



Real Estate Potential. *Realized.*

MORGUARD CORPORATION

JUNE 30, 2025

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)

BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	June 30, 2025	December 31, 2024
ASSETS			
Non-current assets			
Real estate properties	4	\$11,023,459	\$11,048,485
Hotel properties	5	85,475	85,999
Equity-accounted and other fund investments	6	56,412	63,064
Other assets	7	308,738	326,154
		11,474,084	11,523,702
Current assets			
Amounts receivable	8	63,528	57,395
Prepaid expenses and other		59,743	37,606
Cash		164,092	140,725
		287,363	235,726
		\$11,761,447	\$11,759,428
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	9	\$3,750,896	\$4,002,145
Debentures payable	10	318,803	316,614
Lease liabilities	12	167,920	169,924
Morguard Residential REIT units	11	443,242	434,721
Deferred income tax liabilities		928,474	904,303
		5,609,335	5,827,707
Current liabilities			
Mortgages payable	9	891,812	758,936
Loans payable	20	—	20,000
Accounts payable and accrued liabilities	13	280,623	265,450
Bank indebtedness	14	284,910	168,079
		1,457,345	1,212,465
Total liabilities		7,066,680	7,040,172
EQUITY			
Shareholders' equity		4,312,250	4,292,423
Non-controlling interest		382,517	426,833
Total equity		4,694,767	4,719,256
		\$11,761,447	\$11,759,428

Contingencies

24

See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board:

(Signed) "K. Rai Sahi"

(Signed) "Bruce K. Robertson"

K. Rai Sahi,
Director

Bruce K. Robertson,
Director

STATEMENTS OF INCOME

In thousands of Canadian dollars, except per common share amounts

		Three months ended June 30		Six months ended June 30	
	Note	2025	2024	2025	2024
Revenue from real estate properties	16	\$256,589	\$254,858	\$519,638	\$511,947
Revenue from hotel properties	16	9,142	8,826	14,516	19,263
Property operating expenses					
Property operating costs		(64,586)	(62,545)	(130,197)	(124,978)
Utilities		(14,002)	(14,303)	(33,517)	(31,692)
Realty taxes		(24,363)	(22,993)	(112,888)	(106,315)
Hotel operating expenses		(5,800)	(5,964)	(10,498)	(15,598)
Net operating income		156,980	157,879	247,054	252,627
OTHER REVENUE					
Management and advisory fees	16	10,417	10,522	19,908	20,179
Interest and other income		4,271	4,325	8,556	8,808
		14,688	14,847	28,464	28,987
EXPENSES					
Interest	17	63,610	63,234	126,595	128,116
Property management and corporate	15(c)	21,789	21,609	46,714	44,940
Amortization of hotel properties and other		1,538	2,997	3,959	5,664
		86,937	87,840	177,268	178,720
OTHER INCOME (EXPENSE)					
Fair value gain (loss), net	18	(4,553)	(11,726)	53,152	(55,261)
Gain on sale of hotel properties	5	—	—	—	150,587
Equity income from investments	6	369	459	962	1,491
Other income (expense)	19	(164)	191	(117)	(4)
		(4,348)	(11,076)	53,997	96,813
Income before income taxes		80,383	73,810	152,247	199,707
Provision for income taxes	21				
Current		1,617	7,235	4,286	23,902
Deferred		23,901	11,138	38,335	3,599
		25,518	18,373	42,621	27,501
Net income for the period		\$54,865	\$55,437	\$109,626	\$172,206
Net income (loss) attributable to:					
Common shareholders		\$54,001	\$53,858	\$112,136	\$184,304
Non-controlling interest		864	1,579	(2,510)	(12,098)
		\$54,865	\$55,437	\$109,626	\$172,206
Net income per common share attributable to:					
Common shareholders - basic and diluted	22	\$5.05	\$4.98	\$10.47	\$17.04

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Net income for the period	\$54,865	\$55,437	\$109,626	\$172,206
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain (loss)	(128,190)	24,852	(130,445)	78,234
Unrealized fair value gain (loss) on cash flow hedge	665	—	(167)	—
Deferred income tax recovery (provision)	20,036	(3,815)	20,544	(12,048)
	(107,489)	21,037	(110,068)	66,186
Items that will not be reclassified subsequently to net income:				
Actuarial gain (loss) on defined benefit pension plans	5,313	(1,955)	1,885	(1,133)
Deferred income tax recovery (provision)	(1,449)	495	(548)	314
	3,864	(1,460)	1,337	(819)
Other comprehensive income (loss)	(103,625)	19,577	(108,731)	65,367
Total comprehensive income (loss) for the period	(\$48,760)	\$75,014	\$895	\$237,573
Total comprehensive income (loss) attributable to:				
Common shareholders	(\$44,383)	\$72,313	\$9,018	\$246,129
Non-controlling interest	(4,377)	2,701	(8,123)	(8,556)
	(\$48,760)	\$75,014	\$895	\$237,573

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Canadian dollars

	Note	Retained Earnings	Accumulated Other Comprehensive Income	Share Capital	Total Shareholders' Equity	Non-controlling Interest	Total
Shareholders' equity, January 1, 2024		\$3,530,663	\$258,523	\$98,364	\$3,887,550	\$455,540	\$4,343,090
Changes during the period:							
Net income (loss)		184,304	—	—	184,304	(12,098)	172,206
Other comprehensive income		—	61,825	—	61,825	3,542	65,367
Dividends		(3,244)	—	—	(3,244)	—	(3,244)
Distributions		—	—	—	—	(3,692)	(3,692)
Issuance of common shares		—	—	12	12	—	12
Tax impact of increase in subsidiary ownership interest		(878)	—	—	(878)	—	(878)
Shareholders' equity, June 30, 2024		\$3,710,845	\$320,348	\$98,376	\$4,129,569	\$443,292	\$4,572,861
Changes during the period:							
Net income (loss)		77,495	—	—	77,495	(10,067)	67,428
Other comprehensive income		—	99,392	—	99,392	4,516	103,908
Dividends		(3,766)	—	—	(3,766)	—	(3,766)
Distributions		—	—	—	—	(4,467)	(4,467)
Issuance of common shares		—	—	15	15	—	15
Repurchase of common shares		(10,413)	—	(839)	(11,252)	—	(11,252)
Change in ownership of Morguard REIT		3,826	—	—	3,826	(6,441)	(2,615)
Tax impact of increase in subsidiary ownership interest		(2,856)	—	—	(2,856)	—	(2,856)
Shareholders' equity, December 31, 2024		\$3,775,131	\$419,740	\$97,552	\$4,292,423	\$426,833	\$4,719,256
Changes during the period:							
Net income (loss)		112,136	—	—	112,136	(2,510)	109,626
Other comprehensive loss		—	(103,118)	—	(103,118)	(5,613)	(108,731)
Dividends	15(a)	(4,284)	—	—	(4,284)	—	(4,284)
Distributions		—	—	—	—	(2,037)	(2,037)
Issuance of common shares	15(a)	—	—	18	18	—	18
Repurchase of common shares	15(a)	(1,982)	—	(160)	(2,142)	—	(2,142)
Change in ownership of Morguard REIT	15(b)	19,845	—	—	19,845	(26,942)	(7,097)
Increase in subsidiary ownership interest	15(b)	3,214	—	—	3,214	(7,214)	(4,000)
Tax impact of increase in subsidiary ownership interest		(5,842)	—	—	(5,842)	—	(5,842)
Shareholders' equity, June 30, 2025		\$3,898,218	\$316,622	\$97,410	\$4,312,250	\$382,517	\$4,694,767

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

		Three months ended June 30		Six months ended June 30	
	Note	2025	2024	2025	2024
OPERATING ACTIVITIES					
Net income for the period		\$54,865	\$55,437	\$109,626	\$172,206
Add (deduct) items not affecting cash	23(a)	12,171	8,259	16,679	(62,730)
Distributions from equity-accounted and other fund investments	6	627	333	918	654
Additions to tenant incentives and leasing commissions	4	(3,272)	(3,344)	(11,343)	(6,288)
Net change in operating assets and liabilities	23(b)	19,083	17,508	(27,392)	8,005
Cash provided by operating activities		83,474	78,193	88,488	111,847
INVESTING ACTIVITIES					
Additions to real estate properties and tenant improvements	4	(28,800)	(33,125)	(49,106)	(49,497)
Additions to hotel properties	5	(75)	(489)	(724)	(1,157)
Additions to capital and intangible assets		(657)	(1,122)	(1,373)	(1,806)
Investment in properties under development	4	(23,176)	(3,307)	(42,523)	(8,066)
Proceeds from the sale of real estate properties, net	4	—	37,050	296	162,562
Proceeds from the sale of hotel properties, net	5	—	—	—	405,801
Decrease in mortgages and loans receivable		736	360	3,919	878
Distribution from equity-accounted and other fund investments, net	6	—	31,405	—	29,702
Cash provided by (used in) investing activities		(51,972)	30,772	(89,511)	538,417
FINANCING ACTIVITIES					
Proceeds from new mortgages		28,500	318,132	229,581	398,132
Financing costs on new mortgages		(260)	(4,582)	(3,066)	(6,217)
Repayment of mortgages					
Principal instalment repayments		(28,922)	(28,506)	(58,037)	(56,579)
Repayments on maturity		(39,409)	(105,598)	(194,879)	(180,380)
Repayments due to mortgage extinguishments		—	(108,441)	—	(214,777)
Principal payment of lease liabilities		(654)	(382)	(1,143)	(783)
Proceeds from (repayment of) bank indebtedness, net	23(d)	43,329	(10,998)	116,831	(176,727)
Redemption of debentures payable		—	—	—	(225,000)
Repayment of loans payable, net		—	—	(20,000)	—
Dividends paid		(2,133)	(1,616)	(4,266)	(3,232)
Distributions to non-controlling interest, net		(889)	(1,841)	(1,791)	(3,240)
Morguard Residential REIT units repurchased for cancellation		(10,808)	(8,107)	(20,951)	(8,316)
Shares repurchased for cancellation		—	—	(2,142)	—
Investment in subsidiaries	15(b)	(4,145)	—	(11,097)	—
Decrease (increase) in restricted cash		(941)	1,549	(1,241)	6,807
Cash provided by (used in) financing activities		(16,332)	49,610	27,799	(470,312)
Net increase in cash during the period		15,170	158,575	26,776	179,952
Net effect of foreign currency translation on cash balance		(3,398)	366	(3,409)	1,018
Cash, beginning of period		152,320	138,546	140,725	116,517
Cash, end of period		\$164,092	\$297,487	\$164,092	\$297,487

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three and six months ended June 30, 2025 and 2024

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

NOTE 1

NATURE AND DESCRIPTION OF COMPANY

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

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on August 6, 2025.

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

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

	2025	2024
Canadian dollar to United States dollar exchange rates:		
- As at June 30	\$0.7330	\$0.7306
- As at December 31	—	0.6950
- Average for the three months ended June 30	0.7225	0.7308
- Average for the six months ended June 30	0.7095	0.7361
United States dollar to Canadian dollar exchange rates:		
- As at June 30	1.3643	1.3687
- As at December 31	—	1.4389
- Average for the three months ended June 30	1.3841	1.3683
- Average for the six months ended June 30	1.4094	1.3585

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at June 30, 2025, the Company owns a 48.4% (December 31, 2024 - 47.4%) effective interest in Morguard Residential REIT through its ownership of 8,120,666 units and 17,223,090 Class B LP units. The Company continues to consolidate its investment in Morguard Residential REIT on the basis of *de facto* control in accordance with IFRS 10, Consolidated Financial Statements (“IFRS 10”). Refer to the Company’s most recent annual audited consolidated financial statements for the factors that continue to support the conclusion that the Company has *de facto* control of Morguard Residential REIT.

During the three months ended June 30, 2025, Morguard Residential REIT recorded distributions of \$6,732, or \$0.18999 per unit (2024 - \$6,956, or \$0.18501 per unit), of which \$1,543 was paid to the Company (2024 - \$1,503) and \$5,189 was paid to the remaining unitholders (2024 - \$5,453). In addition, during the three months ended

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

During the six months ended June 30, 2025, Morguard Residential REIT recorded distributions of \$13,611, or \$0.37998 per unit (2024 - \$13,939, or \$0.37002 per unit), of which \$3,086 was paid to the Company (2024 - \$3,005) and \$10,525 was paid to the remaining unitholders (2024 - \$10,934). In addition, during the six months ended June 30, 2025, Morguard Residential REIT paid distributions to the Company on the Class B LP units of \$6,544 (2024 - \$6,372).

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

As at June 30, 2025, the Company owns 44,494,267 units (December 31, 2024 - 42,448,462 units) of Morguard REIT, which represents a 68.3% (December 31, 2024 - 66.0%) ownership interest.

During the three months ended June 30, 2025, Morguard REIT recorded distributions of \$3,888, or \$0.06 per unit (2024 - \$3,856, or \$0.06 per unit), of which \$2,652 (2024 - \$2,518) was paid to or received by the Company through MRT's distribution reinvestment program ("MRT DRIP") and \$1,236 was paid to the remaining unitholders (2024 - \$1,338).

During the six months ended June 30, 2025, Morguard REIT recorded distributions of \$7,752, or \$0.12 per unit (2024 - \$7,717, or \$0.12 per unit), of which \$5,236 (2024 - \$5,037) was paid to or received by the Company through MRT DRIP and \$2,516 was paid to the remaining unitholders (2024 - \$2,680).

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	June 30, 2025		December 31, 2024	
	MRT	MRG	MRT	MRG
Non-current assets	\$2,143,228	\$4,360,106	\$2,153,058	\$4,403,949
Current assets	34,461	176,470	19,385	167,682
Total assets	\$2,177,689	\$4,536,576	\$2,172,443	\$4,571,631
Non-current liabilities	\$890,262	\$2,121,600	\$924,950	\$2,167,110
Current liabilities	419,983	338,960	364,724	292,531
Total liabilities	\$1,310,245	\$2,460,560	\$1,289,674	\$2,459,641
Equity	\$867,444	\$2,076,016	\$882,769	\$2,111,990
Non-controlling interest	\$270,357	\$1,070,394	\$307,200	\$1,111,540

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

For the three months ended June 30	2025		2024	
	MRT	MRG	MRT	MRG
Revenue	\$58,301	\$88,537	\$64,046	\$85,756
Expenses	(49,316)	(64,180)	(49,937)	(62,254)
Fair value gain (loss) on real estate properties, net	(10,683)	21,203	(16,242)	18,974
Fair value gain (loss) on Class B LP units	—	(15,501)	—	8,095
Net income (loss) for the period	(\$1,698)	\$30,059	(\$2,133)	\$50,571
Non-controlling interest	(\$516)	\$15,284	(\$756)	\$26,936

For the three months ended June 30		2025		2024
	MRT	MRG	MRT	MRG
Cash provided by (used in) operating activities	(\$102)	\$30,647	\$6,962	\$32,134
Cash provided by (used in) investing activities	(9,105)	(14,936)	25,950	(12,088)
Cash provided by (used in) financing activities	8,285	3,414	(31,975)	89,200
Net increase (decrease) in cash during the period	(\$922)	\$19,125	\$937	\$109,246

For the six months ended June 30		2025		2024
	MRT	MRG	MRT	MRG
Revenue	\$118,648	\$178,811	\$128,444	\$170,512
Expenses	(100,442)	(160,445)	(100,788)	(154,077)
Fair value gain (loss) on real estate properties, net	(31,569)	69,133	(66,465)	71,140
Fair value loss on Class B LP units	—	(19,118)	—	(12,228)
Net income (loss) for the period	(\$13,363)	\$68,381	(\$38,809)	\$75,347
Non-controlling interest	(\$4,350)	\$35,257	(\$13,479)	\$40,288

For the six months ended June 30		2025		2024
	MRT	MRG	MRT	MRG
Cash provided by operating activities	\$1,923	\$45,995	\$13,188	\$50,646
Cash provided by (used in) investing activities	(16,087)	(22,557)	17,206	(17,449)
Cash provided by (used in) financing activities	12,780	(6,439)	(30,474)	76,294
Net increase (decrease) in cash during the period	(\$1,384)	\$16,999	(\$80)	\$109,491

NOTE 4

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	June 30, 2025	December 31, 2024
Income producing properties	\$10,803,116	\$10,868,400
Properties under development	97,609	55,156
Land held for development	122,734	124,929
	\$11,023,459	\$11,048,485

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

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2024	\$10,868,400	\$55,156	\$124,929	\$11,048,485
Additions:				
Capital expenditures	38,228	—	—	38,228
Development expenditures	—	42,511	12	42,523
Tenant improvements, incentives and leasing commissions	22,221	—	—	22,221
Transfers	58	(58)	—	—
Dispositions	(296)	—	—	(296)
Fair value gain (loss), net (Note 18)	97,911	—	(1,452)	96,459
Foreign currency translation	(221,843)	—	(755)	(222,598)
Other	(1,563)	—	—	(1,563)
Balance as at June 30, 2025	\$10,803,116	\$97,609	\$122,734	\$11,023,459

Transactions completed during the six months ended June 30, 2025

Dispositions

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

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2024 is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2023	\$10,473,323	\$12,175	\$133,464	\$10,618,962
Additions:				
Acquisitions	99,217	—	—	99,217
Capital expenditures	116,179	—	—	116,179
Development expenditures	—	29,712	33	29,745
Tenant improvements, incentives and leasing commissions	29,206	—	—	29,206
Transfers	1,631	13,269	(14,900)	—
Dispositions	(165,527)	—	—	(165,527)
Fair value gain (loss), net	(23,003)	—	5,154	(17,849)
Foreign currency translation	342,951	—	1,178	344,129
Other	(5,577)	—	—	(5,577)
Balance as at December 31, 2024	\$10,868,400	\$55,156	\$124,929	\$11,048,485

Capitalization Rates

As at June 30, 2025, and December 31, 2024, the Company had its portfolio internally appraised. In addition, the Company's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

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

As at June 30, 2025, using the direct capitalization approach, the multi-suite residential, retail and office properties were valued using capitalization rates in the range of 3.3% to 10.3% (December 31, 2024 - 3.3% to 10.3%), resulting in an overall weighted average capitalization rate of 5.6% (December 31, 2024 - 5.6%).

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

As at	June 30, 2025					December 31, 2024				
	Occupancy Rates		Capitalization Rates			Occupancy Rates		Capitalization Rates		
	Max.	Min.	Max.	Min.	Weighted Average	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	98.5%	92.0%	6.3%	3.3%	4.4%	98.5%	92.0%	6.3%	3.3%	4.4%
Retail	99.0%	85.0%	10.3%	5.0%	7.5%	99.0%	85.0%	10.3%	5.0%	7.4%
Office ⁽¹⁾	100.0%	85.0%	9.5%	5.0%	7.6%	100.0%	85.0%	9.5%	4.6%	7.7%

⁽¹⁾ Includes industrial properties comprising approximately 11% 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	June 30, 2025			December 31, 2024		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Retail						
Discount rate	11.3%	5.8%	7.7%	11.3%	5.8%	7.7%
Terminal cap rate	10.3%	5.3%	6.7%	10.3%	5.3%	6.7%
Office						
Discount rate	10.0%	5.9%	7.3%	10.0%	5.1%	7.2%
Terminal cap rate	9.5%	5.3%	6.5%	9.5%	4.8%	6.5%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rates were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the income producing properties as at June 30, 2025 would decrease by \$472,043 and increase by \$521,217, respectively.

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

As at	June 30, 2025		December 31, 2024	
Change in capitalization rate:	0.25%	(0.25%)	0.25%	(0.25%)
Multi-suite residential	(\$346,035)	\$386,506	(\$360,692)	\$404,402
Retail	(63,508)	67,924	(66,253)	71,008
Office	(62,500)	66,787	(57,961)	61,854
	(\$472,043)	\$521,217	(\$484,906)	\$537,264

NOTE 5

HOTEL PROPERTIES

Hotel properties consist of the following:

As at June 30, 2025	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	85,298	(15,188)	70,110
Furniture, fixtures, equipment and other	13,296	(12,508)	788
	\$113,171	(\$27,696)	\$85,475
As at December 31, 2024	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	84,852	(14,117)	70,735
Furniture, fixtures, equipment and other	13,018	(12,331)	687
	\$112,447	(\$26,448)	\$85,999

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

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

As at June 30, 2025	Opening Net Book Value	Additions	Amortization	Closing Net Book Value
Land	\$14,577	\$—	\$—	\$14,577
Buildings	70,735	446	(1,071)	70,110
Furniture, fixtures, equipment and other	687	278	(177)	788
	\$85,999	\$724	(\$1,248)	\$85,475

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

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

NOTE 6

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	June 30, 2025	December 31, 2024
Joint ventures	\$7,076	\$6,963
Associates	—	69
Equity-accounted investments	7,076	7,032
Other real estate fund investments	49,336	56,032
Equity-accounted and other fund investments	\$56,412	\$63,064

Equity-accounted investments

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

As at	June 30, 2025	December 31, 2024
Balance, beginning of period	\$7,032	\$39,001
Share of net income (loss)	962	(717)
Distributions received	(918)	(5,219)
Distributions received - sale of hotel joint ventures	—	(26,033)
Balance, end of period	\$7,076	\$7,032

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

(b) Income Recognized from Other Fund Investments:

Other Real Estate Fund Investments

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Distribution income	\$95	\$—	\$194	\$—
Fair value loss for the period (Note 18)	(2,848)	(1,058)	(3,847)	(15,183)
Loss from other real estate fund investments	(\$2,753)	(\$1,058)	(\$3,653)	(\$15,183)

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

NOTE 7

OTHER ASSETS

Other assets consist of the following:

As at	June 30, 2025	December 31, 2024
Investment in marketable securities	\$87,328	\$88,187
Accrued pension benefit asset	82,652	80,524
Finance lease receivable	59,585	59,355
Mortgages receivable	24,227	41,444
Goodwill	24,488	24,488
Capital assets, net	17,579	18,189
Intangible assets, net	9,177	9,997
Receivables from related parties (Note 20(c))	3,027	2,960
Right-of-use asset - office lease	593	927
Other	82	83
	\$308,738	\$326,154

As at June 30, 2025, mortgages receivable amount to \$41,756 (December 31, 2024 - \$44,709), of which \$17,529 (December 31, 2024 - \$3,265) is due within one year and included in amounts receivable (Note 8). The mortgages receivable have a weighted average term to maturity of 1.1 years (December 31, 2024 - 1.5 years) and a weighted average effective interest rate of 7.44% (December 31, 2024 - 7.51%).

NOTE 8

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	June 30, 2025	December 31, 2024
Tenant receivables	\$17,564	\$15,300
Unbilled other tenant receivables	6,377	9,030
Mortgages receivable (Note 7)	17,529	3,265
Other receivables	29,302	37,112
Allowance for expected credit loss	(7,244)	(7,312)
	\$63,528	\$57,395

NOTE 9

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	June 30, 2025	December 31, 2024
Mortgages payable	\$4,671,616	\$4,791,513
Mark-to-market adjustments, net	(753)	(1,404)
Deferred financing costs	(28,155)	(29,028)
	\$4,642,708	\$4,761,081
Current	\$891,812	\$758,936
Non-current	3,750,896	4,002,145
	\$4,642,708	\$4,761,081
Range of interest rates	2.03 - 7.75%	2.03 - 7.75%
Weighted average contractual interest rate	4.20%	4.21%
Estimated fair value of mortgages payable	\$4,136,187	\$4,656,335

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

The aggregate principal repayments and balances maturing of the mortgages payable as at June 30, 2025, together with the weighted average contractual interest rate on debt maturing in the next five years and thereafter, are as follows:

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Interest Rate
2025 (remainder of year)	\$55,682	\$500,842	\$556,524	3.74%
2026	100,056	763,826	863,882	4.50%
2027	68,208	645,769	713,977	4.57%
2028	56,133	403,889	460,022	4.39%
2029	49,608	564,885	614,493	4.57%
Thereafter	136,486	1,326,232	1,462,718	3.81%
	\$466,173	\$4,205,443	\$4,671,616	4.20%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at June 30, 2025, mortgages payable mature between 2025 and 2058 and have a weighted average term to maturity of 3.9 years (December 31, 2024 - 4.1 years). Approximately 94% of the Company's mortgages have fixed interest rates.

Some of the Company's mortgages payable require it to maintain annual debt service coverage ratios and/or debt to equity ratios and/or debt to appraised value ratios, and arrange for capital expenditures in accordance with predetermined limits. As at June 30, 2025, and December 31, 2024, the Company is in compliance with all financial covenants.

NOTE 10

DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	June 30, 2025	December 31, 2024
Unsecured debentures	\$174,010	\$173,611
Convertible debentures	144,793	143,003
	\$318,803	\$316,614
Current	\$—	\$—
Non-current	318,803	316,614
	\$318,803	\$316,614

(a) Unsecured Debentures

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

As at	Maturity Date	Coupon Interest Rate	June 30, 2025	December 31, 2024
Series H senior unsecured debentures	September 26, 2026	9.500%	175,000	175,000
Unamortized financing costs			(990)	(1,389)
			\$174,010	\$173,611
Current			\$—	\$—
Non-current			174,010	173,611
			\$174,010	\$173,611

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

For the three and six months ended June 30, 2025, interest on Unsecured Debentures of \$4,145 (2024 - \$6,503) and \$8,244 (2024 - \$13,733), respectively, is included in interest expense (Note 17).

(b) Convertible Debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	June 30, 2025	December 31, 2024
Morguard Residential REIT ⁽¹⁾	March 31, 2028	\$24.15	6.00%	\$56,000	\$5,000	\$48,690	\$47,830
Morguard REIT	December 31, 2026	\$7.80	5.25%	\$159,000	\$60,000	96,103	95,173
						\$144,793	\$143,003
Current						\$—	\$—
Non-current						144,793	143,003
						\$144,793	\$143,003

⁽¹⁾ As at June 30, 2025, the liability includes the fair value of the conversion option of \$1,550 (December 31, 2024 - \$1,361).

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

For the three and six months ended June 30, 2025, interest on convertible debentures net of accretion of \$2,532 (2024 - \$2,507) and \$5,046 (2024 - \$4,987), respectively, is included in interest expense (Note 17).

NOTE 11

MORGUARD RESIDENTIAL REIT UNITS

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

As at June 30, 2025, the Company valued the non-controlling interest in the Morguard Residential REIT units at \$443,242 (December 31, 2024 - \$434,721) and classifies the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended June 30, 2025 of \$27,987 (2024 - gain of \$6,062) and a fair value loss for the six months ended June 30, 2025 of \$39,616 (2024 - \$30,873) in the consolidated statements of income (Note 18).

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Fair value gain (loss) on Morguard Residential REIT units	(\$22,798)	\$11,515	(\$29,091)	(\$19,939)
Distributions to external unitholders (Note 3)	(5,189)	(5,453)	(10,525)	(10,934)
Fair value gain (loss) on Morguard Residential REIT units	(\$27,987)	\$6,062	(\$39,616)	(\$30,873)

NOTE 12

LEASE LIABILITIES

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

As at	June 30, 2025	December 31, 2024
Balance, beginning of period	\$171,463	\$170,753
Interest on lease liabilities (Note 17)	4,957	9,860
Payments	(6,100)	(11,252)
Additions	—	685
Foreign exchange loss (gain)	(912)	1,417
Balance, end of period	\$169,408	\$171,463
Current (Note 13)	\$1,488	\$1,539
Non-current	167,920	169,924
	\$169,408	\$171,463

Future minimum lease payments under lease liabilities are as follows:

As at	June 30, 2025	December 31, 2024
Within 12 months	\$11,398	\$11,469
2 to 5 years	54,497	55,351
Over 5 years	326,753	332,453
Total minimum lease payments	392,648	399,273
Less: future interest costs	(223,240)	(227,810)
Present value of minimum lease payments	\$169,408	\$171,463

NOTE 13

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	June 30, 2025	December 31, 2024
Accounts payable and accrued liabilities	\$214,538	\$215,334
Accrued liabilities (IFRIC 21, Levies)	29,271	—
Tenant deposits	26,530	26,350
Stock Appreciation Rights ("SARs") liability (Note 15(c))	4,650	4,868
Income taxes payable	—	13,297
Lease liabilities (Note 12)	1,488	1,539
Derivative liabilities	2,556	2,389
Other	1,590	1,673
	\$280,623	\$265,450

NOTE 14**BANK INDEBTEDNESS**

As at June 30, 2025, the Company has borrowed \$284,910 (December 31, 2024 - \$168,079) on its operating lines of credit and has issued letters of credit in the amount of \$3,243 (December 31, 2024 - \$3,254). The Company has seven revolving lines of credit, of which six are subject to borrowing limitations that are based on the performance metrics of the underlying security. As at June 30, 2025, the maximum amount that can be borrowed on the operating lines of credit is \$377,802 (December 31, 2024 - \$360,391). As at June 30, 2025, the Company has operating lines of credit totalling \$438,330 (December 31, 2024 - \$436,350).

The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed charge on eleven properties have been pledged as collateral on these operating lines of credit. As at June 30, 2025, the majority of the Company's lines of credit can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on the prime lending rate, Canadian Overnight Repo Rate Average ("CORRA") for amounts borrowed in Canadian dollars or the Secured Overnight Financing Rate ("SOFR") on amounts borrowed in United States dollars.

The bank credit agreements, which renew annually and are due on demand, include certain restrictive undertakings by the Company. As at June 30, 2025, the Company is in compliance with all undertakings.

NOTE 15**SHAREHOLDERS' EQUITY****(a) Share Capital Authorized**

Unlimited common shares, no par value.

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

Issued and Fully Paid Common Shares	Number (000s)	Amount
Balance, December 31, 2023	10,813	\$98,364
Common shares repurchased through the Company's NCIB	(92)	(839)
Dividend reinvestment plan	—	27
Balance, December 31, 2024	10,721	\$97,552
Common shares repurchased through the Company's NCIB	(18)	(160)
Dividend reinvestment plan	—	18
Balance, June 30, 2025	10,703	\$97,410

The Company had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 540,661 common shares. On September 18, 2024, the Company obtained the approval of the TSX under its NCIB to purchase up to 540,672 common shares, representing approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2025. The daily repurchase restriction for the common shares is 1,000. During the six months ended June 30, 2025, 17,600 common shares were repurchased for cash consideration of \$2,142 at a weighted average price of \$121.70 per common share.

Total dividends declared during the three and six months ended June 30, 2025, amounted to \$2,141, or \$0.20 per common share (2024 - \$1,622, or \$0.15 per common share) and \$4,284, or \$0.40 per common share (2024 - \$3,244, or \$0.30 per common share), respectively. On August 6, 2025, the Company declared a common share dividend of \$0.20 per common share, to be paid in the third quarter of 2025.

(b) Contributed Surplus

During the three months ended June 30, 2025, the Company acquired 749,700 units (2024 - nil units) of Morguard REIT for cash consideration of \$4,145 (2024 - \$nil) and for the six months ended June 30, 2025, the Company acquired 1,284,000 units (2024 - nil units) of Morguard REIT for cash consideration of \$7,097 (2024 - \$nil). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended June 30, 2025 amounted to \$7,080 (2024 - \$nil) and for the six months ended June 30, 2025, amounted to \$12,455 (2024 - \$nil) and the amounts have been recorded within retained earnings.

During the three months ended June 30, 2025, the Company acquired 462,587 units of Morguard REIT (2024 - nil units) under its distribution reinvestment program for non-cash consideration of \$2,628 (2024 - \$nil) and for the six months ended June 30, 2025, the Company acquired 761,805 units of Morguard REIT (2024 - nil units) under its distribution reinvestment program for non-cash consideration of \$4,290 (2024 - \$nil). The difference between the non-cash consideration and the carrying value of the non-controlling interest acquired for the three months ended June 30, 2025 amounted to \$4,380 (2024 - \$nil) and for the six months ended June 30, 2025, amounted to \$7,390 (2024 - \$nil) and the amounts have been recorded within retained earnings.

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

(c) Stock Appreciation Rights Plan

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

During the three and six months ended June 30, 2025, the Company recorded a fair value adjustment of \$541 to reduce compensation expense (2024 - \$547) and a fair value adjustment of \$218 to reduce compensation expense (2024 - increase compensation expense of \$310). The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income, and the liability is classified as accounts payable and accrued liabilities (Note 13).

The fair value for the SARs was calculated using the Black-Scholes option pricing model. In determining the fair value of the SARs, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions that were used in determining the fair value as at June 30, 2025: a dividend yield of 0.71% (2024 - 0.54%), expected volatility of approximately 26.66% (2024 - 25.11%) and the 10-year Bank of Canada Bond Yield of 2.83% (2024 - 3.68%).

(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 June 30, 2025, the Company has granted nil options.

(e) Accumulated Other Comprehensive Income

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

As at	June 30, 2025	December 31, 2024
Actuarial gain on defined benefit pension plans	\$48,767	\$47,430
Unrealized fair value loss on cash flow hedge	(2,094)	(1,972)
Unrealized foreign currency translation gain	269,949	374,282
	\$316,622	\$419,740

NOTE 16

REVENUE

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Rental income	\$140,024	\$142,288	\$282,160	\$284,166
Realty taxes and insurance	41,889	41,787	85,427	84,874
Common area maintenance recoveries	24,804	23,602	51,970	49,627
Property management and ancillary income	49,872	47,181	100,081	93,280
	\$256,589	\$254,858	\$519,638	\$511,947

The components of revenue from hotel properties are as follows:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Room revenue	\$7,897	\$7,542	\$12,362	\$15,968
Other hotel revenue	1,245	1,284	2,154	3,295
	\$9,142	\$8,826	\$14,516	\$19,263

The components of management and advisory fees are as follows:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Property and asset management fees	\$7,741	\$7,893	\$15,576	\$14,738
Other fees	2,676	2,629	4,332	5,441
	\$10,417	\$10,522	\$19,908	\$20,179

NOTE 17

INTEREST EXPENSE

The components of interest expense are as follows:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Interest on mortgages	\$49,250	\$49,354	\$98,321	\$99,010
Interest on debentures payable, net of accretion (Note 10)	6,677	9,010	13,290	18,720
Interest on bank indebtedness	3,332	403	6,117	1,373
Interest on loans payable and other	33	77	139	237
Interest on lease liabilities (Note 12)	2,472	2,458	4,957	4,919
Amortization of mark-to-market adjustments on mortgages, net	325	(87)	651	(218)
Amortization of deferred financing costs	2,296	1,902	4,504	4,078
Prepayment fee on mortgage extinguishment	—	257	—	257
	64,385	63,374	127,979	128,376
Less: Interest capitalized to properties under development	(775)	(140)	(1,384)	(260)
	\$63,610	\$63,234	\$126,595	\$128,116

NOTE 18

FAIR VALUE GAIN (LOSS), NET

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Fair value gain (loss) on real estate properties, net (Note 4)	\$24,613	(\$12,491)	\$96,459	\$1,391
Financial assets (liabilities):				
Fair value gain (loss) on conversion option of MRG convertible debentures	(298)	975	(188)	1,127
Fair value gain (loss) on MRG units (Note 11)	(27,987)	6,062	(39,616)	(30,873)
Fair value loss on other real estate fund investments (Note 6(b))	(2,848)	(1,058)	(3,847)	(15,183)
Fair value gain (loss) on investment in marketable securities	1,967	(5,214)	344	(11,723)
Total fair value gain (loss), net	(\$4,553)	(\$11,726)	\$53,152	(\$55,261)

NOTE 19

OTHER INCOME (EXPENSE)

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Foreign exchange gain (loss)	(\$130)	\$23	(\$135)	\$76
Other income (expense)	(34)	168	18	(80)
	(\$164)	\$191	(\$117)	(\$4)

NOTE 20

RELATED PARTY TRANSACTIONS

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

(a) Paros Holdings Corporation and Paros Enterprises Limited

Paros Holdings Corporation ("Paros Holdings") and Paros Enterprises are owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at June 30, 2025, Paros Holdings owns a 62.8% interest in Morguard through its ownership of 6,717,500 common shares. As at June 30, 2025, and December 31, 2024, the Company has a demand loan agreement with Paros Enterprises that provides for the Company to borrow up to \$50,000. As at June 30, 2025, and December 31, 2024, no amounts were drawn and no net interest expense was incurred.

(b) TWC Enterprises Limited ("TWC")

The Company provides TWC with managerial and consulting services for its business and the business of its subsidiaries. Mr. K. Rai Sahi is Chairman and Chief Executive Officer and the majority shareholder of TWC. Pursuant to contractual agreements between the Company and TWC, for the three and six months ended June 30, 2025, the Company received a management fee of \$332 (2024 - \$331) and \$671 (2024 - \$660), respectively, and paid rent and operating expenses of \$247 (2024 - \$164) and \$522 (2024 - \$388), respectively.

As at June 30, 2025, and December 31, 2024, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to \$50,000 at floating rates of interest consistent with the entity's borrowing cost. The total loan payable as at June 30, 2025 was \$nil (December 31, 2024 - \$20,000). During the three and six months ended June 30, 2025, the Company paid net interest of \$nil (2024 - \$nil) and \$84 (2024 - \$nil), respectively.

(c) Share/unit Purchase and Other Loans

As at June 30, 2025, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of \$3,027 (December 31, 2024 - \$2,960) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units of Morguard REIT, convertible debentures of Morguard REIT and units of Morguard Residential REIT, are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as

amounts receivable in the consolidated balance sheets. As at June 30, 2025, the fair market value of the common shares/units held as collateral is \$3,745.

NOTE 21

INCOME TAXES

Recognized Deductible Temporary Differences

As at June 30, 2025, the Company's Canadian subsidiaries have a total of \$5,038 (December 31, 2024 - \$nil) of unutilized interest expense deductions of which deferred income tax assets were not recognized and can be carried forward indefinitely.

As at June 30, 2025, the Company's U.S. subsidiaries have total net operating losses of approximately US\$54,141 (December 31, 2024 - US\$22,731) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely. Included in the net operating losses is the Company's portion of net operating losses of a subsidiary where the Company owns a 51% effective interest in a limited partnership of US\$8,446 (December 31, 2024 - US\$8,747).

As at June 30, 2025, the Company's U.S. subsidiaries have a total of US\$131,437 (December 31, 2024 - US\$109,331) of unutilized interest expense deductions of which deferred income tax assets were recognized and can be carried forward indefinitely.

NOTE 22

NET INCOME PER COMMON SHARE

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Net income attributable to common shareholders	\$54,001	\$53,858	\$112,136	\$184,304
Weighted average number of common shares outstanding (000s) - basic and diluted	10,704	10,813	10,711	10,813
Net income per common share - basic and diluted	\$5.05	\$4.98	\$10.47	\$17.04

NOTE 23

CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Fair value loss (gain) on real estate properties, net	(\$40,261)	(\$3,037)	(\$65,090)	\$26,338
Fair value loss (gain) on conversion option of MRG convertible debentures (Note 18)	298	(975)	188	(1,127)
Fair value loss (gain) on MRG units (Note 11)	22,798	(11,515)	29,091	19,939
Fair value loss on other real estate investment funds (Note 18)	2,848	1,058	3,847	15,183
Fair value loss (gain) on investment in marketable securities (Note 18)	(1,967)	5,214	(344)	11,723
Equity income from investments	(369)	(459)	(962)	(1,491)
Amortization of hotel properties and other	1,538	2,997	3,959	5,664
Amortization of deferred financing costs (Note 17)	2,296	1,902	4,504	4,078
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	325	(87)	651	(218)
Amortization of tenant incentives	986	628	1,862	1,207
Stepped rent - adjustment for straight-line method	(692)	950	(299)	2,074
Deferred income taxes	23,901	11,138	38,335	3,599
Accretion of convertible debentures	470	445	937	888
Gain on sale of hotel properties (Note 5)	—	—	—	(150,587)
	\$12,171	\$8,259	\$16,679	(\$62,730)

(b) Net Change in Operating Assets and Liabilities

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Amounts receivable	(\$13,444)	\$2,812	(\$12,576)	\$9,049
Prepaid expenses and other	17,253	2,513	(5,002)	(7,784)
Accounts payable and accrued liabilities	15,274	12,183	(9,814)	6,740
Net change in operating assets and liabilities	\$19,083	\$17,508	(\$27,392)	\$8,005

(c) Supplemental Cash Flow Information

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Interest paid	\$57,709	\$51,821	\$118,802	\$120,505
Interest received	1,599	2,161	4,519	4,322
Income taxes paid	3,129	2,343	25,005	4,510

During the three and six months ended June 30, 2025, the Company issued non-cash dividends under the distribution reinvestment plan of \$8 (2024 - \$6) and \$18 (2024 - \$12), respectively.

(d) Reconciliation of Liabilities Arising from Financing Activities

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

	Mortgages payable	Unsecured Debentures	Convertible debentures	Lease liabilities	Loans payable	Bank indebtedness	Total
Balance, beginning of period	\$4,761,081	\$173,611	\$143,003	\$171,463	\$20,000	\$168,079	\$5,437,237
Repayments	(58,037)	—	—	(1,143)	—	(40,526)	(99,706)
New financing, net	226,515	—	—	—	(20,000)	157,357	363,872
Lump-sum repayments	(194,879)	—	—	—	—	—	(194,879)
Non-cash changes	4,091	399	1,790	—	—	—	6,280
Foreign exchange	(96,063)	—	—	(912)	—	—	(96,975)
Balance, June 30, 2025	\$4,642,708	\$174,010	\$144,793	\$169,408	\$—	\$284,910	\$5,415,829

NOTE 24

CONTINGENCIES

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

NOTE 25

MANAGEMENT OF CAPITAL

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2024 for an explanation of the Company's capital management policy.

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

As at	June 30, 2025	December 31, 2024
Mortgages payable, principal balance	\$4,671,616	\$4,791,513
Unsecured Debentures, principal balance	175,000	175,000
Convertible debentures, principal balance	150,000	150,000
Loans payable	—	20,000
Bank indebtedness	284,910	168,079
Lease liabilities	169,408	171,463
Shareholders' equity	4,312,250	4,292,423
	\$9,763,184	\$9,768,478

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

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

NOTE 26

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Refer to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2024 for an explanation of the Company's risk management policy as it relates to financial instruments.

Fair Value of Financial Assets and Financial Liabilities

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

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

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using June 30, 2025 market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at June 30, 2025 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at \$4,136,187 (December 31, 2024 - \$4,656,335), compared to the carrying value of \$4,671,616 (December 31, 2024 - \$4,791,513). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures liability is based on its closing bid price (Level 1). As at June 30, 2025, the fair value of the Unsecured Debentures has been estimated at \$185,463 (December 31, 2024 - \$186,555), compared to the carrying value of \$175,000 (December 31, 2024 - \$175,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at June 30, 2025, the fair value of the convertible debentures before deferred financing costs has been estimated at \$151,213 (December 31, 2024 - \$152,244), compared to the carrying value of \$150,000 (December 31, 2024 - \$150,000).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using June 30, 2025, market rates for debt on similar terms (Level 3). Based on these assumptions, as at June 30, 2025, the fair value of the finance lease receivable has been estimated at \$59,585 (December 31, 2024 - \$59,355).

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

As at	June 30, 2025			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Real estate properties	\$—	\$—	\$11,023,459	\$—	\$—	\$11,048,485
Investments in marketable securities	87,328	—	—	88,187	—	—
Investments in real estate funds	—	—	49,336	—	—	56,032
Financial liabilities:						
Morguard Residential REIT units	—	443,242	—	—	434,721	—
Conversion option on MRG convertible debentures	—	1,550	—	—	1,361	—
Derivative liabilities	—	2,556	—	—	2,389	—

NOTE 27

SEGMENTED INFORMATION

(a) Operating Segments

The Company has the following four reportable segments after aggregation: (i) multi-suite residential, (ii) retail, (iii) office and (iv) hotel. The office segment includes industrial properties comprising approximately 11% 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 June 30, 2025	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$132,986	\$63,298	\$60,305	\$9,142	\$265,731
Property/hotel operating expenses	(43,386)	(29,679)	(29,886)	(5,800)	(108,751)
Net operating income	\$89,600	\$33,619	\$30,419	\$3,342	\$156,980

For the three months ended June 30, 2024	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$128,181	\$63,119	\$63,558	\$8,826	\$263,684
Property/hotel operating expenses	(42,473)	(28,153)	(29,215)	(5,964)	(105,805)
Net operating income	\$85,708	\$34,966	\$34,343	\$2,862	\$157,879

For the six months ended June 30, 2025	Multi-suite				
	Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	\$268,483	\$128,032	\$123,123	\$14,516	\$534,154
Property/hotel operating expenses	(145,184)	(69,421)	(61,997)	(10,498)	(287,100)
Net operating income	\$123,299	\$58,611	\$61,126	\$4,018	\$247,054

	Multi-suite Residential	Retail	Office	Hotel	Total
For the six months ended June 30, 2024					
Revenue from real estate/hotel properties	\$254,530	\$127,695	\$129,722	\$19,263	\$531,210
Property/hotel operating expenses	(135,604)	(66,496)	(60,885)	(15,598)	(278,583)
Net operating income	\$118,926	\$61,199	\$68,837	\$3,665	\$252,627

	Multi-suite Residential	Retail	Office	Hotel	Total
As at June 30, 2025					
Real estate/hotel properties	\$6,821,568	\$2,181,540	\$2,020,351	\$85,475	\$11,108,934
Mortgages payable	\$2,797,666	\$851,154	\$948,039	\$45,849	\$4,642,708
For the six months ended June 30, 2025					
Additions to real estate/hotel properties	\$67,416	\$9,041	\$26,515	\$724	\$103,696
Fair value gain (loss) on real estate properties	\$130,193	(\$14,806)	(\$18,928)	\$—	\$96,459

	Multi-suite Residential	Retail	Office	Hotel	Total
As at December 31, 2024					
Real estate/hotel properties	\$6,825,580	\$2,209,322	\$2,013,583	\$85,999	\$11,134,484
Mortgages payable	\$2,867,205	\$872,513	\$975,084	\$46,279	\$4,761,081
For the six months ended June 30, 2024					
Additions to real estate/hotel properties	\$29,462	\$13,230	\$21,159	\$1,157	\$65,008
Fair value gain (loss) on real estate properties	\$87,179	(\$3,765)	(\$82,023)	\$—	\$1,391

(b) Regional Segments

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

As at	June 30, 2025	December 31, 2024
Real estate and hotel properties		
Canada	\$7,032,495	\$6,877,422
United States	4,076,439	4,257,062
	\$11,108,934	\$11,134,484

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Revenue from real estate and hotel properties				
Canada	\$167,384	\$168,865	\$334,361	\$342,693
United States	98,347	94,819	199,793	188,517
	\$265,731	\$263,684	\$534,154	\$531,210

NOTE 28

COMPARATIVE AMOUNTS

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

NOTE 29

SUBSEQUENT EVENTS

The Company completed the CMHC-insured refinancing of a multi-suite residential property located in Toronto, Ontario, providing gross proceeds of \$153,950 at an interest rate of 4.05% for a term of 10 years. The maturing first and second mortgages amounted to \$116,491 and had a weighted average interest rate of 2.99%.

The Company completed the refinancing of a multi-suite residential property located in Chicago, Illinois, in the amount of \$163,716 (US\$120,000) at an interest rate of 5.35% and for a term of 3 years. The maturing mortgage amounted to \$153,575 (US\$112,567) and had an interest rate of 3.49%.

The Company completed the refinancing of an office property, in which the Company has 20% ownership, located in Vancouver, British Columbia, providing gross proceeds of \$37,000 (at ownership share) at an interest rate of 4.68% for a term of 5 years. The maturing mortgage amounted to \$34,688 (at ownership share) and had an interest rate of 3.40%.