



Real Estate Potential. *Realized.*

MORGUARD CORPORATION

SEPTEMBER 30, 2025

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)

BALANCE SHEETS

In thousands of Canadian dollars

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

Contingencies

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See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board:

(Signed) "K. Rai Sahi"

(Signed) "Bruce K. Robertson"

K. Rai Sahi,
Director

Bruce K. Robertson,
Director

STATEMENTS OF INCOME

In thousands of Canadian dollars, except per common share amounts

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

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Net income for the period	\$43,955	\$7,915	\$153,581	\$180,121
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain (loss)	49,876	(27,393)	(80,569)	50,841
Unrealized fair value loss on cash flow hedge	(136)	(3,343)	(303)	(3,343)
Deferred income tax recovery (provision)	(7,930)	4,899	12,614	(7,149)
	41,810	(25,837)	(68,258)	40,349
Items that will not be reclassified subsequently to net income:				
Actuarial gain on defined benefit pension plans	5,584	12,450	7,469	11,317
Deferred income tax provision	(1,472)	(3,268)	(2,020)	(2,954)
	4,112	9,182	5,449	8,363
Other comprehensive income (loss)	45,922	(16,655)	(62,809)	48,712
Total comprehensive income (loss) for the period	\$89,877	(\$8,740)	\$90,772	\$228,833
Total comprehensive income (loss) attributable to:				
Common shareholders	\$81,671	(\$14,892)	\$90,689	\$231,237
Non-controlling interest	8,206	6,152	83	(2,404)
	\$89,877	(\$8,740)	\$90,772	\$228,833

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Canadian dollars

	Note	Retained Earnings	Accumulated Other Comprehensive Income	Share Capital	Total Shareholders' Equity	Non-controlling Interest	Total
Shareholders' equity, January 1, 2024		\$3,530,663	\$258,523	\$98,364	\$3,887,550	\$455,540	\$4,343,090
Changes during the period:							
Net income (loss)		184,802	—	—	184,802	(4,681)	180,121
Other comprehensive income		—	46,435	—	46,435	2,277	48,712
Dividends		(4,867)	—	—	(4,867)	—	(4,867)
Distributions		—	—	—	—	(4,996)	(4,996)
Issuance of common shares		—	—	19	19	—	19
Tax impact of increase in subsidiary ownership interest		(2,023)	—	—	(2,023)	—	(2,023)
Shareholders' equity, September 30, 2024		\$3,708,575	\$304,958	\$98,383	\$4,111,916	\$448,140	\$4,560,056
Changes during the period:							
Net income (loss)		76,997	—	—	76,997	(17,484)	59,513
Other comprehensive income		—	114,782	—	114,782	5,781	120,563
Dividends		(2,143)	—	—	(2,143)	—	(2,143)
Distributions		—	—	—	—	(3,163)	(3,163)
Issuance of common shares		—	—	8	8	—	8
Repurchase of common shares		(10,413)	—	(839)	(11,252)	—	(11,252)
Change in ownership of Morguard REIT		3,826	—	—	3,826	(6,441)	(2,615)
Tax impact of increase in subsidiary ownership interest		(1,711)	—	—	(1,711)	—	(1,711)
Shareholders' equity, December 31, 2024		\$3,775,131	\$419,740	\$97,552	\$4,292,423	\$426,833	\$4,719,256
Changes during the period:							
Net income		149,980	—	—	149,980	3,601	153,581
Other comprehensive loss		—	(59,291)	—	(59,291)	(3,518)	(62,809)
Dividends	15(a)	(6,424)	—	—	(6,424)	—	(6,424)
Distributions		—	—	—	—	(4,788)	(4,788)
Issuance of common shares	15(a)	—	—	28	28	—	28
Repurchase of common shares	15(a)	(4,848)	—	(397)	(5,245)	—	(5,245)
Change in ownership of Morguard REIT	15(b)	20,977	—	—	20,977	(28,074)	(7,097)
Increase in subsidiary ownership interest	15(b)	3,214	—	—	3,214	(7,214)	(4,000)
Tax impact of increase in subsidiary ownership interest		(6,245)	—	—	(6,245)	—	(6,245)
Shareholders' equity, September 30, 2025		\$3,931,785	\$360,449	\$97,183	\$4,389,417	\$386,840	\$4,776,257

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

		Three months ended September 30		Nine months ended September 30	
	Note	2025	2024	2025	2024
OPERATING ACTIVITIES					
Net income for the period		\$43,955	\$7,915	\$153,581	\$180,121
Add (deduct) items not affecting cash	23(a)	21,984	55,563	38,663	(7,167)
Distributions from equity-accounted and other fund investments	6	192	205	1,110	859
Additions to tenant incentives and leasing commissions	4	(2,774)	(2,226)	(14,117)	(8,514)
Net change in operating assets and liabilities	23(b)	(9,292)	(9,520)	(36,684)	(1,515)
Cash provided by operating activities		54,065	51,937	142,553	163,784
INVESTING ACTIVITIES					
Additions to real estate properties and tenant improvements	4	(35,017)	(34,514)	(84,123)	(84,011)
Additions to hotel properties	5	(264)	(549)	(988)	(1,706)
Additions to capital and intangible assets		(683)	(1,032)	(2,056)	(2,838)
Investment in properties under development	4	(23,578)	(4,699)	(66,101)	(12,765)
Proceeds from the sale of real estate properties, net	4	—	—	296	162,562
Proceeds from the sale of hotel properties, net	5	—	—	—	405,801
Decrease in mortgages and loans receivable		275	1,372	4,194	2,250
Distribution from equity-accounted and other fund investments, net	6	5,674	—	5,674	29,702
Cash provided by (used in) investing activities		(53,593)	(39,422)	(143,104)	498,995
FINANCING ACTIVITIES					
Proceeds from new mortgages		415,329	217,456	644,910	615,588
Financing costs on new mortgages		(5,900)	(1,130)	(8,966)	(7,347)
Repayment of mortgages					
Principal instalment repayments		(27,575)	(28,525)	(85,612)	(85,104)
Repayments on maturity		(359,250)	(256,465)	(554,129)	(436,845)
Repayments due to mortgage extinguishments		—	—	—	(214,777)
Principal payment of lease liabilities		(396)	(244)	(1,539)	(1,027)
Proceeds from (repayment of) bank indebtedness, net	23(d)	(5,763)	6,748	111,068	(169,979)
Redemption of debentures payable		—	—	—	(225,000)
Repayment of loans payable, net		—	—	(20,000)	—
Dividends paid		(2,130)	(1,616)	(6,396)	(4,848)
Distributions to non-controlling interest, net		(2,740)	(1,306)	(4,531)	(4,546)
Morguard Residential REIT units repurchased for cancellation		(1,909)	(10,825)	(22,860)	(19,141)
Shares repurchased for cancellation		(3,103)	—	(5,245)	—
Investment in subsidiaries	15(b)	—	—	(11,097)	—
Decrease (increase) in restricted cash		(598)	3,065	(1,839)	9,872
Cash provided by (used in) financing activities		5,965	(72,842)	33,764	(543,154)
Net increase (decrease) in cash during the period		6,437	(60,327)	33,213	119,625
Net effect of foreign currency translation on cash balance		1,832	19	(1,577)	1,037
Cash, beginning of period		164,092	297,487	140,725	116,517
Cash, end of period		\$172,361	\$237,179	\$172,361	\$237,179

See accompanying notes to the condensed consolidated financial statements.

NOTES

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

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

NOTE 1

NATURE AND DESCRIPTION OF COMPANY

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

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on November 5, 2025.

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

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

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

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at September 30, 2025, the Company owns a 48.5% (December 31, 2024 - 47.4%) effective interest in Morguard Residential REIT through its ownership of 8,120,666 units and 17,223,090 Class B LP units. The Company continues to consolidate its investment in Morguard Residential REIT on the basis of *de facto* control in accordance with IFRS 10, Consolidated Financial Statements (“IFRS 10”). Refer to the Company’s most recent annual audited consolidated financial statements for the factors that continue to support the conclusion that the Company has *de facto* control of Morguard Residential REIT.

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

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

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

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

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

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

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

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

As at	September 30, 2025		December 31, 2024	
	MRT	MRG	MRT	MRG
Non-current assets	\$2,147,352	\$4,413,430	\$2,153,058	\$4,403,949
Current assets	28,310	182,251	19,385	167,682
Total assets	\$2,175,662	\$4,595,681	\$2,172,443	\$4,571,631
Non-current liabilities	\$904,483	\$2,268,859	\$924,950	\$2,167,110
Current liabilities	399,931	221,985	364,724	292,531
Total liabilities	\$1,304,414	\$2,490,844	\$1,289,674	\$2,459,641
Equity	\$871,248	\$2,104,837	\$882,769	\$2,111,990
Non-controlling interest	\$269,946	\$1,083,360	\$307,200	\$1,111,540

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

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

For the three months ended September 30

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

For the nine months ended September 30

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

For the nine months ended September 30

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

NOTE 4

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

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

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

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

Transactions completed during the nine months ended September 30, 2025

Dispositions

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

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

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

Capitalization Rates

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

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

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

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

As at	September 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 12% of the segment's total assets.

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

As at	September 30, 2025			December 31, 2024		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Retail						
Discount rate	11.3%	5.8%	7.7%	11.3%	5.8%	7.7%
Terminal cap rate	10.3%	5.3%	6.7%	10.3%	5.3%	6.7%
Office						
Discount rate	10.0%	5.9%	7.3%	10.0%	5.1%	7.2%
Terminal cap rate	9.5%	5.3%	6.6%	9.5%	4.8%	6.5%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rates were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the income producing properties as at September 30, 2025 would decrease by \$481,503 and increase by \$532,288, respectively.

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

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

NOTE 5

HOTEL PROPERTIES

Hotel properties consist of the following:

As at September 30, 2025	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	85,327	(15,723)	69,604
Furniture, fixtures, equipment and other	13,531	(12,560)	971
	\$113,435	(\$28,283)	\$85,152
As at December 31, 2024	Cost	Accumulated Amortization	Net Book Value
Land	\$14,577	\$—	\$14,577
Buildings	84,852	(14,117)	70,735
Furniture, fixtures, equipment and other	13,018	(12,331)	687
	\$112,447	(\$26,448)	\$85,999

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

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

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

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

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

NOTE 6

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

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

Equity-accounted investments

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

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

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

(b) Income Recognized from Other Fund Investments:

Other Real Estate Fund Investments

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

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

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

NOTE 7

OTHER ASSETS

Other assets consist of the following:

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

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

NOTE 8

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

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

NOTE 9

MORTGAGES PAYABLE

Mortgages payable consist of the following:

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

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

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

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Interest Rate
2025 (remainder of year)	\$29,880	\$143,811	\$173,691	3.37%
2026	105,422	768,465	873,887	4.50%
2027	73,770	649,357	723,127	4.57%
2028	61,527	597,572	659,099	4.69%
2029	54,872	574,022	628,894	4.57%
Thereafter	164,178	1,513,491	1,677,669	3.88%
	\$489,649	\$4,246,718	\$4,736,367	4.29%

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

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

NOTE 10

DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

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

(a) Unsecured Debentures

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

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

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

For the three and nine months ended September 30, 2025, interest on Unsecured Debentures of \$4,190 (2024 - \$6,575) and \$12,434 (2024 - \$20,308), respectively, is included in interest expense (Note 17).

(b) Convertible Debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	September 30, 2025	December 31, 2024
Morguard Residential REIT ⁽¹⁾	March 31, 2028	\$24.15	6.00%	\$56,000	\$5,000	\$48,637	\$47,830
Morguard REIT	December 31, 2026	\$7.80	5.25%	\$159,000	\$60,000	96,552	95,173
						\$145,189	\$143,003
Current						\$—	\$—
Non-current						145,189	143,003
						\$145,189	\$143,003

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

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

For the three and nine months ended September 30, 2025, interest on convertible debentures net of accretion of \$2,534 (2024 - \$2,509) and \$7,580 (2024 - \$7,496), respectively, is included in interest expense (Note 17).

NOTE 11

MORGUARD RESIDENTIAL REIT UNITS

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

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

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

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

NOTE 12

LEASE LIABILITIES

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

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

Future minimum lease payments under lease liabilities are as follows:

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

NOTE 13

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

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

NOTE 14

BANK INDEBTEDNESS

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

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

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

NOTE 15

SHAREHOLDERS' EQUITY

(a) Share Capital Authorized

Unlimited common shares, no par value.

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

Issued and Fully Paid Common Shares	Number (000s)	Amount
Balance, December 31, 2023	10,813	\$98,364
Common shares repurchased through the Company's NCIB	(92)	(839)
Dividend reinvestment plan	—	27
Balance, December 31, 2024	10,721	\$97,552
Common shares repurchased through the Company's NCIB	(44)	(397)
Dividend reinvestment plan	—	28
Balance, September 30, 2025	10,677	\$97,183

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

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

(b) Contributed Surplus

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

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

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

(c) Stock Appreciation Rights Plan

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

During the three and nine months ended September 30, 2025, the Company recorded a fair value adjustment of \$102 to increase compensation expense (2024 - \$800) and a fair value adjustment of \$116 to reduce compensation expense (2024 - increase compensation expense of \$1,110). The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income, and the liability is classified as accounts payable and accrued liabilities (Note 13).

The fair value for the SARs was calculated using the Black-Scholes option pricing model. In determining the fair value of the SARs, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions that were used in determining the fair value as at September 30, 2025: a dividend yield of 0.69% (2024 - 0.49%), expected volatility of approximately 26.47% (2024 - 25.26%) and the 10-year Bank of Canada Bond Yield of 2.70% (2024 - 2.83%).

(d) Stock Option Plan

The Company established a stock option plan ("SOP") during 2022. The SOP entitles specified officers to receive common share options of the Company. Under the SOP, the Company may grant up to a maximum of 1,000,000 options. As at September 30, 2025, the Company has granted nil options.

(e) Accumulated Other Comprehensive Income

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

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

NOTE 16

REVENUE

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

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

The components of revenue from hotel properties are as follows:

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

The components of management and advisory fees are as follows:

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

NOTE 17

INTEREST EXPENSE

The components of interest expense are as follows:

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

NOTE 18

FAIR VALUE GAIN (LOSS), NET

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

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

NOTE 19

OTHER INCOME (EXPENSE)

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

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

NOTE 20

RELATED PARTY TRANSACTIONS

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

(a) Paros Holdings Corporation and Paros Enterprises Limited

Paros Holdings Corporation ("Paros Holdings") and Paros Enterprises are owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at September 30, 2025, Paros Holdings owns a 62.9% interest in Morguard through its ownership of 6,717,150 common shares. As at September 30, 2025, and December 31, 2024, the Company has a demand loan agreement with Paros Enterprises that provides for the Company to borrow up to \$50,000. As at September 30, 2025, and December 31, 2024, no amounts were drawn and no net interest expense was incurred.

(b) TWC Enterprises Limited ("TWC")

The Company provides TWC with managerial and consulting services for its business and the business of its subsidiaries. Mr. K. Rai Sahi is Chairman and Chief Executive Officer and the majority shareholder of TWC. Pursuant to contractual agreements between the Company and TWC, for the three and nine months ended September 30, 2025, the Company received a management fee of \$374 (2024 - \$330) and \$1,045 (2024 - \$990), respectively, and paid rent and operating expenses of \$269 (2024 - \$238) and \$791 (2024 - \$626), respectively.

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

(c) Share/unit Purchase and Other Loans

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

REIT and units of Morguard Residential REIT, are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at September 30, 2025, the fair market value of the common shares/units held as collateral is \$3,770.

NOTE 21

INCOME TAXES

Recognized Deductible Temporary Differences

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

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

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

NOTE 22

NET INCOME PER COMMON SHARE

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

NOTE 23

CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

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

(b) Net Change in Operating Assets and Liabilities

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

(c) Supplemental Cash Flow Information

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

During the three and nine months ended September 30, 2025, the Company issued non-cash dividends under the distribution reinvestment plan of \$10 (2024 - \$7) and \$28 (2024 - \$19), respectively.

(d) Reconciliation of Liabilities Arising from Financing Activities

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

	Mortgages payable	Unsecured Debentures	Convertible debentures	Lease liabilities	Loans payable	Bank indebtedness	Total
Balance, beginning of period	\$4,761,081	\$173,611	\$143,003	\$171,463	\$20,000	\$168,079	\$5,437,237
Repayments	(85,612)	—	—	(1,539)	—	(107,071)	(194,222)
New financing, net	635,944	—	—	—	(20,000)	218,139	834,083
Lump-sum repayments	(554,129)	—	—	—	—	—	(554,129)
Non-cash changes	6,091	600	2,186	958	—	—	9,835
Foreign exchange	(59,936)	—	—	(570)	—	—	(60,506)
Balance, September 30, 2025	\$4,703,439	\$174,211	\$145,189	\$170,312	\$—	\$279,147	\$5,472,298

NOTE 24 CONTINGENCIES

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

NOTE 25 MANAGEMENT OF CAPITAL

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

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

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

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

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

NOTE 26

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Fair Value of Financial Assets and Financial Liabilities

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

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

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using September 30, 2025 market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at September 30, 2025 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at \$4,186,844 (December 31, 2024 - \$4,656,335), compared to the carrying value of \$4,736,367 (December 31, 2024 - \$4,791,513). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures liability is based on its closing bid price (Level 1). As at September 30, 2025, the fair value of the Unsecured Debentures has been estimated at \$184,966 (December 31, 2024 - \$186,555), compared to the carrying value of \$175,000 (December 31, 2024 - \$175,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at September 30, 2025, the fair value of the convertible debentures before deferred financing costs has been estimated at \$152,607 (December 31, 2024 - \$152,244), compared to the carrying value of \$150,000 (December 31, 2024 - \$150,000).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using September 30, 2025, market rates for debt on similar terms (Level 3). Based on these assumptions, as at September 30, 2025, the fair value of the finance lease receivable has been estimated at \$59,703 (December 31, 2024 - \$59,355).

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

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

NOTE 27

SEGMENTED INFORMATION

(a) Operating Segments

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

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

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

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

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

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

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

	Multi-suite Residential	Retail	Office	Hotel	Total
As at December 31, 2024					
Real estate/hotel properties	\$6,771,139	\$2,263,763	\$2,013,583	\$85,999	\$11,134,484
Mortgages payable	\$2,867,205	\$872,513	\$975,084	\$46,279	\$4,761,081
For the nine months ended September 30, 2024					
Additions to real estate/hotel properties	\$53,798	\$22,033	\$29,459	\$1,706	\$106,996
Fair value gain (loss) on real estate properties	\$139,974	(\$7,108)	(\$79,535)	\$—	\$53,331

(b) Regional Segments

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

As at	September 30, 2025		December 31, 2024	
Real estate and hotel properties				
Canada	\$7,082,234		\$6,877,422	
United States	4,143,258		4,257,062	
	\$11,225,492		\$11,134,484	
	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Revenue from real estate and hotel properties				
Canada	\$165,607	\$167,296	\$499,968	\$509,989
United States	98,191	94,555	297,984	283,072
	\$263,798	\$261,851	\$797,952	\$793,061

NOTE 28

COMPARATIVE AMOUNTS

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

NOTE 29

SUBSEQUENT EVENTS

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

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