Real Estate Potential. Realized.

MORGUARD CORPORATION

MARCH 31, 2020

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEETS
In thousands of Canadian dollars

As at	Note	March 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Real estate properties	4	**$10,359,710**	$10,201,283
Hotel properties	5	**599,622**	628,783
Equity-accounted and other fund investments	6	**258,306**	248,665
Other assets	7	**329,132**	401,501
		11,546,770	11,480,232
Current assets			
Amounts receivable		**81,351**	80,588
Prepaid expenses and other		**32,963**	19,096
Cash		**197,801**	123,168
		312,115	222,852
		$11,858,885	$11,703,084
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	8	**$3,878,684**	$3,781,668
Unsecured debentures	9	**846,947**	846,666
Convertible debentures	10	**191,046**	193,503
Lease liabilities	12	**164,904**	164,441
Morguard Residential REIT Units	11	**374,114**	516,462
Deferred income tax liabilities		**720,962**	733,786
		6,176,657	6,236,526
Current liabilities			
Mortgages payable	8	**548,343**	583,611
Unsecured debentures	9	**199,840**	199,778
Loans payable	20	**24,540**	33,679
Accounts payable and accrued liabilities	13	**280,111**	242,673
Bank indebtedness	14	**252,706**	101,100
		1,305,540	1,160,841
Total liabilities		**7,482,197**	7,397,367
EQUITY			
Shareholders' equity		**3,681,942**	3,548,906
Non-controlling interest		**694,746**	756,811
Total equity		**4,376,688**	4,305,717
		$11,858,885	$11,703,084

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	2020	2019
Revenue from real estate properties	16	**$228,266**	$219,840
Revenue from hotel properties	16	**47,805**	53,627
Property operating expenses			
Property operating costs		**(48,750)**	(45,844)
Utilities		**(15,241)**	(15,763)
Realty taxes		**(66,943)**	(62,772)
Hotel operating expenses		**(42,536)**	(44,514)
Net operating income		**102,601**	104,574
OTHER REVENUE			
Management and advisory fees	16	**12,197**	11,651
Interest and other income		**4,042**	4,399
		16,239	16,050
EXPENSES			
Interest	17	**61,362**	59,047
Property management and corporate	15(c)	**10,176**	27,532
Amortization of hotel properties	5	**7,143**	6,772
Amortization of capital assets and other		**1,981**	2,017
Provision for impairment	5	**23,891**	—
		104,553	95,368
OTHER INCOME (EXPENSE)			
Fair value gain (loss), net	18	**(36,822)**	20,956
Equity income (loss) from investments	6	**(2,504)**	1,446
Other income (expense)	19	**(2,958)**	185
		(42,284)	22,587
Income (loss) before income taxes		**(27,997)**	47,843
Provision for (recovery of) income taxes	21		
Current		**6,868**	1,138
Deferred		**(25,995)**	7,746
		(19,127)	8,884
Net income (loss) for the period		**($8,870)**	$38,959
Net income (loss) attributable to:			
Common shareholders		**$33,412**	$33,486
Non-controlling interest		**(42,282)**	5,473
		($8,870)	$38,959
Net income per common share attributable to:			
Common shareholders - basic and diluted	22	**$2.97**	$2.97

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

In thousands of Canadian dollars

For the three months ended March 31	2020	2019
Net income (loss) for the period	**($8,870)**	$38,959
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified subsequently to net income (loss):		
Unrealized foreign currency translation gain (loss)	**157,195**	(29,472)
Deferred income tax recovery (provision)	**(393)**	92
	156,802	(29,380)
Items that will not be reclassified subsequently to net income (loss):		
Actuarial gain (loss) on defined benefit pension plans	**(23,985)**	10,676
Deferred income tax recovery (provision)	**6,326**	(2,830)
	(17,659)	7,846
Other comprehensive income (loss)	**139,143**	(21,534)
Total comprehensive income for the period	**$130,273**	$17,425
Total comprehensive income (loss) attributable to:		
Common shareholders	**$164,684**	$13,800
Non-controlling interest	**(34,411)**	3,625
	$130,273	$17,425

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, 2019		$3,055,576	$273,354	$102,436	$3,431,366	$797,432	$4,228,798
Changes during the period:							
Net income		33,486	—	—	33,486	5,473	38,959
Other comprehensive loss		—	(19,686)	—	(19,686)	(1,848)	(21,534)
Dividends		(1,693)	—	—	(1,693)	—	(1,693)
Distributions		—	—	—	—	(6,975)	(6,975)
Issuance of common shares		—	—	25	25	—	25
Repurchase of common shares		(1,251)	—	(63)	(1,314)	—	(1,314)
Shareholders' equity, March 31, 2019		$3,086,118	$253,668	$102,398	$3,442,184	$794,082	$4,236,266
Changes during the period:							
Net income (loss)		153,453	—	—	153,453	(3,616)	149,837
Other comprehensive loss		—	(45,764)	—	(45,764)	(2,449)	(48,213)
Dividends		(5,077)	—	—	(5,077)	—	(5,077)
Distributions		—	—	—	—	(21,054)	(21,054)
Issuance of common shares		—	—	65	65	—	65
Repurchase of common shares		(742)	—	(37)	(779)	—	(779)
Contribution from non-controlling interest		—	—	—	—	15,930	15,930
Change in ownership of Morguard REIT		6,418	—	—	6,418	(13,034)	(6,616)
Increase in subsidiary ownership interest		—	—	—	—	(15,497)	(15,497)
Change in ownership of Temple Hotels Inc.		(2,498)	—	—	(2,498)	2,449	(49)
Tax impact of increase in subsidiary ownership interest		904	—	—	904	—	904
Shareholders' equity, December 31, 2019		$3,238,576	$207,904	$102,426	$3,548,906	$756,811	$4,305,717
Changes during the period:							
Net income (loss)		**33,412**	**—**	**—**	**33,412**	**(42,282)**	**(8,870)**
Other comprehensive income		**—**	**131,272**	**—**	**131,272**	**7,871**	**139,143**
Dividends	15(a)	**(1,689)**	**—**	**—**	**(1,689)**	**—**	**(1,689)**
Distributions		**—**	**—**	**—**	**—**	**(6,740)**	**(6,740)**
Issuance of common shares	15(a)	**—**	**—**	**21**	**21**	**—**	**21**
Repurchase of common shares	15(a)	**(6,433)**	**—**	**(323)**	**(6,756)**	**—**	**(6,756)**
Change in ownership of Temple Hotels Inc.	15(b)	**(23,235)**	**—**	**—**	**(23,235)**	**(20,914)**	**(44,149)**
Tax impact of increase in subsidiary ownership interest		**11**	**—**	**—**	**11**	**—**	**11**
Shareholders' equity, March 31, 2020		**$3,240,642**	**$339,176**	**$102,124**	**$3,681,942**	**$694,746**	**$4,376,688**

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	2020	2019
OPERATING ACTIVITIES			
Net income (loss) for the period		**($8,870)**	$38,959
Add items not affecting cash	23(a)	**75,149**	20,562
Distributions from equity-accounted investments	6	**10,750**	859
Additions to tenant incentives and leasing commissions	4	**(1,438)**	(906)
Net change in operating assets and liabilities	23(b)	**(15,595)**	(22,442)
Cash provided by operating activities		**59,996**	37,032
INVESTING ACTIVITIES			
Additions to real estate properties and tenant improvements	4	**(16,141)**	(11,544)
Additions to hotel properties	5	**(1,873)**	(5,857)
Additions to capital and intangible assets		**(956)**	(139)
Proceeds from the sale of real estate properties, net	4	**28,079**	37,050
Proceeds from the sale of hotel properties, net		**—**	1,849
Investment in properties under development	4	**(11,271)**	(7,272)
Investment in equity-accounted and other fund investments, net		**(6,192)**	(2,240)
Cash provided by (used) in investing activities		**(8,354)**	11,847
FINANCING ACTIVITIES			
Proceeds from new mortgages		**100,000**	11,253
Financing costs on new mortgages		**(420)**	(237)
Repayment of mortgages			
Repayments on maturity		**(20,661)**	(16,253)
Repayments due to mortgage extinguishments		**(111,774)**	(18,331)
Principal instalment repayments		**(28,866)**	(27,618)
Principal payment of lease liabilities		**(472)**	(490)
Proceeds from bank indebtedness		**243,210**	49,482
Repayment of bank indebtedness		**(91,604)**	(219,449)
Proceeds from issuance of unsecured debentures, net of costs	9	**—**	223,575
Proceeds from (repayment of) loans payable, net		**(13,233)**	(22,781)
Dividends paid		**(1,668)**	(1,668)
Distributions to non-controlling interest		**(4,560)**	(4,786)
Common shares repurchased for cancellation	15(a)	**(6,756)**	(1,314)
Investment in Temple Hotels Inc.	3, 15(b)	**(44,149)**	—
Decrease in restricted cash		**887**	5,075
Cash provided by (used in) financing activities		**19,934**	(23,542)
Net increase in cash during the period		**71,576**	25,337
Net effect of foreign currency translation on cash balance		**3,057**	3,219
Cash, beginning of period		**123,168**	110,401
Cash, end of period		**$197,801**	$138,957

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2020 and 2019
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 corporation 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. The common shares of the Company trade on the Toronto Stock Exchange ("TSX") under the symbol "MRC." The Company owns a diverse portfolio of properties in Canada and the United States. 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.

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.

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 5, 2020.

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

	2020	2019
Canadian dollar to United States dollar exchange rates:		
- As at March 31	**$0.7049**	$0.7483
- As at December 31	**—**	0.7699
- Average during the three months ended March 31	**0.7435**	0.7522
United States dollar to Canadian dollar exchange rates:		
- As at March 31	**1.4187**	1.3363
- As at December 31	**—**	1.2988
- Average during the three months ended March 31	**1.3449**	1.3295

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at March 31, 2020, and December 31, 2019, the Company owned a 44.8% 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, 2020, Morguard Residential REIT recorded distributions of $6,819, or $0.1749 per Unit (2019 - $5,727, or $0.1698 per Unit), of which $1,390 was paid to the Company (2019 - $1,133) and $5,429 was paid to the remaining Unitholders (2019 - $4,594). In addition, during the three months ended March 31, 2020, Morguard Residential REIT paid distributions to the Company on the Class B LP Units of $3,012 (2019 - $2,924).

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

As at March 31, 2020, and December 31, 2019, the Company owned 35,520,482 Units of Morguard REIT, which represents a 58.5% ownership interest.

During the three months ended March 31, 2020, Morguard REIT recorded distributions of $14,578 or $0.24 per Unit (2019 - $14,567, or $0.24 per Unit), of which $8,525 was paid to the Company (2019 - $8,390) and $6,053 was paid to the remaining Unitholders (2019 - $6,177).

Temple Hotels Inc. ("Temple")

As at March 31, 2020, the Company owned 75,161,767 common shares (December 31, 2019 - 54,492,911 common shares) of Temple, which represents a 100% (December 31, 2019 - 72.6%) ownership interest.

On December 19, 2019, the Company entered into a definitive agreement with Temple to acquire all of the outstanding common shares of Temple not currently owned by the Company. The transaction was effected by way of a court-approved plan of arrangement under the *Canada Business Corporations Act*. A meeting of Temple shareholders was held February 10, 2020, whereat Temple shareholders approved a special resolution approving the acquisition by the Company of all of the issued and outstanding common shares of Temple not already owned by the Company. The arrangement agreement was completed on February 18, 2020, and subsequently on February 19, 2020, Temple de-listed from the TSX.

The following summarizes the results of Morguard REIT, Morguard Residential REIT and Temple before any intercompany eliminations and the corresponding non-controlling interest in the equity of Morguard REIT, Morguard Residential REIT and Temple. 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, 2020**		December 31, 2019		
	MRT	**MRG**	MRT	MRG	Temple
Non-current assets	**$2,805,002**	**$3,154,557**	$2,914,709	$2,979,179	$443,789
Current assets	**30,786**	**43,050**	21,127	54,248	20,681
Total assets	**$2,835,788**	**$3,197,607**	$2,935,836	$3,033,427	$464,470
Non-current liabilities	**$1,020,213**	**$1,720,369**	$1,093,403	$1,729,489	$128,844
Current liabilities	**407,063**	**89,073**	318,289	78,145	255,036
Total liabilities	**$1,427,276**	**$1,809,442**	$1,411,692	$1,807,634	$383,880
Equity	**$1,408,512**	**$1,388,165**	$1,524,144	$1,225,793	$80,590
Non-controlling interest	**$586,882**	**$766,559**	$634,841	$676,895	$22,056

The following summarizes the results of the operations and cash flows for the following periods as presented in Morguard REIT's, Morguard Residential REIT's and Temple'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	**2020**		2019		
	MRT	**MRG**	MRT	MRG	Temple
Revenue	**$66,373**	**$62,297**	$70,454	$62,258	$34,531
Expenses	**(46,398)**	**(63,432)**	(46,228)	(65,697)	(41,317)
Fair value gain (loss) on real estate properties, net	**(121,117)**	**10,457**	(5,680)	27,833	—
Fair value gain (loss) on Class B LP Units	**—**	**87,838**	—	(20,668)	—
Net income (loss) for the period	**($101,142)**	**$97,160**	$18,546	$3,726	($6,786)
Non-controlling interest	**($41,994)**	**$53,653**	$7,864	$1,978	($2,802)

For the three months ended March 31		2020			2019
	MRT	MRG	MRT	MRG	Temple
Cash provided by (used in) operating activities	**$20,818**	**$5,002**	$13,364	$8,404	($1,715)
Cash provided by (used in) investing activities	**(12,018)**	**(7,792)**	(8,071)	31,764	1,119
Cash provided by (used in) financing activities	**(7,420)**	**5,921**	(5,177)	(34,361)	3,833
Net increase in cash during the period	**$1,380**	**$3,131**	$116	$5,807	$3,237

NOTE 4
REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	March 31, 2020	December 31, 2019
Income producing properties	**$10,216,042**	$10,074,175
Properties under development	**56,560**	43,650
Land held for development	**87,108**	83,458
	$10,359,710	$10,201,283

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, 2019	**$10,074,175**	**$43,650**	**$83,458**	**$10,201,283**
Additions:				
Capital expenditures	**11,588**	**—**	**—**	**11,588**
Development expenditures	**—**	**11,202**	**69**	**11,271**
Tenant improvements, incentives and leasing commissions	**5,991**	**—**	**—**	**5,991**
Transfers	**484**	**(484)**	**—**	**—**
Dispositions	**(38,577)**	**—**	**—**	**(38,577)**
Fair value gain (loss), net	**(124,684)**	**—**	**2,081**	**(122,603)**
Foreign currency translation	**282,800**	**2,192**	**1,500**	**286,492**
Other	**4,265**	**—**	**—**	**4,265**
Balance as at March 31, 2020	**$10,216,042**	**$56,560**	**$87,108**	**$10,359,710**

Transactions completed during the three months ended March 31, 2020

Dispositions

On March 25, 2020, the Company sold its 50% interest in an industrial property, comprising 284,000 square feet located in Puslinch, Ontario, for gross proceeds of $38,577, including closing costs, and the purchaser assumed the mortgage secured by the property in the amount of $10,498. In addition, the Company's equity-accounted investment in MIL Industrial Fund II LP sold its interest in the property (Note 6(a)).

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2019, is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2018	$9,511,302	$56,717	$77,577	$9,645,596
Additions:				
Acquisitions	320,061	—	—	320,061
Capital expenditures	60,555	—	—	60,555
Development expenditures	—	49,891	154	50,045
Tenant improvements, incentives and leasing commissions	18,207	—	—	18,207
Transfers	61,948	(61,948)	—	—
Transfer from equity-accounted investment (Note 6(a))	172,597	—	—	172,597
Dispositions	(89,342)	—	(494)	(89,836)
Adoption of IFRS 16	153,610	—		153,610
Fair value gain (loss), net	19,643	(61)	7,067	26,649
Foreign currency translation	(144,267)	(949)	(846)	(146,062)
Other	(10,139)	—	—	(10,139)
Balance as at December 31, 2019	$10,074,175	$43,650	$83,458	$10,201,283

Transactions completed during the year ended December 31, 2019

Acquisitions

The following table presents a summary of the Company's acquisitions and their purchase price, including transaction costs.

Date of Acquisition	Ownership	Asset Type	Location	Apartment Suites	Commercial Square Feet	Purchase Price
May 22, 2019[(1)]	8.3%	Residential	Mississauga, ON	80	—	$—
July 24, 2019	100%	Office	Ottawa, ON	—	157,000	53,130
December 9, 2019	51%	Residential	Chicago, IL	352	—	180,237
December 19, 2019[(2)]	50%	Office	Mississauga, ON	—	398,500	86,694
				432	555,500	$320,061

[(1)] On May 22, 2019, the Company acquired partial interests in three multi-suite residential properties controlled by the Company located in Mississauga, Ontario, for gross proceeds of $15,628, including closing costs, and the Company assumed the partial interest of the mortgages secured by the properties amounting to $7,614.
[(2)] The total purchase price of the office acquisition is $96,138, including closing costs, of which $9,444 has been allocated to capital assets (Note 7) relating to owner occupied space, based on square feet.

Dispositions

On February 1, 2019, the Company sold a multi-suite residential property located in Shreveport, Louisiana, comprising 194 suites, for gross proceeds of $13,510 (US$10,317), including closing costs, and the purchaser assumed the mortgage secured by the property in the amount of $6,980 (US$5,330).

On March 19, 2019, the Company sold a multi-suite residential property located in Lafayette, Louisiana, comprising 192 suites, for gross proceeds of $15,062 (US$11,332), including closing costs, and the purchaser assumed the mortgage secured by the property in the amount of $9,417 (US$7,085).

On March 19, 2019, the Company sold a multi-suite residential property located in New Iberia, Louisiana, comprising 148 suites, for gross proceeds of $8,208 (US$6,175), including closing costs, and the purchaser assumed the mortgage secured by the property in the amount of $5,934 (US$4,464).

On March 27, 2019, the Company sold a multi-suite residential property located in Gretna, Louisiana, comprising 261 suites, for gross proceeds of $22,601 (US$16,849), including closing costs, and repaid the mortgage secured by the property in the amount of $11,331 (US$8,447).

On April 30, 2019, the Company sold a multi-suite residential property located in Harahan, Louisiana, comprising 48 suites, for gross proceeds of $4,428 (US$3,298), including closing costs, and the purchaser assumed the mortgage secured by the property in the amount of $2,852 (US$2,125).

On June 21, 2019, the Company sold an industrial property located in Victoriaville, Québec, for net proceeds of $90.

On July 31, 2019, the Company sold its 50% interest in an industrial property, consisting of 242,521 square feet located in Salaberry-de-Valleyfield, Québec, for net proceeds of $15,914.

On December 30, 2019, the Company sold a retail property and an adjacent parcel of land classified as held for development located in Alexandria, Louisiana, comprising 167,500 square feet, for net proceeds of $10,023 (US$7,717).

Capitalization Rates

As at March 31, 2020, and December 31, 2019, 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.

During March 2020, the outbreak of the novel strain of coronavirus ("COVID-19") resulted in governments enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, closure of non-essential businesses, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. As at March 31, 2020, the duration and impact of the COVID-19 pandemic is unknown. The impact of COVID-19 on estimating fair values for retail properties at March 31, 2020, required judgment based on evolving facts and available information. During the three months ended March 31, 2020, the Company recorded a $117,701 fair value loss relating to its retail properties, predominantly due to an increase in capitalization rates at most of the Company's enclosed malls as well as assumptions on the collectability of rental revenue considering the number of tenants that did not pay their April rent. In addition, it is not currently possible to estimate the full extent of impacts COVID-19 will have on the Company's valuation of income producing properties as the length and severity of these developments are therefore subject to significant uncertainty.

As at March 31, 2020, using the direct capitalization approach, the multi-suite residential, retail, office and industrial properties were valued using capitalization rates in the range of 3.5% to 8.8% (December 31, 2019 - 3.5% to 8.5%), resulting in an overall weighted average capitalization rate of 5.5% (December 31, 2019 - 5.5%).

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

	March 31, 2020					December 31, 2019				
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	**98.0%**	**92.0%**	**6.8%**	**3.5%**	**4.5%**	98.0%	92.0%	6.8%	3.5%	4.5%
Retail	**100.0%**	**85.0%**	**8.8%**	**5.3%**	**6.7%**	100.0%	85.0%	8.5%	5.3%	6.5%
Office	**100.0%**	**90.0%**	**8.5%**	**4.3%**	**6.1%**	100.0%	90.0%	8.5%	4.3%	6.1%
Industrial	**100.0%**	**95.0%**	**6.8%**	**5.0%**	**5.3%**	100.0%	95.0%	6.8%	5.0%	5.2%

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

As at	March 31, 2020			December 31, 2019		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**9.5%**	**6.0%**	**7.1%**	9.3%	6.0%	7.0%
Terminal cap rate	**8.8%**	**5.3%**	**6.1%**	8.5%	5.3%	5.9%
Office						
Discount rate	**8.0%**	**5.3%**	**6.4%**	8.0%	5.3%	6.5%
Terminal cap rate	**7.3%**	**4.3%**	**5.7%**	7.3%	4.3%	5.7%
Industrial						
Discount rate	**6.5%**	**6.0%**	**6.1%**	6.5%	6.0%	6.1%
Terminal cap rate	**6.0%**	**5.0%**	**5.4%**	6.0%	5.0%	5.4%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rates were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the income producing properties as at March 31, 2020, would decrease by $453,353 and increase by $501,215, respectively.

The sensitivity of the fair values of the Company's income producing properties as at March 31, 2020, and December 31, 2019, is set out in the table below:

As at	March 31, 2020		December 31, 2019	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($269,929)**	**$302,386**	($246,954)	$275,369
Retail	**(86,313)**	**93,084**	(89,687)	96,807
Office	**(91,765)**	**99,866**	(89,194)	96,766
Industrial	**(5,346)**	**5,879**	(6,944)	7,649
	($453,353)	**$501,215**	($432,779)	$476,591

NOTE 5
HOTEL PROPERTIES

Hotel properties consist of the following:

As at March 31, 2020	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	**$97,111**	**($2,407)**	**$—**	**$94,704**
Buildings	**591,839**	**(85,912)**	**(50,623)**	**455,304**
Furniture, fixtures, equipment and other	**112,165**	**(12,753)**	**(51,322)**	**48,090**
Right-of-use asset - land lease	**1,596**	**—**	**(72)**	**1,524**
	$802,711	**($101,072)**	**($102,017)**	**$599,622**

As at December 31, 2019	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	$97,111	($2,407)	$—	$94,704
Buildings	591,227	(67,524)	(47,343)	476,360
Furniture, fixtures, equipment and other	110,904	(7,250)	(47,473)	56,181
Right-of-use asset - land lease	1,596	—	(58)	1,538
	$800,838	($77,181)	($94,874)	$628,783

Transactions in hotel properties for the three months ended March 31, 2020, are summarized as follows:

As at March 31, 2020	**Opening Net Book Value**	**Additions**	**Impairment Provision**	**Amortization**	**Closing Net Book Value**
Land	**$94,704**	**$—**	**$—**	**$—**	**$94,704**
Buildings	**476,360**	**612**	**(18,388)**	**(3,280)**	**455,304**
Furniture, fixtures, equipment and other	**56,181**	**1,261**	**(5,503)**	**(3,849)**	**48,090**
Right-of-use asset - land lease	**1,538**	**—**	**—**	**(14)**	**1,524**
	$628,783	**$1,873**	**($23,891)**	**($7,143)**	**$599,622**

Transactions in hotel properties for the year ended December 31, 2019, are summarized as follows:

As at December 31, 2019	Opening Net Book Value	Adoption of IFRS 16	Additions	Impairment Provision	Disposition	Amortization	Closing Net Book Value
Land	$94,704	$—	$—	$—	$—	$—	$94,704
Buildings	510,077	—	5,834	(21,142)	(4,982)	(13,427)	476,360
Furniture, fixtures, equipment and other	61,297	—	12,042	(1,781)	(960)	(14,417)	56,181
Right-of-use asset - land lease	—	2,280	—	—	(684)	(58)	1,538
	$666,078	$2,280	$17,876	($22,923)	($6,626)	($27,902)	$628,783

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

During the three months ended March 31, 2020, impairment indicators were identified including interruptions to business operations at certain hotel properties resulting from emergency measures enacted to combat COVID-19. As at March 31, 2020, 15 of the Company's hotel properties were subject to temporary closure. A recoverability analysis was completed in accordance with the procedures specified by IFRS, which indicated that an impairment provision of $23,891 should be recorded. The tables below provide details of first year net operating income (loss) and the discount rates used for valuing the hotel properties.

	Acclaim Hotel Calgary Airport	Clearwater Suite Hotel	Nomad Hotel & Suites	Vantage Inn & Suites	Temple Gardens Mineral Spa	Merit Hotel & Suites	Days Hotel and Suites	Wingate by Wyndham
Recoverable amount	$11,900	$9,000	$3,000	$3,500	$27,000	$6,800	$5,100	$6,000
Impairment provision	$1,529	$503	$535	$572	$4,062	$1,040	$1,378	$2,722
Cumulative impairment provision	$1,529	$8,643	$8,751	$4,465	$7,171	$4,759	$3,160	$9,929
Projected first year net operating income (loss)	($419)	$435	($368)	$168	($661)	($79)	($493)	($621)
Discount rate	11.8%	10.8%	12.8%	11.8%	10.3%	11.8%	9.3%	9.8%

	Days Inn and Suites Yellowknife	Holiday Inn Winnipeg	Cambridge Red Deer Hotel	Saskatoon Inn
Recoverable amount	$8,800	$16,000	$19,000	$18,500
Impairment provision	$1,550	$2,203	$6,174	$1,623
Cumulative impairment provision	$1,550	$2,203	$12,991	$18,837
Projected first year net operating loss	($248)	($485)	($1,497)	($815)
Discount rate	9.3%	8.8%	10.8%	10.8%

Subsequent to March 31, 2020, an additional four of the Company's hotel properties were subject to temporary closure.

During the year ended December 31, 2019, impairment indicators were identified including decreases in occupancy at certain hotel properties. A recoverability analysis was completed in accordance with the procedures specified by IFRS, which indicated that an impairment provision of $22,923 should be recorded. The table below provide details of first year net operating income (loss) and the discount rates used for valuing the hotel properties.

	Clearwater Residence Hotel Timberlea	Clearwater Suite Hotel	Nomad Hotel & Suites	Vantage Inn & Suites	Radisson Hotel & Suites	Merit Hotel & Suites	Days Hotel and Suites	Wingate by Wyndham
Recoverable amount	$5,600	$9,600	$3,280	$4,150	$12,060	$8,000	$6,400	$8,900
Impairment provision	$1,469	$7,030	$4,098	$1,396	$993	$2,880	$1,782	$3,275
Cumulative impairment provision	$2,497	$8,140	$8,216	$3,893	$2,230	$3,719	$1,782	$7,207
Projected first year net operating income (loss)	$376	$435	($540)	$108	$272	$319	($23)	$125
Discount rate	9.3%	10.8%	12.0%	11.5%	10.0%	11.5%	12.0%	9.5%

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, 2020	December 31, 2019
Joint ventures	**$51,871**	$53,118
Associates	**82,924**	85,835
Equity-accounted investments	**134,795**	138,953
Other real estate fund investments	**123,511**	109,712
Equity-accounted and other fund investments	**$258,306**	$248,665

The following are the Company's significant equity-accounted investments as at March 31, 2020, and December 31, 2019:

				Company's Ownership		Carrying Value	
Property/Investment	Principal Place of Business	Investment Type	Asset Type	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$22,656**	$23,705
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,973**	2,994
Greypoint Capital L.P.[1]	Toronto, ON	Joint Venture	Other	**22.4%**	22.6%	**12,036**	12,028
Courtyard by Marriott	Ottawa, ON	Joint Venture	Hotel	**50.0%**	50.0%	**9,460**	9,595
Marriott Residence Inn	London, ON	Joint Venture	Hotel	**50.0%**	50.0%	**4,746**	4,796
Sunset & Gordon	Los Angeles, CA	Associate	Residential	**59.1%**	59.1%	**69,145**	63,803
MIL Industrial Fund II LP[2][3]	Various	Associate	Industrial	**18.8%**	18.8%	**13,779**	22,032
						$134,795	$138,953

(1) Comprises an investment in Greypoint Capital L.P. of 36.4% and Greypoint Capital L.P. II of 17.1%.
(2) 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.
(3) The fund disposed of its 50% interest in one industrial property on March 25, 2020, for net proceeds of $28,079 (Note 4).

Equity-accounted investments

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

As at	March 31, 2020	December 31, 2019
Balance, beginning of period	**$138,953**	$177,480
Additions	**3,257**	64,914
Transfer[1]	**—**	(63,504)
Share of net loss	**(2,504)**	(28,825)
Distributions received	**(10,750)**	(6,778)
Foreign exchange gain (loss)	**5,839**	(4,334)
Balance, end of period	**$134,795**	$138,953

(1) The Company acquired the 51% interest not already owned in the Marquee at Block 37 on December 9, 2019, at which point the carrying value of the 49% interest was transferred to each respective balance sheet line item including: income producing properties $172,597 (Note 4) and mortgages payable $109,189.

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

As at	March 31, 2020			December 31, 2019		
	Joint Venture	**Associate**	**Total**	Joint Venture	Associate	Total
Non-current assets	**$191,801**	**$341,546**	**$533,347**	$193,504	$354,148	$547,652
Current assets	**61,431**	**11,280**	**72,711**	63,988	12,237	76,225
Total assets	**$253,232**	**$352,826**	**$606,058**	$257,492	$366,385	$623,877
Non-current liabilities	**$63,628**	**$37,926**	**$101,554**	$64,007	$32,584	$96,591
Current liabilities	**56,104**	**125,078**	**181,182**	56,967	108,861	165,828
Total liabilities	**$119,732**	**$163,004**	**$282,736**	$120,974	$141,445	$262,419
Net assets	**$133,500**	**$189,822**	**$323,322**	$136,518	$224,940	$361,458
Equity-accounted investments	**$51,871**	**$82,924**	**$134,795**	$53,118	$85,835	$138,953

For the three months ended March 31	2020			2019		
	Joint Venture	**Associate**	**Total**	Joint Venture	Associate	Total
Revenue	**$8,455**	**$2,580**	**$11,035**	$8,001	$9,771	$17,772
Expenses	**(5,652)**	**(1,193)**	**(6,845)**	(5,680)	(9,553)	(15,233)
Fair value gain (loss) on real estate properties, net	**(2,812)**	**(230)**	**(3,042)**	(996)	812	(184)
Net income (loss) for the period	**($9)**	**$1,157**	**$1,148**	$1,325	$1,030	$2,355
Income (loss) in equity-accounted investments	**($384)**	**($2,120)**	**($2,504)**	$590	$856	$1,446

(b) Income Recognized from Other Fund Investments:

Other Real Estate Fund Investments

For the three months ended March 31	2020	2019
Distribution income	**$102**	$751
Fair value gain for the period (Note 18)	**723**	5,035
Income from other real estate fund investments	**$825**	$5,786

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

NOTE 7
OTHER ASSETS

Other assets consist of the following:

As at	March 31, 2020	December 31, 2019
Accrued pension benefit asset	**$59,443**	$83,554
Goodwill	**24,488**	24,488
Capital assets, net	**20,554**	20,435
Right-of-use asset - office lease	**2,496**	2,603
Intangible assets, net	**35,918**	36,501
Inventory	**3,007**	3,016
Inventory - development properties	**451**	451
Finance lease receivable	**56,725**	56,574
Investment in marketable securities	**94,055**	142,911
Restricted cash	**31,478**	30,449
Other	**517**	519
	$329,132	$401,501

Finance Lease Receivable

In 2018, Morguard completed the construction of an ancillary services office building as part of the Etobicoke General Hospital's expansion plans. The Company entered into a 41-year ground lease agreement for a nominal consideration for the construction and operation of the development project, which is to be returned to the landlord at the end of the 41-year term. The landlord has the right to buy out the ground lease in year 20 at the fair market value of Morguard's interest in the development as defined by the agreement. Contemporaneously, the same landlord entered into a sublease agreement to rent the office building from the Company over the 41-year term.

Future minimum lease payments under the finance lease are as follows:

As at	March 31, 2020	December 31, 2019
Within 12 months	**$2,445**	$3,256
2 to 5 years	**17,285**	17,285
Over 5 years	**167,931**	167,932
Total minimum lease payments	**187,661**	188,473
Less: Future finance income	**(130,936)**	(131,899)
Present value of minimum lease payments	**$56,725**	$56,574

NOTE 8
MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2020	December 31, 2019
Mortgages payable	**$4,438,115**	$4,375,947
Mark-to-market adjustments, net	**10,681**	11,948
Deferred financing costs	**(21,769)**	(22,616)
	$4,427,027	$4,365,279
Current	**$548,343**	$583,611
Non-current	**3,878,684**	3,781,668
	$4,427,027	$4,365,279
Range of interest rates	**2.25 - 7.08%**	2.25 - 8.95%
Weighted average contractual interest rate	**3.73%**	3.80%
Estimated fair value of mortgages payable	**$4,537,104**	$4,406,348

The aggregate principal repayments and balances maturing of the mortgages payable as at March 31, 2020, 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
2020 (remainder of year)	$82,512	$336,490	$419,002	4.81%
2021	108,992	403,073	512,065	4.36%
2022	105,772	403,557	509,329	3.52%
2023	82,486	674,266	756,752	3.56%
2024	69,408	323,961	393,369	3.75%
Thereafter	204,084	1,643,514	1,847,598	3.53%
	$653,254	$3,784,861	$4,438,115	3.73%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2020, mortgages payable mature between 2020 and 2058 and have a weighted average term to maturity of 5.1 years (December 31, 2019 - 5.1 years) and approximately 95% of the Company's mortgages have fixed interest rates.

As at March 31, 2020, approximately 92% of the Company's real estate and hotel properties, and related rental revenue have been pledged as collateral for the mortgages payable.

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, 2020, and December 31, 2019, the Company was not in compliance with five debt service covenants affecting five mortgage loans amounting to $55,262 (December 31, 2019 - $80,877). None of the lenders have demanded payment of the mortgage loans. However, IFRS requires that the loan balance of mortgages payable in breach of debt covenants be included in the current portion of mortgages payable. As a result, the current portion of debt includes $53,868 scheduled to retire after March 31, 2021.

NOTE 9

UNSECURED DEBENTURES

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

As at	Maturity Date	Coupon Interest Rate	March 31, 2020	December 31, 2019
Series B senior unsecured debentures	November 18, 2020	4.013%	**$200,000**	$200,000
Series C senior unsecured debentures	September 15, 2022	4.333%	**200,000**	200,000
Series D senior unsecured debentures	May 14, 2021	4.085%	**200,000**	200,000
Series E senior unsecured debentures	January 25, 2024	4.715%	**225,000**	225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Unamortized financing costs			**(3,213)**	(3,556)
			$1,046,787	$1,046,444
Current			**$199,840**	$199,778
Non-current			**846,947**	846,666
			$1,046,787	$1,046,444

On November 18, 2016, the Company issued $200,000 (net proceeds including issuance costs - $199,198) of Series B senior unsecured debentures due on November 18, 2020. Interest on the Series B senior unsecured debentures is payable semi-annually, not in advance, on May 18 and November 18 of each year. The Company has the option to redeem the Series B 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 0.785%.

On September 15, 2017, the Company issued $200,000 (net proceeds including issuance costs - $198,800) of Series C senior unsecured debentures due on September 15, 2022. Interest on the Series C senior unsecured debentures is payable semi-annually, not in advance, on March 15 and September 15 of each year. The Company has the option to redeem the Series C senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 0.635%.

On May 14, 2018, the Company issued $200,000 (net proceeds including issuance costs - $198,805) of Series D senior unsecured debentures due on May 14, 2021. Interest on the Series D senior unsecured debentures is payable semi-annually, not in advance, on May 14 and November 14 of each year. The Company has the option to redeem the Series D 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 0.50%.

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, commencing on July 25, 2019. 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, commencing on May 27, 2020. 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%.

For the three months ended March 31, 2020, interest on the Unsecured Debentures of $11,171 (2019 - $8,020) is included in interest expense (Note 17).

NOTE 10
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, 2020	December 31, 2019
Morguard REIT	December 31, 2021	$20.40	4.50%	$175,000	$60,000	**$112,624**	$112,105
Morguard Residential REIT[1]	March 31, 2023	$20.20	4.50%	$85,500	$5,000	**78,422**	81,398
						$191,046	$193,503

[1] As at March 31, 2020, the liability includes the fair value of the conversion option of $345 (December 31, 2019 - $3,472).

Morguard REIT

On December 30, 2016, Morguard REIT issued $175,000 principal amount of 4.50% convertible unsecured subordinated debentures, and incurred issue costs of $5,137 for net proceeds of $169,863. Interest is payable semi-annually, not in advance, on June 30 and December 31 of each year. The convertible debentures, with the exception of $3,242, the value assigned to the holder's conversion option, have been recorded as debt on the consolidated balance sheets.

Morguard Residential REIT

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

For the three months ended March 31, 2020, interest on convertible debentures net of accretion of $2,422 (2019 - $4,699) 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.

On August 28, 2019, Morguard Residential REIT completed an offering for 5,226,200 Units sold for a price of $19.75 per Unit for aggregate gross proceeds of $103,217. The net proceeds after underwriters' commission and other closing costs totalling $3,626, was $99,591. The Company purchased 1,269,000 of the Units offered amounting to $25,063.

As at March 31, 2020, the Company valued the non-controlling interest in the Morguard Residential REIT Units at $374,114 (December 31, 2019 - $516,462) 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 gain for the three months ended March 31, 2020 of $137,081 (2019 - loss of $33,801) in the consolidated statements of income (loss) (Note 18).

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

For the three months ended March 31	2020	2019
Fair value gain (loss) on Morguard Residential REIT Units	**$142,510**	($29,207)
Distributions to external Unitholders (Note 3)	**(5,429)**	(4,594)
Fair value gain (loss) on Morguard Residential REIT Units	**$137,081**	($33,801)

NOTE 12
LEASE LIABILITIES

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

As at	March 31, 2020	December 31, 2019
Balance, beginning of period	**$166,144**	$9,754
Adoption of IFRS 16	**—**	161,614
Interest on lease liabilities	**2,371**	9,679
Payments	**(2,843)**	(11,778)
Additions	**—**	725
Dispositions	**—**	(684)
Extinguishment[(1)]	**—**	(2,664)
Foreign exchange loss (gain)	**985**	(502)
Balance, end of period	**$166,657**	$166,144
Current (Note 13)	**$1,753**	$1,703
Non-current	**164,904**	164,441
	$166,657	$166,144
Weighted average borrowing rate	**5.72%**	5.72%

(1) On December 19, 2019, the Company acquired the remaining 50% interest in the underlying property where the Company has an office lease (Note 4). Since the property is now 100% owned, the lease liability and right-of-use asset (office lease) relating to the 50% interest previously not owned by the Company have been extinguished.

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2020	December 31, 2019
Within 12 months	**$11,197**	$11,127
2 to 5 years	**43,355**	43,335
Over 5 years	**362,698**	364,195
Total minimum lease payments	**417,250**	418,657
Less: future interest costs	**(250,593)**	(252,513)
Present value of minimum lease payments	**$166,657**	$166,144

NOTE 13
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2020	December 31, 2019
Accounts payable and accrued liabilities	**$231,335**	$185,904
Tenant deposits	**28,795**	27,850
Stock appreciation rights ("SARs") liability	**13,738**	24,525
Lease liability (Note 12)	**1,753**	1,703
Other	**4,490**	2,691
	$280,111	$242,673

NOTE 14
BANK INDEBTEDNESS

As at March 31, 2020, the Company has operating lines of credit totalling $424,000 (December 31, 2019 - $374,000), 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 or LIBOR rates. As at March 31, 2020, the maximum amount that can be borrowed on the operating lines of credit is $412,871 (December 31, 2019 - $356,169), which includes deducting issued letters of credit in the amount of $8,790 (December 31, 2019 - $13,790) 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, 2020, the Company had borrowed $252,706 (December 31, 2019 - $101,100) on its operating lines of credit.

Two of the Company's lines of credit, which are due on demand, are collateralized by its investments in Morguard REIT and Morguard Residential REIT. Currently, the Company is not in compliance with a margin requirement for the operating line collateralized by Units of Morguard REIT. In accordance with the margin calculation for this line of credit the Company would otherwise be required to repay $20,633. The lender has provided a waiver of the margin requirement and, therefore, the Company is not required to make this repayment.

The bank credit agreements include certain restrictive undertakings by the Company. As at March 31, 2020, other than as described above, 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, 2018	11,294	$102,436
Common shares repurchased through the Company's NCIB	(11)	(100)
Dividend reinvestment plan	—	90
Balance, December 31, 2019	11,283	102,426
Common shares repurchased through the Company's NCIB	**(36)**	**(323)**
Dividend reinvestment plan	**—**	**21**
Balance, March 31, 2020	**11,247**	**$102,124**

On September 17, 2019, the Company obtained the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 564,117 common shares, being approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2020. The daily repurchase restriction for the common shares is 1,000. During the three months ended March 31, 2020, 35,546 common shares were purchased for cash consideration of $6,756 at a weighted average price of $190.06 per common share.

Total dividends declared during the three months ended March 31, 2020 amounted to $1,689, or $0.15 per common share (2019 - $1,693, or $0.15 per common share). On May 5, 2020, the Company declared a common share dividend of $0.15 per common share to be paid in the second quarter of 2020.

(b) Contributed Surplus

During the three months ended March 31, 2020, the Company acquired 20,668,856 common shares of Temple (2019 - nil common shares) for cash consideration of $44,149 (2019 - $nil). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended March 31, 2020, amounted to $23,235 (2019 - $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, 2020					
Date of Grant	Exercise Price	Issued	Redeemed	Cancelled	Outstanding
March 20, 2008	$30.74	200,000	(56,000)	(61,500)	82,500
November 2, 2010	$43.39	55,000	(2,000)	(8,000)	45,000
May 13, 2014	$137.90	25,000	(2,000)	(8,000)	15,000
May 13, 2015	$153.82	10,000	—	—	10,000
January 11, 2017	$179.95	90,000	—	—	90,000
May 18, 2018	$163.59	125,000	—	—	125,000
August 8, 2018	$168.00	20,000	—	—	20,000
November 8, 2018	$184.00	10,000	—	—	10,000
Total		**535,000**	**(60,000)**	**(77,500)**	**397,500**

During the three months ended March 31, 2020, the Company recorded a fair value adjustment to reduce compensation expense of $10,787 (2019 - increase compensation expense of $4,044). The expense 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, 2020: a dividend yield of 0.45% (2019 - 0.30%), expected volatility of approximately 25.34% (2019 - 21.45%) and the 10-year Bank of Canada Bond Yield of 0.88% (2019 - 1.54%).

(d) Accumulated Other Comprehensive Income

As at March 31, 2020, and December 31, 2019, accumulated other comprehensive income consists of the following amounts:

As at	March 31, 2020	December 31, 2019
Actuarial gain on defined benefit pension plans	**$31,751**	$49,410
Unrealized foreign currency translation gain	**307,425**	158,494
	$339,176	$207,904

NOTE 16
REVENUE

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

For the three months ended March 31	2020	2019
Rental income	**$126,857**	$120,628
Realty taxes and insurance	**36,183**	34,767
Common area maintenance recoveries	**26,764**	27,508
Property management and ancillary income	**38,462**	36,937
	$228,266	$219,840

The components of revenue from hotel properties are as follows:

For the three months ended March 31	2020	2019
Room revenue	**$34,362**	$39,538
Other hotel revenue	**13,443**	14,089
	$47,805	$53,627

The components of management and advisory fees are as follows:

For the three months ended March 31	2020	2019
Property and asset management fees	**$9,314**	$9,420
Other fees	**2,883**	2,231
	$12,197	$11,651

NOTE 17
INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2020	2019
Interest on mortgages	**$41,425**	$41,433
Interest on Unsecured Debentures (Note 9)	**11,171**	8,020
Interest on convertible debentures, net of accretion (Note 10)	**2,422**	4,699
Interest on bank indebtedness	**1,579**	955
Interest on loans payable and other	**1,046**	884
Interest on lease liabilities (Note 12)	**2,371**	2,422
Amortization of mark-to-market adjustments on mortgages, net	**(1,264)**	(1,476)
Amortization of deferred financing costs	**2,775**	1,818
Loss on extinguishment of mortgages payable	**—**	491
	61,525	59,246
Less: Interest capitalized to properties under development	**(163)**	(199)
	$61,362	$59,047

NOTE 18
FAIR VALUE GAIN (LOSS), NET

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

For the three months ended March 31	2020	2019
Fair value gain (loss) on real estate properties, net	**($122,603)**	$48,487
Financial assets (liabilities):		
Fair value gain (loss) on conversion option of MRG convertible debentures (Note 10)	**3,127**	(1,352)
Fair value gain (loss) on MRG Units (Note 11)	**137,081**	(33,801)
Fair value gain on other real estate fund investments (Note 6(b))	**723**	5,035
Fair value gain (loss) on investment in marketable securities	**(55,150)**	2,587
Total fair value gain (loss), net	**($36,822)**	$20,956

NOTE 19
OTHER INCOME (EXPENSE)

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

For the three months ended March 31	2020	2019
Foreign exchange loss	**($2,769)**	($1,680)
Gain on sale of hotel property	**—**	508
Other income (expense)	**(189)**	1,357
	($2,958)	$185

NOTE 20
RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in Notes 6 and 9, 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. The Company entered into a demand loan agreement with Paros that provides for the Company to borrow up to $22,000. The total loan payable outstanding from Paros as at March 31, 2020 was $nil (2019 - $nil). During the three months ended March 31, 2020, the Company incurred net interest expense of $nil (2019 - $30).

(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, 2020, the Company received a management fee of $328 (2019 - $326), and paid rent and operating expenses of $167 (2019 - $176).

The Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at either the prime rate or the bankers' acceptance rate plus applicable stamping fees. The total loan payable as at March 31, 2020 was $24,540 (December 31, 2019 - $33,679). During the three months ended March 31, 2020, the Company paid net interest of $189 (2019 - $403).

(c) Share/Unit Purchase and Other Loans

As at March 31, 2020, share/Unit purchase and other loans to officers and employees of the Company and its subsidiaries of $5,421 (December 31, 2019 - $5,504) 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 10, 2024. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at March 31, 2020, the fair market value of the common shares/Units held as collateral is $66,919.

NOTE 21
INCOME TAXES

(a) Tax Provision

For the three months ended March 31, 2020, the Company recorded an income tax recovery of $19,127 (2019 - provision for $8,884). The effective tax rate of the current and the prior period was impacted by the tax rate differential.

(b) Unrecognized Deductible Temporary Differences

As at March 31, 2020, the Company's U.S. subsidiaries have total net operating losses of US$95,909 (December 31, 2019 - US$81,266) of which no deferred tax assets were recognized in respect of US$76,594 (December 31, 2019 - US$68,362) net operating losses as it is not probable that taxable income will be available against which the deductible temporary difference can be utilized. The net operating losses expire in varying years commencing 2030.

As at March 31, 2020, the Company's Canadian subsidiaries have total net operating losses of $211,898 (December 31, 2019 - $205,433) of which no deferred tax assets were recognized as it is not probable that taxable income will be available against which they can be utilized. These losses expire in various years commencing 2022. The Company has other Canadian temporary differences for which no deferred tax asset was recognized of $65,085 (December 31, 2019 - $43,952). These other temporary differences have no expiration date.

(c) Recognized Deductible Temporary Differences

As at March 31, 2020, the Company's U.S. subsidiaries have total net operating losses of US$19,315 (December 31, 2019 - US$12,904) of which deferred tax assets were recognized. These net operating losses have no expiration date.

As at March 31, 2020, the Company's U.S. subsidiaries have total unutilized interest expense deductions of US$2,456 (December 31, 2019 - US$14,329) of which deferred tax assets were recognized.

NOTE 22
NET INCOME PER COMMON SHARE

For the three months ended March 31	2020	2019
Net income attributable to common shareholders	**$33,412**	$33,486
Weighted average number of common shares outstanding (000s) - basic and diluted	**11,262**	11,290
Net income per common share - basic and diluted	**$2.97**	$2.97

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

For the three months ended March 31	2020	2019
Fair value loss (gain) on real estate properties, net	**$154,453**	($20,186)
Fair value loss (gain) on conversion option of MRG convertible debentures (Note 18)	**(3,127)**	1,352
Fair value loss (gain) on MRG Units (Note 11)	**(142,510)**	29,207
Fair value gain on other real estate investment funds (Note 18)	**(723)**	(5,035)
Fair value loss (gain) on investment in marketable securities (Note 18)	**55,150**	(2,587)
Equity loss (income) from investments	**2,504**	(1,446)
Amortization of hotel properties	**7,143**	6,772
Amortization of capital assets and other	**1,981**	2,017
Amortization of deferred financing costs (Note 17)	**2,775**	1,818
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	**(1,264)**	(1,476)
Loss on extinguishment of mortgages payable (Note 17)	**—**	491
Amortization of tenant incentive	**500**	489
Stepped rent - adjustment for straight-line method	**118**	97
Deferred income taxes	**(25,995)**	7,746
Accretion of convertible debentures	**253**	1,811
Gain on sale of hotel property (Note 19)	**—**	(508)
Provision for impairment	**23,891**	—
	$75,149	$20,562

(b) Net Change in Operating Assets and Liabilities

For the three months ended March 31	2020	2019
Amounts receivable	**($1,094)**	($4,400)
Prepaid expenses and other	**(13,264)**	(14,924)
Accounts payable and accrued liabilities	**(1,237)**	(3,118)
Net change in operating assets and liabilities	**($15,595)**	($22,442)

(c) Supplemental Cash Flow Information

For the three months ended March 31	2020	2019
Interest paid	**$75,587**	$52,143
Interest received	**543**	1,338
Income taxes paid	**4,428**	9,332

During the three months ended March 31, 2020, the Company issued non-cash dividends under the distribution reinvestment plan of $21 (2019 - $25).

(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	**$4,365,279**	**$1,046,444**	**$193,503**	**$166,144**	**$33,679**	**$101,100**	**$5,906,149**
Repayments	**(28,866)**	**—**	**—**	**(472)**	**(13,233)**	**(91,604)**	**(134,175)**
New financing, net	**99,580**	**—**	**—**	**—**	**—**	**243,210**	**342,790**
Lump-sum repayments	**(132,435)**	**—**	**—**	**—**	**—**	**—**	**(132,435)**
Non-cash changes	**(9,747)**	**343**	**(2,457)**	**—**	**—**	**—**	**(11,861)**
Foreign exchange	**133,216**	**—**	**—**	**985**	**4,094**	**—**	**138,295**
Balance, March 31, 2020	**$4,427,027**	**$1,046,787**	**$191,046**	**$166,657**	**$24,540**	**$252,706**	**$6,108,763**

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, 2019, for an explanation of the Company's capital management policy.

The total managed capital for the Company as at March 31, 2020, and December 31, 2019, is summarized below:

As at	March 31, 2020	December 31, 2019
Mortgages payable, principal balance	**$4,438,115**	$4,375,947
Unsecured Debentures, principal balance	**1,050,000**	1,050,000
Convertible debentures, principal balance	**195,500**	195,500
Loans payable	**24,540**	33,679
Bank indebtedness	**252,706**	101,100
Lease liabilities	**166,657**	166,144
Shareholders' equity	**3,681,942**	3,548,906
	$9,809,460	$9,471,276

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, Morguard REIT and Temple 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 lenders. 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, 2019, 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 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, 2020, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at March 31, 2020, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,537,104 (December 31, 2019 - $4,406,348), compared with the carrying value of $4,438,115 (December 31, 2019 - $4,375,947). 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, 2020, the fair value of the Unsecured Debentures has been estimated at $1,056,366 (December 31, 2019 - $1,070,033) compared with the carrying value of $1,050,000 (December 31, 2019 - $1,050,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at March 31, 2020, the fair value of the convertible debentures before deferred financing costs has been estimated at $164,242 (December 31, 2019 - $202,838), compared with the carrying value of $195,500 (December 31, 2019 - $195,500).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using March 31, 2020, market rates for debt on similar terms (Level 3). Based on these assumptions, as at March 31, 2020, the fair value of the finance lease receivable has been estimated at $56,725 (December 31, 2019 - $56,574).

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, 2020			December 31, 2019		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$10,359,710**	$—	$—	$10,201,283
Investments in marketable securities	**94,055**	**—**	**—**	142,911	—	—
Investments in real estate funds	**—**	**—**	**123,511**	—	—	109,712
Financial liabilities:						
Morguard Residential REIT Units	**—**	**374,114**	**—**	—	516,462	—
Conversion option on MRG convertible debentures	**—**	**345**	**—**	—	3,472	—

NOTE 27
SEGMENTED INFORMATION
(a) Operating Segments

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

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

For the three months ended March 31, 2020	**Multi-suite Residential**	**Retail**	**Office**	**Industrial**	**Hotel**	**Total**
Revenue from real estate/hotel properties	**$99,962**	**$62,226**	**$63,175**	**$2,903**	**$47,805**	**$276,071**
Property/hotel operating expenses	**(68,986)**	**(32,586)**	**(28,415)**	**(947)**	**(42,536)**	**(173,470)**
Net operating income	**$30,976**	**$29,640**	**$34,760**	**$1,956**	**$5,269**	**$102,601**

For the three months ended March 31, 2019	Multi-suite Residential	Retail	Office	Industrial	Hotel	Total
Revenue from real estate/hotel properties	$91,633	$64,633	$60,297	$3,277	$53,627	$273,467
Property/hotel operating expenses	(64,715)	(31,965)	(26,570)	(1,129)	(44,514)	(168,893)
Net operating income	$26,918	$32,668	$33,727	$2,148	$9,113	$104,574

	Multi-suite Residential	**Retail**	**Office**	**Industrial**	**Hotel**	**Total**
As at March 31, 2020						
Real estate/hotel properties	**$5,166,212**	**$2,676,466**	**$2,384,547**	**$132,485**	**$599,622**	**$10,959,332**
Mortgages payable	**$2,215,632**	**$909,603**	**$1,043,509**	**$20,261**	**$238,022**	**$4,427,027**
For the three months ended March 31, 2020						
Additions to real estate/hotel properties	**$11,771**	**$12,454**	**$4,583**	**$42**	**$1,873**	**$30,723**
Fair value gain (loss) on real estate properties	**$11,514**	**($117,701)**	**($22,469)**	**$6,053**	**$—**	**($122,603)**

	Multi-suite Residential	Retail	Office	Industrial	Hotel	Total
As at December 31, 2019						
Real estate/hotel properties	$4,889,129	$2,744,442	$2,402,757	$164,955	$628,783	$10,830,066
Mortgages payable	$2,099,509	$909,400	$973,631	$30,970	$351,769	$4,365,279
For the three months ended March 31, 2019						
Additions to real estate/hotel properties	$6,981	$6,407	$6,162	$172	$5,857	$25,579
Fair value gain (loss) on real estate properties	$45,413	$11,885	($9,478)	$667	$—	$48,487

(b) Regional Segments

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

As at	**March 31, 2020**	December 31, 2019
Real estate and hotel properties		
Canada	**$7,559,307**	$7,740,218
United States	**3,400,025**	3,089,848
	$10,959,332	$10,830,066

For the three months ended March 31	2020	2019
Revenue from real estate and hotel properties		
Canada	**$205,204**	$209,120
United States	**70,867**	64,347
	$276,071	$273,467

NOTE 28
SUBSEQUENT EVENTS

Beginning March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "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 if non-essential businesses, self-imposed quarantine periods and social distancing, have caused material disruption to businesses in North America and globally, which has resulted in an uncertain and challenging economic environment that could negatively impact the Company's operations and financial results in future periods. Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty associated with the Company's future operating assumptions and expectations as compared to prior periods. As such, it is currently not possible to estimate the full impacts COVID-19 will have on the Company's financial position or results of operations.

At this time, the duration and impact of the COVID-19 pandemic is unknown, as is the effectiveness of the government and central bank interventions. Any estimate of the length and severity of these measures are therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may, directly or indirectly, materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

As at May 5, 2020, the Company's collection of April rental revenue is summarized below by asset class:

Asset Class	% Collected	% of Rental Revenue
Multi-suite residential	95.9%	41.9%
Retail	47.2%	27.3%
Office	92.8%	29.6%
Industrial	86.6%	1.2%
Total	**81.6%**	**100.0%**

The Company's diversified real estate portfolio provides greater stability during volatility, providing insulation from downturns.

The Company's multi-suite residential assets have received approximately 96% of April rental revenue which is materially in line with historical collection rates.

The order to close non-essential businesses issued by various levels of government across North America has significantly impacted our retail tenants. As at May 5, 2020, all except one of the Company's enclosed malls are open. Across the Company's retail portfolio, approximately 40% of retail stores are currently open, with the remaining 60% closed. The retail tenants that have closed represent approximately 16% of the Company's annualized revenues.

Buildings within the Company's office portfolio have generally remained open during the pandemic, however, due to closure of non-essential businesses and social distancing protocols most our tenants have implemented a work-from-home protocol. The Company has a significant amount of office space leased to government tenants. This will help mitigate the risk of non-payment of rent. Approximately 37% of the Company's office contracted gross revenue is derived from government tenants.

The Company's hotel portfolio has undertaken significant steps to mitigate the operational and financial impacts from emergency measures enacted to combat COVID-19. As at May 5, 2020, of the Company's 39 hotels, 20 are currently open for business at reduced occupancy levels and serving guests in compliance with government health guidelines. The temporary closure of 19 hotels allows the Company to minimize the financial impacts and to consolidate operations at certain hotels within the same sub-market. The Company’s hotel asset class represents less than 10% of total NOI, as Morguard's diversified asset portfolio provides strength against economic and real estate cycles.

Management believes it is currently not possible to estimate the full impacts COVID-19 will have in determining estimates of fair market value for the Company’s real estate and hotel properties, investments in joint arrangements and the valuation of financial instruments. These condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements, which include the significant accounting policies most affected by estimates and judgments. In a long term scenario, the significant assumptions used in the assessment of fair value and impairment including estimates of future operating cash flows, the time period over which they will occur, an appropriate discount rate, appropriate growth rates (revenues and costs) and changes in market valuation parameters could potentially be impacted, all of which ultimately impact the underlying valuation of the Company’s real estate and hotel properties and investments in joint arrangements.

On April 15, 2020, the Company completed the financing of a multi-suite residential property located in Boynton Beach, Florida, in the amount of US$26,500 at an interest rate of 3.08% and for a term of 10 years.