO	**$50,266**	$42,871
Per common share amounts – basic and diluted	**$4.56**	$3.86

Normalized FFO for the three months ended March 31, 2023, was $50,266, or $4.56 per common share, versus $42,871, or $3.86 per common share, for the same period in 2022, which represents an increase of $7,395, or 17.2%.

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

For the three months ended March 31	2023	2022
Net income (loss) attributable to common shareholders	**($34,690)**	$206,269
Add/(deduct):		
Fair value gain on real estate properties, net(1)	**(33,826)**	(342,075)
Non-controlling interests' share of fair value gain (loss) on real estate properties, net(1)	**(2,784)**	20,151
Fair value loss on Morguard Residential REIT units	**34,054**	53,204
Distribution to Morguard Residential REIT's external unitholders	**5,606**	5,445
Non-controlling interest - Morguard Residential REIT	**(7,963)**	(6,729)
Fair value loss (gain) on conversion option of MRG convertible debentures	**(289)**	2,150
Amortization of intangible asset	**2,906**	1,594
Amortization of hotel properties(2)	**4,560**	5,026
Foreign exchange loss (gain)	**(28)**	29
Deferred income taxes	**25,682**	62,899
Principal repayment of lease liabilities	**(410)**	(376)
Internal leasing costs	**642**	721
Realty taxes accounted for under IFRIC 21(3)	**39,025**	33,559
Current tax on disposition of properties	**167**	—
FFO	**$32,652**	$41,867
FFO per common share – basic and diluted	**$2.96**	$3.77
Weighted average number of common shares outstanding (in thousands):		
Basic and diluted	**11,022**	11,101

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

PART IV

BALANCE SHEET ANALYSIS

REAL ESTATE PROPERTIES

The Company's real estate properties, together with hotel properties and equity-accounted and other real estate fund investments, represent approximately 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	March 31, 2023	December 31, 2022
Real estate properties		
Multi-suite residential	**$6,201,975**	$5,998,802
Retail	**2,136,339**	2,129,696
Office(1)	**2,237,084**	2,289,519
	10,575,398	10,418,017
Properties under development	**25,535**	21,604
Land held for development	**112,403**	111,453
Real estate properties	**$10,713,336**	$10,551,074

(1) As at March 31, 2023, includes industrial properties in the amount of $205,603 (December 31, 2022 - $205,323).

Real estate properties increased by $162,262 at March 31, 2023, to $10,713,336, compared to $10,551,074 at December 31, 2022. The increase is primarily the result of the following:

- Acquisitions of $112,980;
- Capitalization of property enhancements, including capital expenditures and tenant improvements totalling $15,149;
- Development expenditures of $6,875;
- A fair value gain on real estate properties of $33,756;
- A decrease of $3,531 due to the change in the U.S. dollar exchange rate; and
- Dispositions of real estate properties of $1,549.

APPRAISAL CAPITALIZATION AND DISCOUNT RATES

The Company's internal valuation team consists of Appraisal Institute of Canada ("AIC") designated Accredited Appraiser Canadian Institute ("AACI") members who are qualified to offer valuation and consulting services and expertise for all types of real property, all of whom are knowledgeable and have recent experience in the fair value techniques for investment properties. AACI-designated members must adhere to AIC's Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP") and undertake ongoing professional development. The Company's appraisal division is responsible for determining the fair value of investment properties every quarter, which include co-owned properties and properties classified as equity-accounted investments. The 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 March 31, 2023, 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 10.0% (December 31, 2022 - 3.3% to 10.0%), resulting in an overall weighted average capitalization rate of 5.5% (December 31, 2022 - 5.5%).

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

As at	March 31, 2023 Occupancy Rates Max.	March 31, 2023 Occupancy Rates Min.	March 31, 2023 Capitalization Rates Max.	March 31, 2023 Capitalization Rates Min.	March 31, 2023 Capitalization Rates Weighted Average	December 31, 2022 Occupancy Rates Max.	December 31, 2022 Occupancy Rates Min.	December 31, 2022 Capitalization Rates Max.	December 31, 2022 Capitalization Rates Min.	December 31, 2022 Capitalization Rates Weighted Average
Multi-suite residential	**98.5%**	**92.0%**	**6.0%**	**3.3%**	**4.3%**	98.5%	92.0%	6.0%	3.3%	4.3%
Retail	**99.0%**	**85.0%**	**10.0%**	**5.0%**	**7.3%**	99.0%	85.0%	10.0%	5.0%	7.2%
Office[(1)]	**100.0%**	**90.0%**	**8.5%**	**4.3%**	**6.8%**	100.0%	90.0%	8.3%	4.3%	6.7%

(1) Includes industrial properties comprising approximately 9% of the segment's total assets.

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

As at	March 31, 2023 Maximum	March 31, 2023 Minimum	March 31, 2023 Weighted Average	December 31, 2022 Maximum	December 31, 2022 Minimum	December 31, 2022 Weighted Average
Retail						
Discount rate	**11.0%**	**5.8%**	**7.6%**	11.0%	5.8%	7.5%
Terminal cap rate	**10.0%**	**5.0%**	**6.6%**	10.0%	5.0%	6.6%
Office						
Discount rate	**9.0%**	**5.3%**	**6.7%**	9.0%	5.3%	6.7%
Terminal cap rate	**8.0%**	**4.3%**	**5.9%**	8.0%	4.3%	5.9%

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 March 31, 2023, and December 31, 2022, is set out in the table below:

As at	March 31, 2023		December 31, 2022	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($325,804)**	**$365,020**	($326,294)	$366,825
Retail	**(64,987)**	**69,646**	(65,790)	70,573
Office[(1)]	**(80,701)**	**86,976**	(83,423)	90,021
	($471,492)	**$521,642**	($475,507)	$527,419

(1) Includes industrial properties comprising approximately 9% of the segment's total assets.

HOTEL PROPERTIES

Hotel properties consist of the following:

As at	March 31, 2023	December 31, 2022
Cost	**$458,057**	$456,526
Accumulated impairment provision	**(13,249)**	(13,249)
Accumulated amortization	**(110,311)**	(106,038)
Hotel properties	**$334,497**	$337,239

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	March 31, 2023	December 31, 2022
Joint ventures	**$34,091**	$27,284
Associates	**19,455**	19,505
Equity-accounted investments	**53,546**	46,789
Other real estate fund investments	**63,683**	73,558
Equity-accounted and other fund investments	**$117,229**	$120,347

The following are the Company's significant equity-accounted investments as at March 31, 2023, and December 31, 2022:

				Company's Ownership		Carrying Value	
Property/Investment	Principal Place of Business	Investment Type	Asset Type	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$11,989**	$11,658
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,779**	2,802
Greypoint Capital L.P. II	Toronto, ON	Joint Venture	Other	**15.6%**	15.6%	**1,173**	2,097
Courtyard by Marriott	Ottawa, ON	Joint Venture	Hotel	**50.0%**	50.0%	**10,610**	5,602
Marriott Residence Inn	London, ON	Joint Venture	Hotel	**50.0%**	50.0%	**7,540**	5,125
MIL Industrial Fund II LP[(1)]	Various	Associate	Industrial	**18.8%**	18.8%	**19,455**	19,505
						$53,546	$46,789

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

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

As at	March 31, 2023	December 31, 2022
Balance, beginning of period	**$46,789**	$62,223
Additions	**7,250**	774
Share of net income	**1,171**	1,207
Distributions received	**(1,664)**	(17,415)
Balance, end of period	**$53,546**	$46,789

MORTGAGES PAYABLE

Mortgages payable totalled $4,613,402 at March 31, 2023, compared to $4,642,151 at December 31, 2022, a decrease of $28,749, mainly due to the repayment of mortgages on maturity of $82,860 and scheduled principal repayments of $30,360, partially offset by net proceeds from new mortgage financing of $85,070.

MORTGAGE CONTINUITY SCHEDULE

As at	March 31, 2023	December 31, 2022
Opening mortgage balance	**$4,642,151**	$4,627,968
New mortgage financing	**85,360**	887,871
New mortgage financing costs	**(290)**	(4,579)
Mortgage repayments on maturity	**(82,860)**	(717,778)
Mortgage repayments on extinguishment	**—**	(136,829)
Scheduled principal repayments	**(30,360)**	(131,112)
Change in foreign exchange rate	**(1,709)**	112,562
Mortgages mark-to-market adjustment, net	**(496)**	(2,477)
Deferred financing costs (including extinguishment)	**1,606**	6,525
Closing mortgage balance	**$4,613,402**	$4,642,151

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2023, mortgages payable bear interest at rates ranging between 2.03% and 8.24% per annum with a weighted average interest rate of 4.03% (December 31, 2022 - 3.95%), mature between 2023 and 2058 with a weighted average term to maturity of 4.3 years (December 31, 2022 - 4.6 years). Approximately 89% of the Company's mortgages have fixed interest rates.

MORTGAGE REPAYMENT SCHEDULE

As at March 31, 2023	Principal Instalment Repayments	Balance Maturing	Total	Weighted Average Contractual Interest Rate
2023 (remainder of the year)	$94,346	$607,269	$701,615	5.10%
2024	106,343	670,758	777,101	4.99%
2025	85,181	484,141	569,322	3.13%
2026	65,270	421,931	487,201	3.48%
2027	48,443	440,767	489,210	3.76%
Thereafter	154,911	1,454,932	1,609,843	3.69%
	$554,494	$4,079,798	4,634,292	4.03%
Mark-to-market adjustment, net			1,774	
Deferred financing costs			(22,664)	
			$4,613,402	

Some of the Company's mortgages payable require it to maintain annual debt service coverage ratios and/or debt to equity ratios and/or debt to appraised value ratios and arrange for capital expenditures in accordance with predetermined limits. As at March 31, 2023, and December 31, 2022, the Company was in compliance with all financial covenants.

The following table details the new and refinancing activities completed during the three months ended March 31, 2023:

Date	Asset Type	Location	New Interest Rate	Maturing Interest Rate	Term (years)	Mortgage Proceeds	Mortgage Repayment
January 15, 2023	Hotel	Halifax, NS	8.24%	7.73%	0.7	$16,087	$16,087
January 15, 2023	Hotel	Halifax, NS	8.24%	7.73%	0.7	27,587	27,587
January 21, 2023	Retail	Red Deer, AB	5.21%	3.99%	3.0	31,686	39,186
February 1, 2023	Office	Edmonton, AB	5.63%	—%	3.0	10,000	—
Weighted Averages and Total			**6.81%**	**5.96%**	**1.8**	**$85,360**	**$82,860**

MORTGAGE MATURITY SCHEDULE

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

	2023				2024			
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	5	$106,719	3.36%	28.8%	6	$306,902	5.39%	37.1%
Retail	6	310,088	5.36%	63.2%	3	178,197	4.10%	65.5%
Office	3	118,669	4.79%	42.8%	4	180,006	5.18%	67.7%
Hotels	3	71,793	7.02%	92.9%	1	5,653	4.69%	37.7%
	17	**$607,269**	**5.10%**	**49.9%**	**14**	**$670,758**	**4.99%**	**48.6%**

UNSECURED DEBENTURES

The Company's Unsecured Debentures consist of the following:

As at December 31	Maturity Date	Coupon Interest Rate	March 31, 2023	December 31, 2022
Series E senior unsecured debentures	January 25, 2024	4.715%	**$225,000**	$225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Series G senior unsecured debentures	September 28, 2023	4.402%	**175,000**	175,000
Unamortized financing costs			**(678)**	(857)
			$624,322	$624,143

On September 15, 2017, the Company issued $200,000 (net proceeds including issuance costs - $198,800) of Series C senior unsecured debentures due on September 15, 2022. On September 15, 2022, the Series C senior unsecured debentures were fully repaid on maturity.

On January 25, 2019, the Company issued $225,000 (net proceeds including issuance costs - $223,575) of Series E senior unsecured debentures due on January 25, 2024. Interest on the Series E senior unsecured debentures is payable semi-annually, not in advance, on January 25 and July 25 of each year. Paros Enterprises Limited, a related party, acquired $12,500 aggregate principal amount of the Series E senior unsecured debentures. The Company has the option to redeem the Series E senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 0.70%.

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

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

For the three months ended March 31, 2023, interest on the Unsecured Debentures of $6,848 (2022 - $8,985) is included in interest expense.

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

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

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

Non-Consolidated Basis adjustments include the following:

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

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

Non-Consolidated Basis	**Covenant Requirements**	**March 31, 2023**	March 31, 2022
Interest coverage ratio(1)(2)	1.65	**2.26**	2.28
Indebtedness to aggregate assets ratio(2)	Less than or equal to 65%	**44.7%**	44.0%
Adjusted shareholders' equity(2)	Not less than $300,000	**$3,549,931**	$3,791,107

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

As at March 31, 2023, on a Non-Consolidated Basis, the Company's unencumbered assets which include real estate, hotel properties, and other investments amounted to $833,207 (December 31, 2022 - $863,625).

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

MORGUARD NON-CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

As at	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Balance Sheet Indenture Adjustment	March 31, 2023 Morguard Non-Consolidated Basis	December 31, 2022 Morguard Non-Consolidated Basis
ASSETS							
Real estate properties	$10,713,336	($2,326,143)	($4,000,793)	($162,932)	$—	**$4,223,468**	$4,332,675
Hotel properties	334,497	—	—	—	110,311	**444,808**	443,277
Equity-accounted and other fund investments	117,229	(11,989)	(54,641)	1,393,134	—	**1,443,733**	1,434,342
Other assets	628,928	(33,889)	(50,364)	56,388	(24,488)	**576,575**	527,557
Total assets	$11,793,990	($2,372,021)	($4,105,798)	$1,286,590	$85,823	**$6,688,584**	$6,737,851
LIABILITIES							
Mortgages payable	$4,613,402	($1,045,362)	($1,462,243)	($111,024)	$—	**$1,994,773**	$2,053,181
Construction financing, loans and bank indebtedness	290,444	(57,431)	(49,252)	49,252	—	**233,013**	214,379
Class B LP units	—	—	(299,682)	299,682	—	**—**	—
Debentures payable	764,797	(150,357)	(53,118)	63,000	—	**624,322**	624,143
Lease liabilities	172,093	(16,507)	(16,214)	215	—	**139,587**	139,986
Morguard Residential REIT units	485,228	—	—	(485,228)	—	**—**	—
Deferred income tax liabilities	851,363	—	(273,744)	—	(577,619)	**—**	—
Accounts payable and accrued liabilities	278,116	(60,482)	(73,584)	2,908	—	**146,958**	141,807
Total liabilities	7,455,443	(1,330,139)	(2,227,837)	(181,195)	(577,619)	**3,138,653**	3,173,496
Equity / Adjusted shareholders' equity	4,338,547	(1,041,882)	(1,877,961)	1,467,785	663,442	**3,549,931**	3,564,355
Total liabilities and equity	$11,793,990	($2,372,021)	($4,105,798)	$1,286,590	$85,823	**$6,688,584**	$6,737,851

COMPUTATION FOR INTEREST COVERAGE RATIO

Twelve months ended March 31	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Income Statement Indenture Adjustment	2023 Morguard Non-Consolidated Basis	2022 Morguard Non-Consolidated Basis
Revenue from real estate properties	$940,296	($246,119)	($292,882)	($18,918)	$—	**$382,377**	$353,801
Revenue from hotel properties	165,277	—	—	—	—	**165,277**	129,819
Property operating expenses	(428,089)	120,918	139,783	(8,056)	903	**(174,541)**	(166,208)
Hotel operating expenses	(125,819)	—	—	—	—	**(125,819)**	(105,885)
Net operating income	551,665	(125,201)	(153,099)	(26,974)	903	**247,294**	211,527
Management and advisory fees/distributions	41,227	—	—	44,995	—	**86,222**	79,628
Interest and other income	17,715	—	—	2,159	—	**19,874**	29,693
Property management and corporate(1)	(79,005)	3,703	20,352	(23,024)	(5,702)	**(83,676)**	(75,223)
Other income (expense)(2)	(505)	(1,050)	(3,859)	4,209	—	**(1,205)**	2,831
Distributions from Morguard REIT and Morguard Residential REIT	—	—	—	—	27,304	**27,304**	31,466
EBITDA	$531,097	($122,548)	($136,606)	$1,365	$22,505	**$295,813**	$279,922
Interest expense	$237,178	($55,241)	($64,129)	$13,033	$—	**$130,841**	$122,613
Interest capitalized to development projects	708	(708)	—	—	—	**—**	—
Interest expense for interest coverage ratio	$237,886	($55,949)	($64,129)	$13,033	$—	**$130,841**	$122,613

(1) Morguard consolidated property management and corporate expense for the trailing twelve months ended March 31, 2023, includes a non-cash fair value adjustment relating to the Company's SARs liability and has been adjusted to remove the impact of the decrease in SARs expense of $5,702 (2022 - increase in SARs expense of $3,965).

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

CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	March 31, 2023	December 31, 2022
Morguard Residential REIT(1)	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$48,118**	$—
Morguard Residential REIT	March 31, 2023	$20.20	4.50%	$85,500	$5,000	**—**	80,126
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**$92,357**	$91,968
						$140,475	$172,094

(1) As at March 31, 2023, the liability includes the fair value of the conversion option of $3,946 (December 31, 2022 - $94).

Morguard Residential REIT

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

On March 9, 2023, Morguard Residential REIT issued $50,000 principal amount of 6.00% convertible unsecured subordinated debentures maturing on March 31, 2028. On March 17, 2023, an additional principal amount of $6,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on March 31 and September 30 of each year, commencing September 30, 2023. The underwriter's commissions, legal and other issue costs attributable to the debentures in the amount of $2,410 have been capitalized and are being amortized over the term to maturity. Paros Enterprises Limited, a related party, acquired $2,000 aggregate principal amount of the 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, commencing on June 30, 2022. The underwriter's commissions, legal and other issue costs attributable to the debentures in the amount of $4,213 have been capitalized and are being amortized over the term to maturity. The convertible debentures, with the exception of $4,213, the value assigned to the holder's conversion option, have been recorded as debt on the consolidated balance sheets. Morguard owns $60,000 aggregate principal amount of the 5.25% convertible unsecured subordinated debentures.

For the three months ended March 31, 2023, interest on convertible debentures net of accretion of $2,479 (2022 - $2,347) is included in interest expense.

MORGUARD RESIDENTIAL REIT UNITS

As at March 31, 2023, the Company owned a 44.8% (December 31, 2022 - 44.7%) effective interest in Morguard Residential REIT through its ownership of 7,944,166 units and 17,223,090 Class B LP units. Although the Company owns less than 50% of Morguard Residential REIT, it continues to consolidate its investment on the basis of *de facto* control.

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

As at March 31, 2023, the Company valued the non-controlling interest in Morguard Residential REIT units at $485,228 (December 31, 2022 - $454,425) and classified the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended March 31, 2023 of $39,660 (2022 - $58,649), in the consolidated statements of income (loss).

BANK INDEBTEDNESS

As at March 31, 2023, and December 31, 2022, the Company has operating lines of credit totalling $491,500, the majority of which can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on bankers' acceptance. As at March 31, 2023, the maximum amount that can be borrowed on the operating lines of credit is $396,491 (December 31, 2022 - $384,895), which includes deducting issued letters of credit in the amount of $5,308 (December 31, 2022 - $4,676) related to these facilities. The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed-charge security on specific properties have been pledged as collateral on these operating lines of credit. As at March 31, 2023, the Company had borrowed $258,378 (December 31, 2022 - $184,306) on its operating lines of credit.

The bank credit agreements, which renew annually and are due on demand, include certain restrictive undertakings by the Company. As at March 31, 2023, the Company is in compliance with all undertakings.

LEASE LIABILITIES

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

As at	March 31, 2023	December 31, 2022
Balance, beginning of period	**$172,517**	$168,265
Interest on lease liabilities	**2,484**	9,626
Payments	**(2,894)**	(11,358)
Additions	**—**	6,987
Dispositions	**—**	(1,562)
Foreign exchange loss (gain)	**(14)**	559
Balance, end of period	**$172,093**	$172,517

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2023	December 31, 2022
Within 12 months	**$11,488**	$11,479
2 to 5 years	**45,132**	45,185
Over 5 years	**359,814**	362,484
Total minimum lease payments	**$416,434**	$419,148
Less: future interest costs	**(244,341)**	(246,631)
Present value of minimum lease payments	**$172,093**	$172,517

EQUITY

Total equity decreased by $46,924 to $4,338,547 at March 31, 2023, compared to $4,385,471 at December 31, 2022.

The decrease in equity was primarily the result of:

- Net loss for the three months ended March 31, 2023 of $31,350;
- An actuarial gain on defined benefit pension plans of $1,743;
- Non-controlling interest distributions of $1,784;
- Change in ownership of Morguard REIT of $7,919;
- Tax impact of increase in subsidiary ownership interest of $4,056;
- Dividends paid of $1,653; and
- Unrealized foreign currency translation loss of $1,730.

As at March 31, 2023, and May 2, 2023, 11,022,087 common shares were outstanding.

PART V

LIQUIDITY

Morguard uses a combination of existing cash, cash generated from operations, mortgages, bank indebtedness, project-specific financing and equity to finance its activities. For the three months ended March 31, 2023, Morguard received $8,603 in recurring distributions and dividends from subsidiaries and affiliated entities.

The Company has liquidity of approximately $319,500 comprised of $120,500 in cash, $138,000 available under its revolving credit facilities and $61,000 of additional net mortgage financing proceeds under commitment. In addition, the Company has approximately $1,298,000 of unencumbered income producing and hotel properties, and other investments which could be utilized for financing.

The Company has approximately $1,278,000 of mortgages payable maturing during 2023 and 2024 having an aggregate loan-to-value ratio of 49% which management expects to be able to refinance at similar or favourable terms. In addition, the Company has $175,000, $225,000 and $225,000 of senior unsecured debentures maturing in September 2023, January 2024 and November 2024, respectively. The Company expects to be able to issue new debt instruments and use current liquidity to permit the repayment of 2023 and 2024 maturities.

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

THREE MONTHS ENDED MARCH 31, 2023

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended March 31, 2023, was $47,072, compared to $9,463 in 2022. 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 three months ended March 31, 2023, totalled $148,466, compared to cash provided by investing activities of $3,346 in 2022. The cash used in investing activities reflects:

- Additions to real estate properties and tenant improvements of $126,398;
- Additions to hotel properties of $1,531;
- Investment in properties under development of $6,875;
- Proceeds from sale of income producing properties of $1,549;
- Investment in marketable securities of $8,194; and
- Investment in equity accounted and other funds investments of $6,317.

Cash Provided by (Used in) Financing Activities

Cash provided by financing activities during the three months ended March 31, 2023, totalled $110,067, compared to cash used in financing activities of $19,156 in 2022. The cash provided by financing activities reflects:

- Proceeds from new mortgages, net of financing cost of $85,070;
- Mortgage principal repayments of $30,360;
- Repayment of mortgages on maturity of $82,860;
- Net proceeds from bank indebtedness of $74,099;
- Redemption of debentures payable of $80,500;
- Proceeds from issuance of debentures payable, net of costs of $48,590;
- Net proceeds from loans payable of $27,357;
- Dividends paid of $1,646;
- Distributions to non-controlling interest of $1,326;
- Morguard Residential REIT units repurchased for cancellation of $3,478;
- Investment in Morguard REIT of $7,919; and
- Decrease in restricted cash of $83,450.

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 ENTERPRISES LIMITED

Paros is the majority shareholder and ultimate parent of the Company. Paros is owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. Paros owns $12,500 aggregate principal amount of the Company's Series E unsecured debentures and $2,000 of Morguard Residential REIT's 6.00% convertible unsecured subordinated debentures. As at March 31, 2023, and December 31, 2022, the Company has a demand loan agreement with Paros that provides for the Company to borrow up to $50,000. As at March 31, 2023, and December 31, 2022, 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 through his personal holding companies, which include Paros. Pursuant to contractual agreements between the Company and TWC, for the three months ended March 31, 2023, the Company received a management fee of $329 (2022 - $319), and paid rent and operating expenses $159 (2022 - $158).

As at March 31, 2023, and December 31, 2022, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at the lender's short-term bank borrowing rate plus ten basis points. The total loan payable as at March 31, 2023 was $32,066 (December 31, 2022 - $5,000). During the three months ended March 31, 2023, the Company paid net interest of $149 (2022 - $nil).

SHARE/UNIT PURCHASE AND OTHER LOANS

As at March 31, 2023, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $1,593 (December 31, 2022 - $6,007) are outstanding. The loans are collateralized by their common shares of the Company, units of Morguard REIT and units of Morguard Residential REIT and are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as amounts receivable on the consolidated balance sheets. As at March 31, 2023, the fair market value of the common shares/units held as collateral is $4,562.

PART VII

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Company's unaudited condensed consolidated financial statements for the three months ended March 31, 2023 and 2022, 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, 2022, which include the significant accounting policies most affected by estimates and judgements, and should be read in conjunction with the most recent annual audited consolidated financial statements.

The MD&A for the year ended December 31, 2022, contains a discussion of the significant accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being the accounting policies relating to *de facto* control, estimates of fair value of real estate properties, estimating deferred tax assets and liabilities, revenue recognition, valuation of financial instruments and the determination of whether an acquisition represents a business combination or an asset acquisition. Management determined that as at March 31, 2023, there is no change to the assessment of the significant accounting policies most affected by estimates and judgments as detailed in the MD&A for the year ended December 31, 2022.

FINANCIAL INSTRUMENTS

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

The Company's financial assets and financial liabilities comprise cash, restricted cash, amounts receivable, finance lease receivable, accounts payable and accrued liabilities, bank indebtedness, mortgages payable, loans payable, lease liabilities, Unsecured Debentures and convertible debentures (excluding any conversion option). Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets subsequent to initial recognition are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and lost ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Fair values of financial assets and financial liabilities are presented as follows:

Fair Value of Financial Assets and Financial Liabilities

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

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

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2023 market rates for debts of similar terms. Based on these assumptions, the fair value as at March 31, 2023 of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,409,392 (December 31, 2022 - $4,370,416), compared with the carrying value of $4,634,292 (December 31, 2022 - $4,663,814). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures' liability is based on its closing bid price. As at March 31, 2023, the fair value of the Unsecured Debentures has been estimated at $605,842 (December 31, 2022 - $601,040) compared with the carrying value of $625,000 (December 31, 2022 - $625,000).

The fair value of the convertible debentures liability is based on their market trading prices. As at March 31, 2023, the fair value of the convertible debentures before deferred financing costs has been estimated at $146,954 (December 31, 2022 - $172,176), compared with the carrying value of $150,000 (December 31, 2022 - $179,500).

The fair value of the finance lease receivable is determined by discounting the cash flows of the financial receivable using March 31, 2023 market rates for debt on similar terms. Based on these assumptions, as at March 31, 2023, the fair value of the finance lease receivable has been estimated at $58,463 (December 31, 2022 - $58,331).

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, 2022 and the Company's most recent Annual Information Form, dated February 23, 2023 and provide a more detailed discussion of these and other risks.

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

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

The Company's management has evaluated the effectiveness of the Company's disclosure controls and procedures and, based on such evaluation, has concluded that their design is adequate and effective as of and for the three months ended March 31, 2023. The Company's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design is effective as of and for the three months ended March 31, 2023.

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

PART VIII

SUMMARY OF QUARTERLY INFORMATION

(In thousands of dollars, except per common share amounts)	Total Revenue	NOI	Adjusted NOI	Normalized FFO	Net Income (Loss)	Net Income (Loss) Attributable to Common Shareholders	Net Income (Loss) to Common Shareholders per Share - Basic/Diluted
March 31, 2023	**$292,777**	**$95,119**	**136,168**	**$50,266**	**($31,350)**	**($34,690)**	**($3.15)**
December 31, 2022	289,468	156,776	145,416	60,160	(423,305)	(383,030)	(34.48)
September 30, 2022	299,501	158,034	145,539	63,396	55,755	66,824	6.02
June 30, 2022	282,769	141,736	130,027	52,394	248,091	232,708	20.96
March 31, 2022	264,937	80,091	115,677	42,871	231,711	206,269	18.58
December 31, 2021	272,681	131,536	120,647	50,811	113,716	115,481	10.40
September 30, 2021	271,435	135,445	125,183	58,673	108,776	102,626	9.25
June 30, 2021	253,766	134,545	123,603	41,369	16,181	16,498	1.48

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 includes a number of non-cash components, such as fair value gain/loss on Morguard Residential REIT units, fair value gain/loss on real estate properties, fair value gain/loss on investments in marketable securities and other fund investments, an IFRIC 21 adjustment to realty taxes, equity income (loss) from investment, provision for impairment and deferred taxes.

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

Year	Quarter	Asset Class	Transaction	Sq. feet	# of rooms/ suites
2023	First	Residential	Acquisition	—	240
2023	First	Industrial	Disposition	19,875	—
2022	Fourth	Office(1)	Acquisition	109,208	—
2022	Fourth	Industrial	Disposition	21,536	—
2022	Fourth	Multi-suite residential	Disposition	—	340
2022	Fourth	Hotels	Disposition	—	616
2022	Third	Hotels	Disposition	—	566
2022	Third	Multi-suite residential	Disposition	—	144
2022	Third	Retail	Acquisition	186,712	—
2022	Third	Multi-suite residential	Acquisition	—	350
2022	Second	Office	Acquisition	163,580	—
2022	Second	Multi-suite residential	Disposition	—	292
2022	Second	Hotels	Disposition	—	673
2022	First	Hotels	Disposition	—	184
2021	Fourth	Mixed-use(2)	Acquisition	52,000	299
2021	Fourth	Hotels	Disposition	—	80
2021	Third	Hotels	Disposition	—	379
2021	Third	Retail	Disposition	46,500	—

(1) The Company acquired a 50% interest in the property, total square feet is stated at 100% basis.
(2) The Company acquired the remaining 40.9% interest in a mixed-use property comprising 299 residential suites and 52,000 square feet of commercial space.

At various times commencing March 2020, the outbreak of COVID-19 resulted in governments enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, closure of non-essential businesses, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business.

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.

Since the start of the pandemic, the Company has experienced a decline in revenue mainly at hotel and retail properties. Subsequent to the second quarter of 2021, revenue has increased mainly as a result of businesses reopening and a trend of reduced COVID-19 mandates. In addition, lower hotel revenue during the first quarter of 2022 and 2023 is seasonally impacted by the colder months. The change in foreign exchange rates and the impact of acquisition net of disposal of properties (described above) also contributed to the fluctuation in revenue during the last eight quarters.

Similar to the reasons described above, NOI over the last eight quarters has followed a similar pattern. Lower revenue (as described above) and lower NOI prior to and including the second quarter of 2021 was due to higher bad debt expense and operating costs resulting from the impact of COVID-19. The impact of foreign exchange rates and of acquisitions and dispositions also factor into the variance from quarter to quarter. The first quarter results (three months ended March 31) are impacted by IFRIC 21, whereby the Company records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition. As a result, the second, third and fourth quarters typically have no realty tax expense which results in higher NOI and NOI margins. Adjusted NOI which excludes IFRIC 21 is presented in the table above to illustrate a more comparable quarter-to-quarter analysis.

Net Income (Loss) Attributable to Common Shareholders

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

- The Company valued the Morguard Residential REIT units (presented as a liability under IFRS) based on the market value of the TSX-listed units. Subsequent to the first quarter of 2020, there has been volatility in the trading price of the Morguard Residential REIT units resulting in a fair value gain/loss recorded to net income (loss);
- The Company recorded a fair value gain on real estate properties for the three months ended March 31, 2023, mainly due to an increase in stabilized NOI across the Company's Canadian and U.S. residential portfolio. The Company recorded a fair value loss during the year ended December 31, 2022, primarily due to an increase in capitalization rates at the Company's retail and office properties;
- During the three months ended March 31, 2023 and 2022, the Company recorded a deferred tax expense coinciding with the fair value gains recorded on the Company's real estate properties; and
- The Company recorded an impairment provision on hotel properties of $17,233 and $28,056 during the third and second quarters of 2021, respectively.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Real estate properties	4	**$10,713,336**	$10,551,074
Hotel properties	5	**334,497**	337,239
Equity-accounted and other fund investments	6	**117,229**	120,347
Other assets	7	**352,421**	357,466
		11,517,483	11,366,126
Current assets			
Amounts receivable	8	**71,743**	80,159
Prepaid expenses and other		**84,226**	147,159
Cash		**120,538**	111,808
		276,507	339,126
		$11,793,990	$11,705,252
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	9	**$3,814,282**	$3,876,135
Debentures payable	10	**365,344**	541,283
Lease liabilities	12	**170,504**	170,934
Morguard Residential REIT units	11	**485,228**	454,425
Deferred income tax liabilities		**851,363**	821,443
		5,686,721	5,864,220
Current liabilities			
Mortgages payable	9	**799,120**	766,016
Debentures payable	10	**399,453**	254,954
Loans payable	20	**32,066**	5,000
Accounts payable and accrued liabilities	13	**279,705**	245,285
Bank indebtedness	14	**258,378**	184,306
		1,768,722	1,455,561
Total liabilities		**7,455,443**	7,319,781
EQUITY			
Shareholders' equity		**3,840,385**	3,865,254
Non-controlling interest		**498,162**	520,217
Total equity		**4,338,547**	4,385,471
		$11,793,990	$11,705,252

Contingencies 24

See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board:

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

K. Rai Sahi,
Director

Bruce K. Robertson,
Director

STATEMENTS OF INCOME (LOSS)

In thousands of Canadian dollars, except per common share amounts

For the three months ended March 31	Note	2023	2022
Revenue from real estate properties	16	**$246,372**	$222,593
Revenue from hotel properties	16	**31,159**	28,051
Property operating expenses			
Property operating costs		**(58,513)**	(54,841)
Utilities		**(19,494)**	(16,998)
Realty taxes		**(78,822)**	(70,911)
Hotel operating expenses		**(25,583)**	(27,803)
Net operating income		**95,119**	80,091
OTHER REVENUE			
Management and advisory fees	16	**10,150**	10,262
Interest and other income		**5,096**	4,031
		15,246	14,293
EXPENSES			
Interest	17	**62,727**	54,884
Property management and corporate	15(c)	**21,906**	20,514
Amortization of hotel properties and other		**7,510**	6,745
		92,143	82,143
OTHER INCOME (EXPENSE)			
Fair value gain (loss), net	18	**(24,191)**	280,012
Equity income from investments	6	**1,171**	802
Other income (expense)	19	**(841)**	2,106
		(23,861)	282,920
Income (loss) before income taxes		**(5,639)**	295,161
Provision for income taxes	21		
Current		**29**	551
Deferred		**25,682**	62,899
		25,711	63,450
Net income (loss) for the period		**($31,350)**	$231,711
Net income (loss) attributable to:			
Common shareholders		**($34,690)**	$206,269
Non-controlling interest		**3,340**	25,442
		($31,350)	$231,711
Net income (loss) per common share attributable to:			
Common shareholders - basic and diluted	22	**($3.15)**	$18.58

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars

For the three months ended March 31	2023	2022
Net income (loss) for the period	**($31,350)**	$231,711
OTHER COMPREHENSIVE LOSS		
Items that may be reclassified subsequently to net income (loss):		
Unrealized foreign currency translation loss	**(1,730)**	(30,483)
Deferred income tax recovery	**283**	4,325
	(1,447)	(26,158)
Items that will not be reclassified subsequently to net income (loss):		
Actuarial gain on defined benefit pension plans	**1,743**	3,883
Deferred income tax provision	**(465)**	(1,029)
	1,278	2,854
Other comprehensive loss	**(169)**	(23,304)
Total comprehensive income (loss) for the period	**($31,519)**	$208,407
Total comprehensive income (loss) attributable to:		
Common shareholders	**($34,788)**	$184,118
Non-controlling interest	**3,269**	24,289
	($31,519)	$208,407

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, 2022		$3,351,294	$179,953	$100,929	$3,632,176	$541,571	$4,173,747
Changes during the period:							
Net income		206,269	—	—	206,269	25,442	231,711
Other comprehensive loss		—	(22,151)	—	(22,151)	(1,153)	(23,304)
Dividends		(1,665)	—	—	(1,665)	—	(1,665)
Distributions		—	—	—	—	(2,671)	(2,671)
Issuance of common shares		—	—	7	7	—	7
Shareholders' equity, March 31, 2022		$3,555,898	$157,802	$100,936	$3,814,636	$563,189	$4,377,825
Changes during the period:							
Net loss		(83,498)	—	—	(83,498)	(35,961)	(119,459)
Other comprehensive income		—	142,538	—	142,538	7,323	149,861
Dividends		(4,983)	—	—	(4,983)	—	(4,983)
Distributions		—	—	—	—	(5,799)	(5,799)
Issuance of common shares		—	—	20	20	—	20
Repurchase of common shares		(7,761)	—	(717)	(8,478)	—	(8,478)
Change in ownership of Morguard REIT		6,000	—	—	6,000	(8,535)	(2,535)
Tax impact of increase in subsidiary ownership interest		(981)	—	—	(981)	—	(981)
Shareholders' equity, December 31, 2022		$3,464,675	$300,340	$100,239	$3,865,254	$520,217	$4,385,471
Changes during the period:							
Net income (loss)		**(34,690)**	**—**	**—**	**(34,690)**	**3,340**	**(31,350)**
Other comprehensive loss		**—**	**(98)**	**—**	**(98)**	**(71)**	**(169)**
Dividends	15(a)	**(1,653)**	**—**	**—**	**(1,653)**	**—**	**(1,653)**
Distributions		**—**	**—**	**—**	**—**	**(1,784)**	**(1,784)**
Issuance of common shares	15(a)	**—**	**—**	**7**	**7**	**—**	**7**
Change in ownership of Morguard REIT	15(b)	**15,621**	**—**	**—**	**15,621**	**(23,540)**	**(7,919)**
Tax impact of increase in subsidiary ownership interest		**(4,056)**	**—**	**—**	**(4,056)**	**—**	**(4,056)**
Shareholders' equity, March 31, 2023		**$3,439,897**	**$300,242**	**$100,246**	**$3,840,385**	**$498,162**	**$4,338,547**

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

For the three months ended March 31	Note	2023	2022
OPERATING ACTIVITIES			
Net income (loss) for the period		**($31,350)**	$231,711
Add (deduct) items not affecting cash	23(a)	**94,953**	(176,731)
Distributions from equity-accounted and other fund investments	6	**731**	2,191
Additions to tenant incentives and leasing commissions	4	**(1,731)**	(1,816)
Net change in operating assets and liabilities	23(b)	**(15,531)**	(45,892)
Cash provided by operating activities		**47,072**	9,463
INVESTING ACTIVITIES			
Additions to real estate properties and tenant improvements	4	**(126,398)**	(11,427)
Additions to hotel properties	5	**(1,531)**	(689)
Additions to capital and intangible assets		**(515)**	(232)
Investment in properties under development	4	**(6,875)**	(2,184)
Proceeds from the sale of real estate properties, net	4	**1,549**	—
Proceeds from the sale of hotel properties, net		**—**	18,023
Decrease (increase) in mortgages and loans receivable		**(185)**	166
Investment in marketable securities		**(8,194)**	—
Investment in equity-accounted and other fund investments, net	6	**(6,317)**	(311)
Cash provided by (used in) investing activities		**(148,466)**	3,346
FINANCING ACTIVITIES			
Proceeds from new mortgages		**85,360**	95,701
Financing costs on new mortgages		**(290)**	(296)
Repayment of mortgages			
Principal instalment repayments		**(30,360)**	(33,380)
Repayments on maturity		**(82,860)**	(66,237)
Repayments due to mortgage extinguishments		**—**	(13,134)
Principal payment of lease liabilities		**(410)**	(376)
Proceeds from bank indebtedness		**131,712**	6,251
Repayment of bank indebtedness		**(57,613)**	(4,383)
Proceeds from issuance of debentures payable, net of costs	10(b)	**48,590**	—
Redemption of debentures payable	10(b)	**(80,500)**	—
Proceeds from loans payable, net		**27,357**	—
Dividends paid		**(1,646)**	(1,658)
Distributions to non-controlling interest, net		**(1,326)**	(2,548)
Morguard Residential REIT units repurchased for cancellation		**(3,478)**	—
Investment in subsidiaries	15(b)	**(7,919)**	—
Decrease in restricted cash		**83,450**	904
Cash provided by (used in) financing activities		**110,067**	(19,156)
Net increase (decrease) in cash during the period		**8,673**	(6,347)
Net effect of foreign currency translation on cash balance		**57**	(1,773)
Cash, beginning of period		**111,808**	173,656
Cash, end of period		**$120,538**	$165,536

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2023 and 2022

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

NOTE 1
NATURE AND DESCRIPTION OF COMPANY

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

NOTE 2
STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

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

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 2, 2023.

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

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

	2023	2022
Canadian dollar to United States dollar exchange rates:		
- As at March 31	**$0.7389**	$0.8003
- As at December 31	—	0.7383
- Average for the three months ended March 31	**0.7394**	0.7898
United States dollar to Canadian dollar exchange rates:		
- As at March 31	**1.3533**	1.2496
- As at December 31	—	1.3544
- Average for the three months ended March 31	**1.3525**	1.2662

NOTE 3
SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at March 31, 2023, the Company owned a 44.8% (December 31, 2022 - 44.7%) effective interest in Morguard Residential REIT through its ownership of 7,944,166 units and 17,223,090 Class B LP units. The Company continues to consolidate its investment in Morguard Residential REIT on the basis of *de facto* control in accordance with IFRS 10, Consolidated Financial Statements ("IFRS 10"). Refer to the Company's most recent annual audited consolidated financial statements for the factors that continue to support the conclusion that the Company has *de facto* control of Morguard Residential REIT.

During the three months ended March 31, 2023, Morguard Residential REIT recorded distributions of $7,036, or $0.18 per unit (2022 - $6,834, or $0.1749 per unit), of which $1,430 was paid to the Company (2022 - $1,389) and $5,606 was paid to the remaining unitholders (2022 - $5,445). In addition, during the three months ended March 31, 2023, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $3,100 (2022 - $3,012).

Morguard Real Estate Investment Trust (“Morguard REIT” or “MRT”)

As at March 31, 2023, the Company owned 40,980,641 units (December 31, 2022 - 39,541,641 units) of Morguard REIT, which represents a 63.8% (December 31, 2022 - 61.6%) ownership interest.

During the three months ended March 31, 2023, Morguard REIT recorded distributions of $3,849, or $0.06 per unit (2022 - $3,846, or $0.06 per unit), of which $2,409 (2022 - $2,342) was paid to the Company and $1,440 was paid to the remaining unitholders (2022 - $1,504).

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

As at	March 31, 2023		December 31, 2022	
	MRT	MRG	MRT	MRG
Non-current assets	**$2,336,764**	**$4,055,434**	$2,348,116	$3,732,315
Current assets	**33,752**	**50,364**	26,566	202,102
Total assets	**$2,370,516**	**$4,105,798**	$2,374,682	$3,934,417
Non-current liabilities	**$864,613**	**$1,969,846**	$905,863	$1,805,364
Current liabilities	**466,377**	**257,991**	420,711	273,664
Total liabilities	**$1,330,990**	**$2,227,837**	$1,326,574	$2,079,028
Equity	**$1,039,526**	**$1,877,961**	$1,048,108	$1,855,389
Non-controlling interest	**$380,003**	**$1,036,259**	$406,475	$1,026,587

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

For the three months ended March 31	2023		2022	
	MRT	MRG	MRT	MRG
Revenue	**$64,816**	**$79,648**	$61,326	$65,257
Expenses	**(48,068)**	**(91,419)**	(45,784)	(108,120)
Fair value gain (loss) on real estate properties, net	**(21,541)**	**66,688**	24,965	246,729
Fair value loss on Class B LP units	**—**	**(20,668)**	—	(32,724)
Net income (loss) for the period	**($4,793)**	**$34,249**	$40,507	$171,142
Non-controlling interest	**($1,552)**	**$18,899**	$15,890	$94,642

For the three months ended March 31	2023		2022	
	MRT	MRG	MRT	MRG
Cash provided by operating activities	**$16,570**	**$17,897**	$14,307	$12,525
Cash used in investing activities	**(9,683)**	**(169,680)**	(3,772)	(3,879)
Cash provided by (used in) financing activities	**(7,127)**	**160,746**	(10,355)	(3,813)
Net increase (decrease) in cash during the period	**($240)**	**$8,963**	$180	$4,833

NOTE 4
REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	March 31, 2023	December 31, 2022
Income producing properties	**$10,575,398**	$10,418,017
Properties under development	**25,535**	21,604
Land held for development	**112,403**	111,453
	$10,713,336	$10,551,074

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

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2022	**$10,418,017**	**$21,604**	**$111,453**	**$10,551,074**
Additions:				
Acquisitions	**112,980**	**—**	**—**	**112,980**
Capital expenditures	**12,803**	**—**	**—**	**12,803**
Development expenditures	**—**	**6,590**	**285**	**6,875**
Tenant improvements, incentives and leasing commissions	**2,346**	**—**	**—**	**2,346**
Transfers	**2,659**	**(2,659)**	**—**	**—**
Dispositions	**(1,549)**	**—**	**—**	**(1,549)**
Fair value gain, net (Note 18)	**33,095**	**—**	**676**	**33,771**
Foreign currency translation	**(3,520)**	**—**	**(11)**	**(3,531)**
Other	**(1,433)**	**—**	**—**	**(1,433)**
Balance as at March 31, 2023	**$10,575,398**	**$25,535**	**$112,403**	**$10,713,336**

Transactions completed during the three months ended March 31, 2023

Acquisitions

On March 29, 2023, the Company acquired a multi-suite residential property comprising 240 suites located in Chicago, Illinois, for a purchase price of $112,980 (US$83,221), including closing costs.

The Company pursued a tax deferred exchange under Internal Revenue Code Section 1031 (“1031 Exchange”) in connection with its U.S. property dispositions. Under a 1031 Exchange, the Company was able to defer tax payable upon the acquisition of its replacement property.

Dispositions

During the three months ended March 31, 2023, the Company sold three industrial properties consisting of 19,875 square feet, for net proceeds of $1,549, including closing costs.

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2022 is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2021	$10,139,816	$12,360	$92,699	$10,244,875
Additions:				
Acquisitions	314,999	—	2,909	317,908
Capital expenditures	83,995	—	—	83,995
Development expenditures	—	15,269	1,239	16,508
Tenant improvements, incentives and leasing commissions	14,174	—	—	14,174
Right-of-use assets	6,643	—	—	6,643
Transfers	6,025	(6,025)	—	—
Dispositions	(255,432)	—	(1,298)	(256,730)
Fair value gain (loss), net	(145,160)	—	14,989	(130,171)
Foreign currency translation	259,638	—	915	260,553
Other	(6,681)	—	—	(6,681)
Balance as at December 31, 2022	$10,418,017	$21,604	$111,453	$10,551,074

Capitalization Rates

As at March 31, 2023, and December 31, 2022, the Company had its portfolio internally appraised. In addition, the Company's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

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

As at March 31, 2023, 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 10.0% (December 31, 2022 - 3.3% to 10.0%), resulting in an overall weighted average capitalization rate of 5.5% (December 31, 2022 - 5.5%).

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

	March 31, 2023					December 31, 2022				
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%**	**6.0%**	**3.3%**	**4.3%**	98.5%	92.0%	6.0%	3.3%	4.3%
Retail	**99.0%**	**85.0%**	**10.0%**	**5.0%**	**7.3%**	99.0%	85.0%	10.0%	5.0%	7.2%
Office(1)	**100.0%**	**90.0%**	**8.5%**	**4.3%**	**6.8%**	100.0%	90.0%	8.3%	4.3%	6.7%

(1) Includes industrial properties comprising approximately 9% of the segment's total assets.

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

As at	March 31, 2023			December 31, 2022		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**11.0%**	**5.8%**	**7.6%**	11.0%	5.8%	7.5%
Terminal cap rate	**10.0%**	**5.0%**	**6.6%**	10.0%	5.0%	6.6%
Office						
Discount rate	**9.0%**	**5.3%**	**6.7%**	9.0%	5.3%	6.7%
Terminal cap rate	**8.0%**	**4.3%**	**5.9%**	8.0%	4.3%	5.9%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rates were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the income producing properties as at March 31, 2023 would decrease by $471,492 and increase by $521,642, respectively.

The sensitivity of the fair values of the Company's income producing properties as at March 31, 2023, and December 31, 2022, is set out in the table below:

As at	March 31, 2023		December 31, 2022	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($325,804)**	**$365,020**	($326,294)	$366,825
Retail	**(64,987)**	**69,646**	(65,790)	70,573
Office	**(80,701)**	**86,976**	(83,423)	90,021
	($471,492)	**$521,642**	($475,507)	$527,419

NOTE 5

HOTEL PROPERTIES

Hotel properties consist of the following:

As at March 31, 2023	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	**$55,416**	**$—**	**$—**	**$55,416**
Buildings	**332,244**	**(12,206)**	**(54,359)**	**265,679**
Furniture, fixtures, equipment and other	**70,397**	**(1,043)**	**(55,952)**	**13,402**
	$458,057	**($13,249)**	**($110,311)**	**$334,497**

As at December 31, 2022	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	$55,416	$—	$—	$55,416
Buildings	331,572	(12,206)	(52,318)	267,048
Furniture, fixtures, equipment and other	69,538	(1,043)	(53,720)	14,775
	$456,526	($13,249)	($106,038)	$337,239

Transactions in hotel properties for the three months ended March 31, 2023, are summarized as follows:

As at March 31, 2023	Opening Net Book Value	Additions	Amortization	Closing Net Book Value
Land	**$55,416**	**$—**	**$—**	**$55,416**
Buildings	**267,048**	**672**	**(2,041)**	**265,679**
Furniture, fixtures, equipment and other	**14,775**	**859**	**(2,232)**	**13,402**
	$337,239	**$1,531**	**($4,273)**	**$334,497**

Transactions in hotel properties for the year ended December 31, 2022, are summarized as follows:

As at December 31, 2022	Opening Net Book Value	Additions	Dispositions	Amortization	Closing Net Book Value
Land	$82,125	$—	($26,709)	$—	$55,416
Buildings	347,708	4,007	(76,090)	(8,577)	267,048
Furniture, fixtures, equipment and other	25,898	2,594	(3,773)	(9,944)	14,775
Right-of-use asset - land lease	1,422	—	(1,422)	—	—
	$457,153	$6,601	($107,994)	($18,521)	$337,239

NOTE 6

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

(a) Equity-accounted and Other Real Estate Fund Investments Consist of the Following:

As at	March 31, 2023	December 31, 2022
Joint ventures	**$34,091**	$27,284
Associates	**19,455**	19,505
Equity-accounted investments	**53,546**	46,789
Other real estate fund investments	**63,683**	73,558
Equity-accounted and other fund investments	**$117,229**	$120,347

The following are the Company's significant equity-accounted investments as at March 31, 2023, and December 31, 2022:

Property/Investment	Principal Place of Business	Investment Type	Asset Type	Company's Ownership March 31, 2023	Company's Ownership December 31, 2022	Carrying Value March 31, 2023	Carrying Value December 31, 2022
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$11,989**	$11,658
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,779**	2,802
Greypoint Capital L.P. II	Toronto, ON	Joint Venture	Other	**15.6%**	15.6%	**1,173**	2,097
Courtyard by Marriott	Ottawa, ON	Joint Venture	Hotel	**50.0%**	50.0%	**10,610**	5,602
Marriott Residence Inn	London, ON	Joint Venture	Hotel	**50.0%**	50.0%	**7,540**	5,125
MIL Industrial Fund II LP[(1)]	Various	Associate	Industrial	**18.8%**	18.8%	**19,455**	19,505
						$53,546	$46,789

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

Equity-accounted investments

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

As at	March 31, 2023	December 31, 2022
Balance, beginning of period	**$46,789**	$62,223
Additions	**7,250**	774
Share of net income	**1,171**	1,207
Distributions received	**(1,664)**	(17,415)
Balance, end of period	**$53,546**	$46,789

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

As at	March 31, 2023			December 31, 2022		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Non-current assets	**$155,933**	**$133,887**	**$289,820**	$156,192	$133,887	$290,079
Current assets	**14,462**	**1,515**	**15,977**	17,831	2,318	20,149
Total assets	**$170,395**	**$135,402**	**$305,797**	$174,023	$136,205	$310,228
Non-current liabilities	**$44,828**	**$—**	**$44,828**	$59,143	$6,157	$65,300
Current liabilities	**54,007**	**31,328**	**85,335**	56,005	25,711	81,716
Total liabilities	**$98,835**	**$31,328**	**$130,163**	$115,148	$31,868	$147,016
Net assets	**$71,560**	**$104,074**	**$175,634**	$58,875	$104,337	$163,212
Equity-accounted investments	**$34,091**	**$19,455**	**$53,546**	$27,284	$19,505	$46,789

For the three months ended March 31	2023			2022		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	**$8,204**	**$2,105**	**$10,309**	$6,652	$2,553	$9,205
Expenses	**(6,100)**	**(933)**	**(7,033)**	(4,659)	(1,248)	(5,907)
Fair value gain (loss) on real estate properties, net	**166**	**(61)**	**105**	(72)	(311)	(383)
Net income for the period	**$2,270**	**$1,111**	**$3,381**	$1,921	$994	$2,915
Income in equity-accounted investments	**$963**	**$208**	**$1,171**	$617	$185	$802

(b) Income Recognized from Other Fund Investments:

Other Real Estate Fund Investments

For the three months ended March 31	2023	2022
Distribution income	**$96**	$341
Fair value loss for the period (Note 18)	**(9,923)**	(2,278)
Loss from other real estate fund investments	**($9,827)**	($1,937)

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 fair value through profit or loss ("FVTPL"). Gains or losses arise from the change in the fair value of the underlying real estate properties held by the funds (Level 3) and from foreign exchange currency translation. Distributions received from these funds are recorded in other income (expense) on the consolidated statements of income (loss).

NOTE 7

OTHER ASSETS

Other assets consist of the following:

As at	March 31, 2023	December 31, 2022
Investment in marketable securities	**$103,738**	$104,190
Accrued pension benefit asset	**76,622**	74,659
Finance lease receivable	**58,463**	58,331
Mortgages receivable	**46,823**	46,628
Goodwill	**24,488**	24,488
Intangible assets, net	**18,710**	21,104
Capital assets, net	**18,299**	18,496
Receivables from related parties (Note 20(c))	**1,593**	6,007
Inventory	**2,621**	2,372
Right-of-use asset - office lease	**960**	1,070
Other	**104**	121
	$352,421	$357,466

As at March 31, 2023, mortgages receivable amounted to $47,551 (December 31, 2022 - $46,867), of which $728 (December 31, 2022 - $239) is due within one year and included in prepaid expenses and other. The mortgages receivable have a weighted average term to maturity of 3.2 years (December 31, 2022 - 3.5 years) and a weighted average interest rate of 7.51% (December 31, 2022 - 7.51%).

NOTE 8

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	March 31, 2023	December 31, 2022
Tenant receivables	**$31,302**	$28,923
Unbilled other tenant receivables	**7,126**	8,773
Other receivables	**41,449**	53,226
Allowance for expected credit loss	**(8,858)**	(11,487)
	71,019	79,435
Government subsidy	**724**	724
	$71,743	$80,159

NOTE 9

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2023	December 31, 2022
Mortgages payable	**$4,634,292**	$4,663,814
Mark-to-market adjustments, net	**1,774**	2,270
Deferred financing costs	**(22,664)**	(23,933)
	$4,613,402	$4,642,151
Current	**$799,120**	$766,016
Non-current	**3,814,282**	3,876,135
	$4,613,402	$4,642,151
Range of interest rates	**2.03 - 8.24%**	2.03 - 7.73%
Weighted average contractual interest rate	**4.03%**	3.95%
Estimated fair value of mortgages payable	**$4,409,392**	$4,370,416

As at March 31, 2023, approximately 92% of the Company's real estate and hotel properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

The aggregate principal repayments and balances maturing of the mortgages payable as at March 31, 2023, 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
2023 (remainder of the year)	$94,346	$607,269	$701,615	5.10%
2024	106,343	670,758	777,101	4.99%
2025	85,181	484,141	569,322	3.13%
2026	65,270	421,931	487,201	3.48%
2027	48,443	440,767	489,210	3.76%
Thereafter	154,911	1,454,932	1,609,843	3.69%
	$554,494	$4,079,798	$4,634,292	4.03%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2023, mortgages payable mature between 2023 and 2058 and have a weighted average term to maturity of 4.3 years (December 31, 2022 - 4.6 years). Approximately 89% of the Company's mortgages have fixed interest rates.

Some of the Company's mortgages payable require it to maintain annual debt service coverage ratios and/or debt to equity ratios and/or debt to appraised value ratios and arrange for capital expenditures in accordance with predetermined limits. As at March 31, 2023, and December 31, 2022, the Company was in compliance with all financial covenants.

NOTE 10

DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	March 31, 2023	December 31, 2022
Unsecured debentures	**$624,322**	$624,143
Convertible debentures	**140,475**	172,094
	$764,797	$796,237
Current	**$399,453**	$254,954
Non-current	**365,344**	541,283
	$764,797	$796,237

(a) Unsecured Debentures

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

As at	Maturity Date	Coupon Interest Rate	March 31, 2023	December 31, 2022
Series E senior unsecured debentures	January 25, 2024	4.715%	**$225,000**	$225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Series G senior unsecured debentures	September 28, 2023	4.402%	**175,000**	175,000
Unamortized financing costs			**(678)**	(857)
			$624,322	$624,143
Current			**$399,453**	$174,828
Non-current			**224,869**	449,315
			$624,322	$624,143

On September 15, 2017, the Company issued $200,000 (net proceeds including issuance costs - $198,800) of Series C senior unsecured debentures due on September 15, 2022. On September 15, 2022, the Series C senior unsecured debentures were fully repaid on maturity.

On January 25, 2019, the Company issued $225,000 (net proceeds including issuance costs - $223,575) of Series E senior unsecured debentures due on January 25, 2024. Interest on the Series E senior unsecured debentures is payable semi-annually, not in advance, on January 25 and July 25 of each year. Paros Enterprises Limited, a related party, acquired $12,500 aggregate principal amount of the Series E senior unsecured debentures. The Company has the option to redeem the Series E senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 0.70%.

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

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

For the three months ended March 31, 2023, interest on the Unsecured Debentures of $6,848 (2022 - $8,985) is included in interest expense (Note 17).

(b) Convertible Debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	March 31, 2023	December 31, 2022
Morguard Residential REIT[(1)]	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$48,118**	$—
Morguard Residential REIT	March 31, 2023	$20.20	4.50%	$85,500	$5,000	**—**	80,126
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**92,357**	91,968
						$140,475	$172,094
Current						**$—**	$80,126
Non-current						**140,475**	91,968
						$140,475	$172,094

(1) As at March 31, 2023, the liability includes the fair value of the conversion option of $3,946 (December 31, 2022 - $94).

Morguard Residential REIT

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

On March 9, 2023, Morguard Residential REIT issued $50,000 principal amount of 6.00% convertible unsecured subordinated debentures maturing on March 31, 2028. On March 17, 2023, an additional principal amount of $6,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on March 31 and September 30 of each year, commencing September 30, 2023. The underwriter's commissions, legal and other issue costs attributable to the debentures in the amount of $2,410 have been capitalized and are being amortized over the term to maturity. Paros Enterprises Limited, a related party, acquired $2,000 aggregate principal amount of the 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, commencing on June 30, 2022. The underwriter's commissions, legal and other issue costs attributable to the debentures in the amount of $4,213 have been capitalized and are being amortized over the term to maturity. The convertible debentures, with the exception of $4,213, the value assigned to the holder's conversion option, have been recorded as debt on the consolidated balance sheets. Morguard owns $60,000 aggregate principal amount of the 5.25% convertible unsecured subordinated debentures.

For the three months ended March 31, 2023, interest on convertible debentures net of accretion of $2,479 (2022 - $2,347) is included in interest expense (Note 17).

NOTE 11

MORGUARD RESIDENTIAL REIT UNITS

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

As at March 31, 2023, the Company valued the non-controlling interest in the Morguard Residential REIT units at $485,228 (December 31, 2022 - $454,425) and classified the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended March 31, 2023 of $39,660 (2022 - $58,649) in the consolidated statements of income (loss) (Note 18).

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

For the three months ended March 31	2023	2022
Fair value loss on Morguard Residential REIT units	**($34,054)**	($53,204)
Distributions to external unitholders (Note 3)	**(5,606)**	(5,445)
Fair value loss on Morguard Residential REIT units	**($39,660)**	($58,649)

NOTE 12
LEASE LIABILITIES

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

As at	March 31, 2023	December 31, 2022
Balance, beginning of period	**$172,517**	$168,265
Interest on lease liabilities (Note 17)	**2,484**	9,626
Payments	**(2,894)**	(11,358)
Additions	**—**	6,987
Dispositions	**—**	(1,562)
Foreign exchange loss (gain)	**(14)**	559
Balance, end of period	**$172,093**	$172,517
Current (Note 13)	**$1,589**	$1,583
Non-current	**170,504**	170,934
	$172,093	$172,517

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2023	December 31, 2022
Within 12 months	**$11,488**	$11,479
2 to 5 years	**45,132**	45,185
Over 5 years	**359,814**	362,484
Total minimum lease payments	**416,434**	419,148
Less: future interest costs	**(244,341)**	(246,631)
Present value of minimum lease payments	**$172,093**	$172,517

NOTE 13
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2023	December 31, 2022
Accounts payable and accrued liabilities	**$243,415**	$208,406
Tenant deposits	**25,427**	25,142
Stock Appreciation Rights (”SARs”) liability (Note 15(c))	**4,278**	5,790
Lease liabilities (Note 12)	**1,589**	1,583
Other	**4,996**	4,364
	$279,705	$245,285

NOTE 14

BANK INDEBTEDNESS

As at March 31, 2023, and December 31, 2022, the Company has operating lines of credit totalling $491,500, the majority of which can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on bankers' acceptance. As at March 31, 2023, the maximum amount that can be borrowed on the operating lines of credit is $396,491 (December 31, 2022 - $384,895), which includes deducting issued letters of credit in the amount of $5,308 (December 31, 2022 - $4,676) related to these facilities. The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed-charge security on specific properties have been pledged as collateral on these operating lines of credit. As at March 31, 2023, the Company had borrowed $258,378 (December 31, 2022 - $184,306) on its operating lines of credit.

The bank credit agreements, which renew annually and are due on demand, include certain restrictive undertakings by the Company. As at March 31, 2023, 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, 2021	11,101	$100,929
Common shares repurchased through the Company's NCIB	(79)	(717)
Dividend reinvestment plan	—	27
Balance, December 31, 2022	11,022	$100,239
Dividend reinvestment plan	—	**7**
Balance, March 31, 2023	**11,022**	**$100,246**

On September 16, 2022, the Company obtained the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 554,788 common shares, being approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2023. The daily repurchase restriction for the common shares is 1,000. During the three months ended March 31, 2023, there were no repurchases of shares under the Company's NCIB plan.

Total dividends declared during the three months ended March 31, 2023 amounted to $1,653, or $0.15 per common share (2022 - $1,665 or $0.15 per common share). On May 2, 2023, the Company declared a common share dividend of $0.15 per common share to be paid in the second quarter of 2023.

(b) Contributed Surplus

During the three months ended March 31, 2023, the Company acquired 1,439,000 units (2022 - nil units) of Morguard REIT for cash consideration of $7,919 (2022 - $nil). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended March 31, 2023 amounted to $15,621 (2022 - $nil) and the amount has been recorded within retained earnings.

(c) Stock Appreciation Rights Plan
The SARs granted vest equally over 10 years subject to restrictions.

As at March 31, 2023 Date of Grant	Exercise Price	Issued	Redeemed	Cancelled	Outstanding
March 20, 2008	$30.74	200,000	(113,500)	(61,500)	25,000
November 2, 2010	$43.39	55,000	(11,500)	(8,500)	35,000
May 13, 2014	$137.90	25,000	(2,000)	(23,000)	—
May 13, 2015	$153.82	10,000	—	—	10,000
January 11, 2017	$179.95	90,000	(1,500)	(23,500)	65,000
May 18, 2018	$163.59	125,000	—	(20,000)	105,000
August 8, 2018	$168.00	20,000	—	—	20,000
November 8, 2018	$184.00	10,000	—	—	10,000
Total		**535,000**	**(128,500)**	**(136,500)**	**270,000**

During the three months ended March 31, 2023, the Company recorded a fair value adjustment to reduce compensation expense of $675 (2022 - increase compensation expense of $450). The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income (loss), and the liability is classified as accounts payable and accrued liabilities (Note 13).

The fair value for the SARs was calculated using the Black-Scholes option pricing model. In determining the fair value of the SARs, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions that were used in determining the fair value as at March 31, 2023: a dividend yield of 0.58% (2022 - 0.44%), expected volatility of approximately 27.34% (2022 - 30.43%) and the 10-year Bank of Canada Bond Yield of 3.29% (2022 - 2.43%).

(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 March 31, 2023, the Company has granted nil options.

(e) Accumulated Other Comprehensive Income
As at March 31, 2023, and December 31, 2022, accumulated other comprehensive income consists of the following amounts:

As at	March 31, 2023	December 31, 2022
Actuarial gain on defined benefit pension plans	**$46,100**	$44,822
Unrealized foreign currency translation gain	**254,142**	255,518
	$300,242	$300,340

NOTE 16
REVENUE
The components of revenue from real estate properties are as follows:

For the three months ended March 31	2023	2022
Rental income	**$135,260**	$124,658
Realty taxes and insurance	**41,350**	35,710
Common area maintenance recoveries	**26,275**	24,817
Property management and ancillary income	**43,487**	37,408
	$246,372	$222,593

The components of revenue from hotel properties are as follows:

For the three months ended March 31	2023	2022
Room revenue	**$25,710**	$22,343
Other hotel revenue	**5,449**	5,708
	$31,159	$28,051

The components of management and advisory fees are as follows:

For the three months ended March 31	2023	2022
Property and asset management fees	**$7,831**	$8,557
Other fees	**2,319**	1,705
	$10,150	$10,262

NOTE 17
INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2023	2022
Interest on mortgages	**$45,605**	$39,400
Interest on debentures payable, net of accretion (Note 10)	**9,327**	11,332
Interest on bank indebtedness	**3,659**	182
Interest on loans payable and other	**262**	9
Interest on lease liabilities (Note 12)	**2,484**	2,405
Amortization of mark-to-market adjustments on mortgages, net	**(496)**	(495)
Amortization of deferred financing costs	**2,165**	2,125
	63,006	54,958
Less: Interest capitalized to properties under development	**(279)**	(74)
	$62,727	$54,884

NOTE 18
FAIR VALUE GAIN (LOSS), NET

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

For the three months ended March 31	2023	2022
Fair value gain on real estate properties, net (Note 4)	**$33,756**	$342,169
Financial assets (liabilities):		
Fair value gain (loss) on conversion option of MRG convertible debentures	**289**	(2,150)
Fair value loss on MRG units (Note 11)	**(39,660)**	(58,649)
Fair value loss on other real estate fund investments (Note 6(b))	**(9,923)**	(2,278)
Fair value gain (loss) on investment in marketable securities	**(8,653)**	920
Total fair value gain (loss), net	**($24,191)**	$280,012

NOTE 19
OTHER INCOME (EXPENSE)

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

For the three months ended March 31	2023	2022
Foreign exchange gain (loss)	**$28**	($29)
Other income (expense)	**(869)**	2,135
	($841)	$2,106

NOTE 20

RELATED PARTY TRANSACTIONS

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

(a) Paros Enterprises Limited ("Paros")

Paros is the majority shareholder and ultimate parent of the Company. Paros is owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at March 31, 2023, and December 31, 2022, the Company has a demand loan agreement with Paros that provides for the Company to borrow up to $50,000. As at March 31, 2023, and December 31, 2022, 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 through his personal holding companies, which include Paros. Pursuant to contractual agreements between the Company and TWC, for the three months ended March 31, 2023, the Company received a management fee of $329 (2022 - $319), and paid rent and operating expenses of $159 (2022 - $158).

As at March 31, 2023, and December 31, 2022, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at the lender's short-term bank borrowing rate plus ten basis points. The total loan payable as at March 31, 2023 was $32,066 (December 31, 2022 - $5,000). During the three months ended March 31, 2023, the Company paid net interest of $149 (2022 - $nil).

(c) Share/unit Purchase and Other Loans

As at March 31, 2023, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $1,593 (December 31, 2022 - $6,007) are outstanding. The loans are collateralized by their common shares of the Company, units of Morguard REIT and units of Morguard Residential REIT and are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at March 31, 2023, the fair market value of the common shares/units held as collateral is $4,562.

NOTE 21

INCOME TAXES

(a) Tax Provision

For the three months ended March 31, 2023, the Company recorded income tax expense of $25,711 (2022 - $63,450).

(b) Unrecognized Deductible Temporary Differences

As at March 31, 2023, the Company's Canadian subsidiaries have total net operating losses of approximately $252,494 (December 31, 2022 - $252,494) of which no deferred tax assets were recognized as it is not probable that taxable income will be available against which they can be utilized. These losses expire in various years commencing 2023. The Company has other Canadian temporary differences for which no deferred tax asset was recognized for approximately $25,890 (December 31, 2022 - $31,667). These other temporary differences have no expiration date.

(c) Recognized Deductible Temporary Differences

As at March 31, 2023, the Company's U.S. subsidiaries have total net operating losses of US$50,321 (December 31, 2022 - US$68,358) of which deferred tax assets were recognized, comprising US$11,315 (December 31, 2022 - US$16,996) that will expire in various years commencing in 2032 and US$39,006 (December 31, 2022 - US$51,362) that can be carried forward indefinitely.

As at March 31, 2023, the Company's U.S. subsidiaries have total unutilized interest expense deductions of US$37,452 (December 31, 2022 - US$40,475) of which deferred tax assets were recognized.

NOTE 22
NET INCOME (LOSS) PER COMMON SHARE

For the three months ended March 31	2023	2022
Net income (loss) attributable to common shareholders	**($34,690)**	$206,269
Weighted average number of common shares outstanding (000s) - basic and diluted	**11,022**	11,101
Net income (loss) per common share - basic and diluted	**($3.15)**	$18.58

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

For the three months ended March 31	2023	2022
Fair value loss (gain) on real estate properties, net	**$7,293**	($306,583)
Fair value loss (gain) on conversion option of MRG convertible debentures (Note 18)	**(289)**	2,150
Fair value loss on MRG units (Note 11)	**34,054**	53,204
Fair value loss on other real estate investment funds (Note 18)	**9,923**	2,278
Fair value loss (gain) on investment in marketable securities (Note 18)	**8,653**	(920)
Equity income from investments	**(1,171)**	(802)
Amortization of hotel properties and other	**7,510**	6,745
Amortization of deferred financing costs (Note 17)	**2,165**	2,125
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	**(496)**	(495)
Amortization of tenant incentives	**642**	1,279
Stepped rent - adjustment for straight-line method	**787**	1,211
Deferred income taxes	**25,682**	62,899
Accretion of convertible debentures	**200**	178
	$94,953	($176,731)

(b) Net Change in Operating Assets and Liabilities

For the three months ended March 31	2023	2022
Amounts receivable	**$9,666**	($3,540)
Prepaid expenses and other	**(21,347)**	(32,018)
Accounts payable and accrued liabilities	**(3,850)**	(10,334)
Net change in operating assets and liabilities	**($15,531)**	($45,892)

(c) Supplemental Cash Flow Information

For the three months ended March 31	2023	2022
Interest paid	**$58,361**	$58,813
Interest received	**1,704**	514
Income taxes paid (recovered)	**(2,916)**	9,085

During the three months ended March 31, 2023, the Company issued non-cash dividends under the distribution reinvestment plan of $7 (2022 - $7).

(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	$4,642,151	$624,143	$172,094	$172,517	$5,000	$184,306	$5,800,211
Repayments	(30,360)	—	—	(410)	—	(57,613)	(88,383)
New financing, net	85,070	—	48,590	—	27,357	131,712	292,729
Lump-sum repayments	(82,860)	—	(80,500)	—	—	—	(163,360)
Non-cash changes	1,110	179	291	—	—	—	1,580
Foreign exchange	(1,709)	—	—	(14)	(291)	(27)	(2,041)
Balance, March 31, 2023	**$4,613,402**	**$624,322**	**$140,475**	**$172,093**	**$32,066**	**$258,378**	**$5,840,736**

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, 2022 for an explanation of the Company's capital management policy.

The total managed capital for the Company as at March 31, 2023, and December 31, 2022, is summarized below:

As at	March 31, 2023	December 31, 2022
Mortgages payable, principal balance	**$4,634,292**	$4,663,814
Unsecured Debentures, principal balance	**625,000**	625,000
Convertible debentures, principal balance	**150,000**	179,500
Loans payable	**32,066**	5,000
Bank indebtedness	**258,378**	184,306
Lease liabilities	**172,093**	172,517
Shareholders' equity	**3,840,385**	3,865,254
	$9,712,214	$9,695,391

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

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

NOTE 26

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2022 for an explanation of the Company's risk management policy as it relates to financial instruments.

Fair Value of Financial Assets and Financial Liabilities

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

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

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2023 market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at March 31, 2023 of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,409,392 (December 31, 2022 - $4,370,416), compared with the carrying value of $4,634,292 (December 31, 2022 - $4,663,814). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures liability is based on its closing bid price (Level 1). As at March 31, 2023, the fair value of the Unsecured Debentures has been estimated at $605,842 (December 31, 2022 - $601,040) compared with the carrying value of $625,000 (December 31, 2022 - $625,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at March 31, 2023, the fair value of the convertible debentures before deferred financing costs has been estimated at $146,954 (December 31, 2022 - $172,176), compared with the carrying value of $150,000 (December 31, 2022 - $179,500).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using March 31, 2023 market rates for debt on similar terms (Level 3). Based on these assumptions, as at March 31, 2023, the fair value of the finance lease receivable has been estimated at $58,463 (December 31, 2022 - $58,331).

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

	March 31, 2023			December 31, 2022		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$10,713,336**	$—	$—	$10,551,074
Investments in marketable securities	**103,738**	**—**	**—**	104,190	—	—
Investments in real estate funds	**—**	**—**	**63,683**	—	—	73,558
Financial liabilities:						
Morguard Residential REIT units	**—**	**485,228**	**—**	—	454,425	—
Conversion option on MRG convertible debentures	**—**	**3,946**	**—**	—	94	—

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 9% of the segment's total assets. The Company has applied judgment by aggregating its operating segments according to the nature of the property operations. Such judgment considers the nature of operations, types of customers and an expectation that operating segments within a reportable segment have similar long-term economic characteristics.

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

For the three months ended March 31, 2023	**Multi-suite Residential**	**Retail**	**Office**	**Hotel**	**Total**
Revenue from real estate/hotel properties	**$118,070**	**$64,295**	**$64,007**	**$31,159**	**$277,531**
Property/hotel operating expenses	**(89,217)**	**(36,598)**	**(31,014)**	**(25,583)**	**(182,412)**
Net operating income	**$28,853**	**$27,697**	**$32,993**	**$5,576**	**$95,119**

For the three months ended March 31, 2022	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	$101,562	$58,038	$62,993	$28,051	$250,644
Property/hotel operating expenses	(78,515)	(34,494)	(29,741)	(27,803)	(170,553)
Net operating income	$23,047	$23,544	$33,252	$248	$80,091

	Multi-suite Residential	**Retail**	**Office**	**Hotel**	**Total**
As at March 31, 2023					
Real estate/hotel properties	**$6,228,045**	**$2,196,344**	**$2,288,947**	**$334,497**	**$11,047,833**
Mortgages payable	**$2,536,072**	**$906,399**	**$1,092,486**	**$78,445**	**$4,613,402**
For the three months ended March 31, 2023					
Additions to real estate/hotel properties	**$122,002**	**$9,045**	**$3,957**	**$1,531**	**$136,535**
Fair value gain (loss) on real estate properties	**$79,133**	**$8,193**	**($53,570)**	**$—**	**$33,756**

	Multi-suite Residential	Retail	Office	Hotel	Total
As at December 31, 2022					
Real estate/hotel properties	$6,030,382	$2,179,624	$2,341,068	$337,239	$10,888,313
Mortgages payable	$2,550,499	$920,820	$1,091,670	$79,162	$4,642,151
For the three months ended March 31, 2022					
Additions to real estate/hotel properties	$5,603	$6,715	$3,109	$689	$16,116
Fair value gain on real estate properties	$312,270	$6,105	$23,794	$—	$342,169

(b) Regional Segments

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

As at	**March 31, 2023**	December 31, 2022
Real estate and hotel properties		
Canada	**$6,921,242**	$6,951,370
United States	**4,126,591**	3,936,943
	$11,047,833	$10,888,313

For the three months ended March 31	**2023**	2022
Revenue from real estate and hotel properties		
Canada	**$189,760**	$178,203
United States	**87,771**	72,441
	$277,531	$250,644

NOTE 28

COMPARATIVE AMOUNTS

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