2026 Third Quarter Report

MORGUARD CORPORATION

Management's Discussion and Analysis
& Consolidated Financial Statements



Morguard

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PART I

Morguard Corporation ("Morguard" or the "Company") is pleased to provide this review of operations and update on our financial performance for the three and nine months ended September 30, 2026. Unless otherwise noted, dollar amounts are stated in thousands of Canadian dollars, except per common share amounts.

The following Management's Discussion and Analysis ("MD&A") sets out the Company's strategies and provides an analysis of the financial performance for the three and nine months ended September 30, 2026, and significant risks facing the business. Historical results, including trends that might appear, should not be taken as indicative of future operations or results.

This MD&A should be read in conjunction with the Company's unaudited condensed consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2026, and 2025. This MD&A is based on financial information prepared in accordance with IFRS Accounting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and is dated November 4, 2026. Disclosure contained in this document is current to that date unless otherwise noted.

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

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

SPECIFIED FINANCIAL MEASURES

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

NON-GAAP FINANCIAL MEASURES

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

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

Adjusted NOI

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

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

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

Comparative NOI

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

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

Funds from Operations ("FFO") and Normalized FFO

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

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

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

Non-Consolidated Measures

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

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

Non-Consolidated Basis adjustments include the following:

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

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

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

Non-Consolidated EBITDA

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

Non-Consolidated Interest Expense

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

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

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

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

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

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

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

Non-Consolidated Indebtedness to Aggregate Assets Ratio
Non-consolidated indebtedness to aggregate assets ratio is a compliance measure and establishes the limit for financial leverage of the Company on a Non-Consolidated Basis. Non-consolidated indebtedness to aggregate assets ratio as well as non-consolidated indebtedness to gross book value (defined below) ratio are presented in this MD&A because management considers these non-GAAP measures to be an important compliance measure of the Company's financial position.

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

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

Total Revenue
Total revenue is calculated as the sum of revenue from real estate properties, revenue from hotel properties, management and advisory fees and interest and other income, and is presented in this MD&A because management

considers this supplementary financial measure to be an important measure in evaluating the operating performance of the Company's income generating assets and services.

Gross Book Value

Gross book value is a measure of the value of the Company's assets and is calculated as total assets less right-of-use assets accounted for under IFRS 16, Leases. Gross book value is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the Company's asset base and financial position.

Indebtedness

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

Indebtedness to Gross Book Value Ratio

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

CAPITAL MANAGEMENT MEASURES

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

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

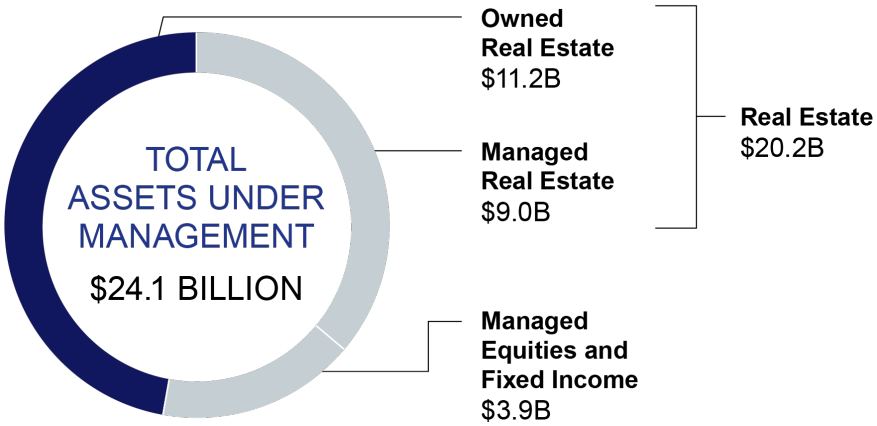
Liquidity

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

PART II

BUSINESS OVERVIEW

Morguard Corporation is a real estate investment company whose principal activities include the acquisition, development and ownership of multi-suite residential, commercial and hotel properties. Morguard is also one of Canada's premier real estate investment advisors and management companies, representing major institutional and private investors. Morguard's total assets under management (including both owned and managed assets) were valued at $24.1 billion as at September 30, 2026. The Company's common shares are publicly traded and listed on the Toronto Stock Exchange ("TSX") under the symbol "MRC." The Company's primary goal is to accumulate a portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to shareholders.



MANAGEMENT AND ADVISORY SERVICES

The Company, through its wholly owned subsidiary, Morguard Investments Limited ("MIL"), provides real estate management services to Canadian institutional investors. Services include acquisitions, development, dispositions, leasing, performance measurement, and asset and property management. For over 50 years, MIL has positioned itself as one of Canada's leading providers of real estate portfolio and asset and property management services. In addition, Morguard, through its wholly owned subsidiary, Morguard Lincluden Global Investments Limited ("Morguard Lincluden") offers institutional clients and private investors a broad range of global investment products across equity, fixed-income and balanced portfolios.

As of September 30, 2026, MIL together with Morguard Lincluden manages a portfolio (excluding Morguard's corporately owned assets and assets owned by Morguard REIT and Morguard Residential REIT) of assets having an estimated value of $12.9 billion.

BUSINESS STRATEGY

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

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

- Increase property values and cash flow through aggressive leasing of available space and of space becoming available;

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

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

TRANSACTION UPDATE

On February 25, 2026, Morguard Corporation and Morguard Residential REIT announced their joint investment in a Canadian multi-suite residential real estate portfolio currently owned by TD Asset Management Inc. ("TDAM"). Management has completed its due diligence review and the related purchaser conditions have been waived, and the allocation of individual property ownership interests between the Company and Morguard Residential REIT has been finalized. The transaction represents an approximate 26 percent undivided interest in a portfolio of 91 properties comprising 12,302 suites at a gross purchase price of approximately $1.1 billion, before closing costs, and is expected to close in a single tranche, subject to receiving CMHC and lender approval.

The following table details the regional distribution and ownership interest of the properties:

City/Region	Number of Properties	Ownership Interest	Total Suites	Ownership Suites
Calgary	3	20%	568	113
Edmonton	4	20%	838	168
Alberta	**7**	**20%**	**1,406**	**281**
Windsor	9	20%	478	96
London	9	20%	792	158
Kitchener	5	20%	764	153
Waterloo	4	20%	781	156
Hamilton	5	20%	689	138
Burlington	1	20%	185	37
Oakville	2	50%	131	66
Brampton	2	20%	390	78
Mississauga	5	20%	623	124
Toronto	18	26%	2,710	698
Ottawa	2	20%	229	46
Ontario	**62**	**23%**	**7,772**	**1,750**
Montréal	13	20%	1,922	384
Québec	**13**	**20%**	**1,922**	**384**
Halifax	9	50%	1,202	601
Nova Scotia	**9**	**50%**	**1,202**	**601**
Total	**91**	**25%**	**12,302**	**3,016**

The transaction will be financed through a combination of cash on hand, assumed mortgages, approximately $225 million in vendor financing, and the remainder through short-term borrowings. The assumed mortgages are CMHC-insured and have an approximate loan-to-value ratio of 46%. As at September 30, 2026, the Company paid a $20 million non-refundable deposit in connection with the transaction and is included in prepaid expenses.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at	**September 30, 2026**	December 31, 2025	September 30, 2025
Real estate properties	**$11,330,436**	$10,944,914	$11,140,340
Real estate properties held for sale	**—**	148,170	—
Hotel properties	**85,570**	85,864	85,152
Equity-accounted and other fund investments	**45,292**	48,710	52,508
Gross book value[1]	**12,241,790**	11,697,626	11,763,052
Indebtedness	**$5,457,636**	$5,287,425	$5,301,986
Indebtedness to gross book value (%)	**44.6**	45.2	45.1
Non-consolidated indebtedness to gross book value (%)[2]	**36.0**	36.8	37.3
Total equity	**$5,094,603**	$4,768,668	$4,776,257
Shareholders' equity per common share	**439.81**	410.70	411.07

(1) As at September 30, 2026, gross book value is calculated as total assets less right-of-use assets in the amount of $141,569 (December 31, 2025 - $144,752, September 30, 2025 - $150,943).

(2) Represents a non-GAAP financial ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. As at September 30, 2026, non-consolidated gross book value is calculated (on a non-consolidated basis) as aggregate assets less right-of-use assets in the amount of $120,191 (December 31, 2025 - $123,236, September 30, 2025 - $128,922). This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial ratio can be found in Part I, "Specified Financial Measures."

	Three months ended September 30		**Nine months ended September 30**	
	2026	2025	**2026**	2025
Revenue from real estate properties	**$258,740**	$254,665	**$766,301**	$774,303
Revenue from hotel properties	**9,581**	9,133	**26,363**	23,649
Management and advisory fees	**13,875**	9,804	**33,109**	29,712
Total revenue	**287,087**	278,220	**839,787**	840,838
Net operating income	**152,794**	155,708	**392,387**	402,762
Adjusted NOI[1]	**137,185**	140,874	**405,692**	419,297
Fair value gain (loss), net	**35,996**	(25,877)	**143,126**	27,275
Net income attributable to common shareholders	**85,441**	37,844	**228,613**	149,980
Per common share - basic and diluted	**8.00**	3.54	**21.41**	14.01
Funds from operations[1]	**62,104**	59,599	**168,332**	163,360
Per common share - basic and diluted[1]	**5.82**	5.57	**15.76**	15.26
Normalized FFO[1]	**55,531**	55,453	**155,149**	161,456
Per common share - basic and diluted[1]	**5.20**	5.18	**14.53**	15.08
Distributions received from Morguard REIT	**2,793**	2,688	**8,307**	7,924
Distributions received from Morguard Residential REIT	**5,004**	4,815	**15,014**	14,445
Dividends declared/paid	**(2,136)**	(2,140)	**(6,407)**	(6,424)

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

Total assets as at September 30, 2026 were $12,383,359, compared to $11,842,378 as at December 31, 2025. Total assets increased by $540,981, primarily due to the following:

- An increase in real estate properties of $237,352, mainly due to an increase in capital and development expenditures of $149,279, tenant incentives and leasing commissions of $35,832, a net fair value gain of $76,552, and an increase of $157,862 due to the change in the U.S. dollar exchange rate, partially offset by dispositions of $179,923 primarily from the sale of a leasehold interest in an office property located in Ottawa and from the expropriation of land at a retail property located in Toronto;

- An increase in other assets and prepaid expense of $78,354;
- An increase in cash of $238,453;
- A decrease in amounts receivable of $9,466; and
- A decrease in equity-accounted and other fund investments of $3,418;

Total revenue during the three months ended September 30, 2026 increased by $8,867 to $287,087, compared to $278,220 in 2025, primarily due to the following:

- An increase in revenue from real estate properties in the amount of $4,075, primarily due to higher average monthly rent ("AMR") and higher ancillary income within the multi-suite residential segment, net of an increase in vacancy within the multi-suite residential and office segments. In addition, revenue increased from the change in foreign exchange rate;
- An increase in revenue from management and advisory fees in the amount of $4,071, primarily due to higher asset and property management fees earned from an expanded portfolio of Canadian residential properties under management valued at $5.4 billion;
- An increase in revenue from hotel properties in the amount of $448, from an increase in average daily rate ("ADR"), partly offset by a decrease in occupancy, resulting in an overall increase in revenue per available room ("RevPar").

PROPERTY PROFILE

As at September 30, 2026, the Company and its subsidiaries own a diversified portfolio of 154 multi-suite residential, retail, office, industrial and hotel properties located in Canada and the United States.

PORTFOLIO COMPOSITION BY ASSET TYPE

The composition of the Company's real estate properties by asset type as at September 30, 2026 is as follows:

Asset Type	Number of Properties	GLA Square Feet (000s)[1]	Apartment Suites/Hotel Rooms[2]	Real Estate/ Hotel Properties
Multi-suite residential	55	—	17,762	$6,988,005
Retail	36	7,807	—	2,226,271
Office[3]	61	8,427	—	1,772,080
Hotel	2	—	472	85,570
Properties and land held for and under development	—	—	—	344,080
Total real estate properties	**154**	**16,234**	**18,234**	**$11,416,006**

(1) Total GLA is shown on a proportionate basis; on a 100% basis, total GLA of the Company's commercial properties is 20.3 million square feet.
(2) Total suites include non-controlling interest. The Company on a proportionate basis has ownership of 17,317 suites.
(3) Includes industrial properties with 1,014,500 square feet of GLA and a fair value of $220,702.

The Company's multi-suite residential portfolio comprises 24 Canadian properties located primarily throughout the Greater Toronto Area ("GTA") and 31 U.S. properties located in California, Colorado, Texas, Louisiana, Illinois, Georgia, Florida, North Carolina, Virginia and Maryland. The combined multi-suite residential portfolio represents 17,762 suites.

The Company's retail portfolio includes two broad categories of income producing properties: (i) enclosed full-scale, regional shopping centres with 5.0 million square feet of gross leaseable area ("GLA"); and (ii) neighbourhood and community shopping centres that are primarily anchored by food retailers and discount department stores with 2.8 million square feet of GLA. The retail portfolio comprises 24 properties located in Canada and 12 properties located in Florida, Louisiana and Maryland. The combined retail portfolio represents 7.8 million square feet of GLA.

The Company's office portfolio is focused on well-located, high-quality office buildings in major Canadian urban centres primarily located throughout the GTA, downtown Ottawa, Calgary and Vancouver. The portfolio is balanced

between single-tenant buildings under long-term lease to government and large national tenants and multi-tenant properties with well-distributed lease expiries that allow the Company to benefit from increased rent on lease renewals. This segment comprises 7.4 million square feet of office GLA and 1.0 million square feet of industrial GLA.

The Company's hotel portfolio is comprised of one dual branded Hilton hotel located in downtown Ottawa, Ontario, and one independently operated hotel located in New Westminster, British Columbia. The hotel portfolio represents 472 rooms.

AVERAGE OCCUPANCY LEVELS

Comparative Average Occupancy Levels

	Suites/GLA Square Feet	Sep. 2026	Jun. 2026	Mar. 2026	Dec. 2025	Sep. 2025
Multi-suite residential	17,762	92.9%	92.4%	91.9%	92.4%	93.5%
Retail[1]	7,487,000	90.3%	89.8%	89.9%	89.7%	90.6%
Office[2]	8,379,000	80.0%	80.4%	80.1%	82.6%	82.7%

(1) Retail occupancy has been adjusted to exclude development space of 319,783 square feet of GLA.
(2) Office includes industrial properties (September 30, 2026 - 71.1%) with 1,014,500 square feet of GLA.

Multi-suite residential occupancy decreased to 92.9% at September 30, 2026, compared to 93.5% at September 30, 2025. The decline reflects the intensified competition from newly constructed rental buildings and condominium rentals, which elevated vacancy levels across major urban markets. Occupancy was also negatively impacted due to relocations, affordability and other financial reasons. Canadian occupancy was further impacted by a shift to a measured approach in immigration policy, following four years of historically high post-pandemic immigration levels.

Retail occupancy has remained consistent through 2025 and into 2026 notwithstanding the vacancy attributed to the insolvency of The Hudson's Bay Company ("HBC"). With active programs being pursued and developed for all former anchor spaces, we expect occupancy to improve in the coming quarters and stabilize by 2028. Demand conditions remain elevated for inline space due to lack of available new supply.

Office occupancy was 80.0% at September 30, 2026, a decrease compared to 82.7% at September 30, 2025. Vacancy continues to reflect the impact of tenant non-renewals that occurred in 2025. The Company is experiencing sustained progress towards new tenancies for the vacant space.

LEASE PROFILE

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

Summary of Lease Expiries by Year (000s)		2026		2027		2028	
As at September 30, 2026	**Total SF**	**SF**	**%**	**SF**	**%**	**SF**	**%**
Retail[1]	7,487	497 [3]	7%	1,208	16%	1,122	15%
Office[2]	8,379	391	5%	661	8%	673	8%
Total	15,866	888	6%	1,869	12%	1,795	11%

(1) Retail square feet has been adjusted to exclude development space of 319,783 square feet of GLA.
(2) Includes industrial properties with 1,014,500 square feet of GLA.
(3) Includes 407,801 square feet of GLA on short-term leases.

PART III

REVIEW OF OPERATIONAL RESULTS

The Company's operational results for the three and nine months ended September 30, 2026, and 2025 are summarized below:

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Revenue from real estate properties	**$258,740**	$254,665	**$766,301**	$774,303
Revenue from hotel properties	**9,581**	9,133	**26,363**	23,649
Property operating expenses				
Property operating costs	**(65,364)**	(63,613)	**(196,785)**	(193,810)
Utilities	**(18,236)**	(18,944)	**(50,467)**	(52,461)
Realty taxes	**(25,999)**	(19,817)	**(135,119)**	(132,705)
Hotel operating expenses	**(5,928)**	(5,716)	**(17,906)**	(16,214)
Net operating income	**152,794**	155,708	**392,387**	402,762
OTHER REVENUE				
Management and advisory fees	**13,875**	9,804	**33,109**	29,712
Interest and other income	**4,891**	4,618	**14,014**	13,174
	18,766	14,422	**47,123**	42,886
EXPENSES				
Interest	**64,302**	64,299	**195,225**	190,894
Property management and corporate	**24,406**	23,351	**72,725**	70,065
Amortization of hotel properties and other	**1,314**	1,530	**3,792**	5,489
	90,022	89,180	**271,742**	266,448
OTHER INCOME (EXPENSE)				
Fair value gain (loss), net	**35,996**	(25,877)	**143,126**	27,275
Equity income from investments	**463**	690	**1,818**	1,652
Other income (expense)	**218**	57	**(392)**	(60)
	36,677	(25,130)	**144,552**	28,867
Income before income taxes	**118,215**	55,820	**312,320**	208,067
Provision for (recovery of) income taxes				
Current	**22,951**	405	**28,376**	4,691
Deferred	**(1,163)**	11,460	**37,674**	49,795
	21,788	11,865	**66,050**	54,486
Net income for the period	**$96,427**	$43,955	**$246,270**	$153,581
Net income attributable to:				
Common shareholders	**$85,441**	$37,844	**$228,613**	$149,980
Non-controlling interest	**10,986**	6,111	**17,657**	3,601
	$96,427	$43,955	**$246,270**	$153,581
Net income per common share attributable to:				
Common shareholders - basic and diluted	**$8.00**	$3.54	**$21.41**	$14.01

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026

Net Income

Net income for the three months ended September 30, 2026 was $96,427, compared to $43,955 in 2025. The increase in net income of $52,472 for the three months ended September 30, 2026, was primarily due to the following:

- A decrease in net operating income of $2,914, mainly due to higher vacancy within the office and multi-suite residential segments and lower non-recurring property tax refunds received, partly offset by an increase in AMR and the change in foreign exchange rate;
- An increase in management and advisory fees of $4,071, primarily due to higher asset and property management fees earned from an expanded portfolio of Canadian residential properties under management;
- An increase in non-cash net fair value gain of $61,873, mainly due to an increase in fair value gain on Morguard Residential REIT units, a decrease in fair value loss on real estate properties and an increase in fair value gain on marketable securities; and
- An increase in income tax expense (current and deferred) of $9,923, mainly due to the increase in current tax relating to the disposal of properties, partially offset by a decrease in deferred tax due to the reversal of the temporary differences related to the disposed properties and a lower fair value loss recorded on the Company's Canadian and U.S. properties.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026

Net Income

Net income for the nine months ended September 30, 2026 was $246,270, compared to $153,581 in 2025. The increase in net income of $92,689 for the nine months ended September 30, 2026 was primarily due to the following:

- A decrease in net operating income of $10,375, mainly due to higher vacancy within the office and multi-suite residential segments, lower non-recurring property tax refunds received and the change in foreign exchange rate, partly offset by an increase in AMR, an increase in RevPar, and a lower IFRIC 21 adjustment;
- An increase in management and advisory fees of $3,397, primarily due to higher asset and property management fees earned from an expanded portfolio of Canadian residential properties under management;
- An increase in interest expense of $4,331, mainly due to an increase in interest on debentures primarily due to the issuance of Series I and J senior unsecured debentures in October 2025 and in June 2026, respectively, and a loss on extinguishment of $2,582 on the early redemption of the Series H senior unsecured debentures, partially offset by lower interest on bank indebtedness;
- An increase in non-cash net fair value gain of $115,851, mainly due to a increase in fair value gain on Morguard Residential REIT units, an increase in fair value gain on marketable securities, and an increase in fair value gain on real estate properties; and
- An increase in income tax expense (current and deferred) of $11,564, mainly due to the increase in current tax relating to the disposal of properties, partially offset by a decrease in deferred tax due to the reversal of the temporary differences related to the disposed properties and a higher fair value gain recorded on the Company's Canadian and U.S. properties.

COMPARATIVE NET OPERATING INCOME

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

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Multi-suite residential (in local currency)	**$61,361**	$60,725	**$182,912**	$184,489
Retail (in local currency)	**31,031**	31,819	**89,491**	90,278
Office[(1)]	**25,691**	26,357	**77,995**	83,054
Hotel	**3,653**	3,417	**8,457**	7,435
Exchange amount to Canadian dollars	**15,081**	14,036	**43,444**	45,038
Comparative NOI	**136,817**	136,354	**402,299**	410,294
Dispositions	**1,147**	1,786	**4,722**	5,375
Realty tax expense accounted for under IFRIC 21	**15,609**	14,834	**(13,305)**	(16,535)
Lease cancellation fees	**93**	136	**142**	1,575
Realty tax refund/reassessment	**—**	3,242	**859**	3,773
Other	**(872)**	(644)	**(2,330)**	(1,720)
NOI	**$152,794**	$155,708	**$392,387**	$402,762

(1) Includes industrial properties with Comparative NOI for the three and nine months ended September 30, 2026 of $2,100 (2025 - $2,202) and $6,431 (2025 - $7,743), respectively.

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

Comparative NOI for the three months ended September 30, 2026 increased by $463, or 0.3%, to $136,817 compared to $136,354 in 2025 due to the following:

- Multi-suite residential increased by $636 as a result of net of rental rate growth and higher ancillary income, partially offset by higher vacancy and an increase in operating expenses;
- Retail decreased by $788 mainly due to a lower recovery of operating expenses and higher vacancy, partially offset by higher percentage rent;
- Office decreased by $666 mainly due to higher vacancy, partially offset by a higher recovery of operating expenses and higher basic rent;
- Hotel increased by $236 mainly due to an increase in ADR, partly offset by a decrease in occupancy, resulting in an overall increase in RevPar, partially offset by an increase in operating expenses; and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by $1,045.

Comparative NOI for the nine months ended September 30, 2026 decreased by $7,995, or 1.9%, to $402,299 compared to $410,294 in 2025 due to the following:

- Multi-suite residential decreased by $1,577 as a result of higher vacancy and an increase in operating expenses, net of rental rate growth and higher ancillary income;
- Retail decreased by $787 mainly due to a lower recovery of operating expenses and higher vacancy;
- Office decreased by $5,059 mainly due to higher vacancy, partially offset by a higher recovery of operating expenses;
- Hotel increased by $1,022 mainly due to an increase in occupancy and ADR, resulting in an overall increase in RevPar; partly offset by an increase in operating expenses; and
- The change in the foreign exchange rate decreased Comparative NOI for the U.S. properties by $1,594.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026

Net Operating Income

Adjusted NOI is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial

information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure can be found under the section "Part I, Specified Financial Measures."

Net operating income decreased by $2,914, or 1.9%, for the three months ended September 30, 2026, to $152,794, compared to $155,708 generated in 2025, and is further analyzed by asset type below.

Adjusted NOI by Asset Type

For the three months ended September 30	2026	2025
Multi-suite residential	**$73,783**	$72,925
Retail	**32,648**	36,603
Office[(1)]	**27,101**	27,929
Hotel	**3,653**	3,417
Adjusted NOI	**137,185**	140,874
IFRIC 21 adjustment - multi-suite residential	**13,974**	13,288
IFRIC 21 adjustment - retail	**1,635**	1,546
NOI	**$152,794**	$155,708

(1) Includes industrial properties with NOI for the three months ended September 30, 2026 of $2,118 (2025 - $2,200).

NOI from the multi-suite residential portfolio for the three months ended September 30, 2026, increased by $1,544, or 1.8%, to $87,757, compared to $86,213 in 2025. The increase in NOI is due to the change in Adjusted NOI described below, and an increase in the IFRIC 21 adjustment of $686.

Adjusted NOI from the multi-suite residential portfolio for the three months ended September 30, 2026, increased by $858, or 1.2%, to $73,783, compared to $72,925 in 2025. The increase in Adjusted NOI is primarily due to the following:

- A decrease in Canadian multi-suite residential properties of $420 primarily resulting from:
  - A decrease due to higher vacancy and higher amortized rent concessions, net of an increase in AMR of 2.8%. In addition, operating costs increased by 1.5% mainly from an increase in salary costs, bad debt and marketing expenses, net of a decrease in repairs and maintenance and utilities. In addition, the Company's Canadian portfolio turned over 573 suites, or 7.0% of total suites, achieving AMR growth of 8.3% on suite turnover.
- An increase in U.S. multi-suite residential properties of US$408 primarily resulting from:
  - An increase in AMR of 1.5% and an increase in ancillary income, net of higher vacancy. The AMR growth rate is lower than historical average due to a more challenging leasing environment. Partially offsetting higher revenue was an increase in operating costs by 3.2% mainly from an increase in salary costs, repairs and maintenance, utilities and marketing expenses, net of a decrease in insurance premiums and bad debt expenses. In addition, the Company's U.S. portfolio turned over 1,055 suites, or 11.0% of total suites, with an AMR growth of 2.0% on suite turnover.
- An increase of $870 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the three months ended September 30, 2026, decreased by $3,866, or 10.1%, to $34,283, compared to $38,149 in 2025. The decrease in NOI is primarily due to the change in Adjusted NOI described below, partially offset by an increase in the IFRIC 21 adjustment of $89.

Adjusted NOI from the retail portfolio for the three months ended September 30, 2026, decreased by $3,955, or 10.8%, to $32,648 compared to $36,603 in 2025. The decrease in Adjusted NOI is primarily due to the following:

- A decrease in Canadian retail properties of $4,199 primarily resulting from:
  - A decrease of $3,242 due to lower non-recurring property tax refunds received compared to 2025; and

  - A decrease of $957 primarily due to a lower recovery of operating expenses and higher vacancy, partially offset by higher percentage rent.
- An increase in U.S. retail properties of US$103; and
- An increase of $141 due to the change in the U.S. dollar foreign exchange rate.

NOI from the office portfolio for the three months ended September 30, 2026, decreased by $828, or 3.0%, to $27,101, compared to $27,929 in 2025, primarily due to the following:

- A decrease of $234 primarily due to higher vacancy, partially offset by a higher recovery of operating expenses, higher basic rent and higher non-cash stepped rents; and
- A decrease of $594 from the sale of 131 Queen Street, Ottawa, during the third quarter of 2026.

NOI from the hotel portfolio for the three months ended September 30, 2026, increased by $236, or 6.9%, to $3,653, compared to $3,417 in 2025, primarily due to the following:

- An increase in ADR mainly from higher e-commerce and corporate demand, partially offset by a decrease in occupancy, resulting in an overall increase in RevPar of $4.19 from $189.35 to $193.54. Partially offsetting the increase in RevPar was an increase in operating expenses by $212.

Management and Advisory Fees

Morguard's management and advisory fees revenue for the three months ended September 30, 2026, increased by $4,071, or 41.5%, to $13,875, compared to $9,804 in 2025, primarily due to higher asset and property management fees earned from an expanded portfolio of Canadian residential properties under management.

Interest and Other Income

Interest and other income for the three months ended September 30, 2026, increased by $273, or 5.9%, to $4,891, compared to $4,618 in 2025. The increase was primarily due to higher interest income earned.

Interest Expense

Interest expense consists of the following:

For the three months ended September 30	2026	2025
Mortgages payable	**$50,700**	$50,139
Debentures payable, net of accretion	**8,425**	6,724
Bank indebtedness	**1,049**	3,368
Construction facility	**742**	—
Loans payable and other	**48**	108
Lease liabilities	**2,445**	2,492
Amortization of mark-to-market adjustments on mortgages, net	**142**	207
Amortization of deferred financing costs	**2,573**	2,320
	66,124	65,358
Less: Interest capitalized to properties under development	**(1,822)**	(1,059)
	$64,302	$64,299

Interest expense for the three months ended September 30, 2026, increased by $3, to $64,302, compared to $64,299 in 2025, mainly due to an increase in interest on debentures payable, partially offset by lower interest on bank indebtedness. The increase in interest on debentures payable is primarily due to the issuance of Series I unsecured debentures in October 2025 and Series J unsecured debentures in June 2026, partially offset by the redemption of Series H debentures in June 2026.

Property Management and Corporate

Property management and corporate expenses for the three months ended September 30, 2026, increased by $1,055, or 4.5%, to $24,406, compared to $23,351 in 2025, primarily due to an increase in salaries, partially offset by a lower non-cash adjustment to decrease compensation expense related to the Company's SARs and SOP plans of $365. The increase is salaries is primarily due to hiring of staff in connection with the expanded portfolio of Canadian residential properties under management.

Amortization of Hotel Properties and Other

Amortization of hotel properties and other for the three months ended September 30, 2026, decreased by $216, or 14.1%, to $1,314, compared to $1,530 in 2025.

Fair Value Loss on Real Estate Properties

Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including changes in projected cash flows as a result of leasing, capitalization rates, discount rates and terminal capitalization rates. During the three months ended September 30, 2026, the Company recognized a net fair value loss on real estate properties of $17,142, compared to $27,701 in 2025.

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

For the three months ended September 30	2026	2025
Multi-suite residential	**($11,158)**	($10,941)
Retail	**(2,942)**	(2,173)
Office[(1)]	**(3,042)**	(14,587)
	($17,142)	($27,701)

(1) Includes industrial properties with a fair value gain for the three months ended September 30, 2026 of $162 (2025 - $162).

For the three months ended September 30, 2026, the Company recognized the following fair value gain (loss):

- A net fair value loss of $11,158 in the residential portfolio, mainly due to a decrease in stabilized NOI across the Company's Canadian residential portfolio and an adjustment on realty taxes accounted for under IFRIC 21, partially offset by an increase in stabilized NOI primarily at the Company's Chicago assets within the U.S. residential portfolio.
- A net fair value loss of $2,942 in the retail portfolio, mainly due to a decrease in projected cash flows at some of the Company's U.S. properties and an adjustment on realty taxes accounted for under IFRIC 21.
- A net fair value loss of $3,042 in the office portfolio, primarily due to lower projected cash flows at several properties.

Fair Value Gain on Morguard Residential REIT Units

For the three months ended September 30, 2026, the Company recorded a fair value gain on the Morguard Residential REIT units of $46,710, which includes a mark-to-market gain of $52,011 on the units as a result of a decrease in trading price, partially offset by the distributions made to external unitholders of $5,301.

Fair Value Loss on Other Fund Investments

For the three months ended September 30, 2026, the Company recorded a fair value loss on other fund investments of $247, primarily from a fair value loss on the Company's real estate properties held by the funds.

Fair Value Gain on Investment in Marketable Securities

For the three months ended September 30, 2026, the Company recorded a fair value gain on investment in marketable securities of $6,490 resulting from an increase in trading value of the securities.

Equity Income from Investments

Equity income from investments for the three months ended September 30, 2026, decreased by $227 to $463, compared to $690 in 2025, primarily due to lower fair value gain.

Other Income (Expense)

Other income for the three months ended September 30, 2026, increased by $161 to $218, compared to $57 in 2025.

Income Taxes

Provision for (recovery of) income taxes consists of the following:

For the three months ended September 30	2026	2025
Current	**$22,951**	$405
Deferred	**(1,163)**	11,460
	$21,788	$11,865

For the three months ended September 30, 2026, the Company recorded an income tax expense of $21,788, compared to $11,865 in 2025. The increase in income tax expense of $9,923 is comprised of an increase of $22,546 in current tax expense and a decrease of $12,623 in deferred tax expense.

The increase in current tax expense for the three months ended September 30, 2026 is primarily the result of an increase of $20,478 relating to the disposal of properties.

The decrease in deferred income tax expense for the three months ended September 30, 2026 is primarily due to the reversal of the temporary differences related to the disposed properties, partially offset by a lower fair value loss recorded on the Company's U.S. properties.

Pension Plans

The Company's accounting policy under IFRS is to recognize actuarial gains/losses in the period in which they occur, and these gains/losses are reflected in the consolidated statements of comprehensive income. During the three months ended September 30, 2026, an actuarial loss of $1,687 was recorded in the consolidated statements of comprehensive income, compared to an actuarial gain of $5,584 in 2025; the gains/losses are primarily due to a change in the trading price of the pension plan's underlying investments.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026

Net Operating Income

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

NOI decreased by $10,375, or 2.6%, for the nine months ended September 30, 2026 to $392,387, compared to $402,762 in 2025, and is further analyzed by asset type below.

Adjusted NOI by Asset Type

For the nine months ended September 30	2026	2025
Multi-suite residential	**$220,113**	$224,165
Retail	**93,972**	98,642
Office[(1)]	**83,150**	89,055
Hotel	**8,457**	7,435
Adjusted NOI	**405,692**	419,297
IFRIC 21 adjustment - multi-suite residential	**(11,563)**	(14,653)
IFRIC 21 adjustment - retail	**(1,742)**	(1,882)
NOI	**$392,387**	$402,762

(1) Includes industrial properties with NOI for the nine months ended September 30, 2026 of $6,482 (2025 - $7,724).

NOI from the multi-suite residential portfolio for the nine months ended September 30, 2026, decreased by $962, or 0.5%, to $208,550, compared to $209,512 in 2025. The decrease in NOI is due to the change in Adjusted NOI described below, partially offset by a decrease in the IFRIC 21 adjustment of $3,090.

Adjusted NOI from the multi-suite residential portfolio for the nine months ended September 30, 2026, decreased by $4,052, or 1.8%, to $220,113, compared to $224,165 in 2025. The decrease in Adjusted NOI is primarily due to the following:

- A decrease in Canadian multi-suite residential properties of $3,338 primarily resulting from:
  - A decrease due to higher vacancy and higher amortized rent concessions, net of an increase in AMR of 2.8%. In addition, operating costs increased by 1.0% mainly from an increase in property taxes, salary costs, bad debt and marketing expenses, net of a decrease in utilities, primarily due to lower gas expense from the removal of the federal carbon charge and a decrease in consumption. In addition, the Company's Canadian portfolio turned over 1,037 suites, or 12.7% of total suites, achieving AMR growth of 7.5% on suite turnover.
- An increase in U.S. multi-suite residential properties of US$488 primarily resulting from:
  - An increase in AMR of 1.5% and an increase in ancillary income, net of higher vacancy. The AMR growth rate is lower than historical average due to a more challenging leasing environment. Partially offsetting higher revenue was an increase in operating costs of 1.7% mainly from an increase in salary costs, repairs and maintenance and utilities, net of a decrease in property taxes, insurance premiums and bad debt expenses. The decrease in property taxes is mainly due to lower property taxes at Chicago properties and tax rebates received on successful appeals at several properties located in Texas and North Carolina. In addition, the Company's U.S. portfolio turned over 2,892 suites, or 30.2% of total suites, with an AMR growth of 1.2% on suite turnover.
- A decrease of $1,202 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the nine months ended September 30, 2026, decreased by $4,530, or 4.7%, to $92,230, compared to $96,760 in 2025. The decrease in NOI is due to the change in Adjusted NOI described below, partially offset by a decrease in the IFRIC 21 adjustment of $140.

Adjusted NOI from the retail portfolio for the nine months ended September 30, 2026, decreased by $4,670, or 4.7%, to $93,972 compared to $98,642 in 2025. The decrease in Adjusted NOI is primarily due to the following:

- A decrease in Canadian retail properties of $3,707 primarily resulting from:
  - A decrease of $3,242 due to lower non-recurring property tax refunds received compared to 2025; and
  - A decrease of $465 primarily due to a lower recovery of operating expense, higher vacancy, lower basic rent and lower parking income, partially offset by higher percentage rent and non-cash stepped rents.
- A decrease in U.S. retail properties of US$552; and
- A decrease of $411 due to the change in the U.S. dollar foreign exchange rate.

NOI from the office portfolio for the nine months ended September 30, 2026, decreased by $5,905, or 6.6%, to $83,150, compared to $89,055 in 2025, primarily due to the following:

- A decrease of $3,975 primarily due to higher vacancy, partially offset by a higher recovery of operating expenses;
- A decrease of $1,344 due to lower non-recurring lease cancellation fees received compared to 2025; and
- A decrease of $586 from the sale of 131 Queen Street, Ottawa, during the third quarter of 2026.

NOI from the hotel portfolio for the nine months ended September 30, 2026, increased by $1,022, or 13.7%, to $8,457, compared to $7,435 in 2025, primarily due to the following:

- An increase in occupancy and an increase in ADR mainly from higher e-commerce and corporate demand, resulting in an overall increase in RevPar of $13.41 from $161.00 to $174.41. Partially offsetting the increase in RevPar was an increase in operating expenses by $1,692.

Management and Advisory Fees

Morguard's management and advisory fees revenue for the nine months ended September 30, 2026 increased by $3,397, or 11.4%, to $33,109, compared to $29,712 in 2025, primarily due to higher asset and property management fees earned from an expanded portfolio of Canadian residential properties under management.

Interest and Other Income

Interest and other income for the nine months ended September 30, 2026 increased by $840, or 6.4%, to $14,014, compared to $13,174 in 2025. The increase was primarily due to higher interest income earned.

Interest Expense

Interest expense consists of the following:

For the nine months ended September 30	2026	2025
Mortgages payable	**$148,438**	$148,460
Debentures payable, net of accretion	**27,941**	20,014
Bank indebtedness	**3,367**	9,485
Construction facility	**1,577**	—
Loans payable and other	**137**	247
Lease liabilities	**7,377**	7,449
Amortization of mark-to-market adjustments on mortgages, net	**428**	858
Amortization of deferred financing costs	**8,043**	6,824
Loss on extinguishment of debentures payable	**2,582**	—
	199,890	193,337
Less: Interest capitalized to properties under development	**(4,665)**	(2,443)
	$195,225	$190,894

Interest expense for the nine months ended September 30, 2026 increased by $4,331, or 2.3%, to $195,225, compared to $190,894 in 2025, mainly due to a loss on extinguishment of $2,582 on the early redemption of the Series H unsecured debentures, an increase in interest on debentures payable, partially offset by lower interest on bank indebtedness. The increase in interest on debentures payable is primarily due to the issuance of Series I unsecured debentures in October 2025 and Series J unsecured debentures in June 2026.

Property Management and Corporate

Property management and corporate expenses for the nine months ended September 30, 2026 increased by $2,660, or 3.8%, to $72,725, compared to $70,065 in 2025, primarily due to an increase in salaries and a higher non-cash adjustment to increase compensation expense related to the Company's SARs and SOP plans of $1,154, partially offset by increased professional services expenses. The increase is salaries is primarily due to hiring of staff in connection with the expanded portfolio of Canadian residential properties under management.

Amortization of Hotel Properties and Other

Amortization of hotel properties and other for the nine months ended September 30, 2026 decreased by $1,697, or 30.9%, to $3,792, compared to $5,489 in 2025.

Fair Value Gain on Real Estate Properties

Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including changes in projected cash flows as a result of leasing, capitalization rates, discount rates and terminal

capitalization rates. During the nine months ended September 30, 2026, the Company recognized a net fair value gain on real estate properties of $76,552, compared to $68,758 in 2025.

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

For the nine months ended September 30	2026	2025
Multi-suite residential	**$70,801**	$119,252
Retail	**36,310**	(16,979)
Office[1]	**(30,559)**	(33,515)
	$76,552	$68,758

(1) Includes industrial properties with a fair value loss for the nine months ended September 30, 2026 of $1,717 (2025 - $4,173).

For the nine months ended September 30, 2026, the Company recognized the following fair value gain (loss):

- A net fair value gain of $70,801 in the residential portfolio, mainly due to an increase in stabilized NOI across the Company's Canadian and U.S. residential portfolio and an adjustment on realty taxes accounted for under IFRIC 21.
- A net fair value gain of $36,310 in the retail portfolio, primarily due to higher projected future cash flows and an adjustment on realty taxes accounted for under IFRIC 21; and
- A net fair value loss of $30,559 in the office portfolio, primarily due to a decrease in projected cash flows at several properties.

Fair Value Gain on Morguard Residential REIT Units

For the nine months ended September 30, 2026, the Company recorded a fair value gain on the Morguard Residential REIT units of $48,718, which includes a mark-to-market gain of $64,613 on the units as a result of a decrease in trading price, partially offset by the distributions made to external unitholders of $15,895.

Fair Value Loss on Other Fund Investments

For the nine months ended September 30, 2026, the Company recorded a fair value loss on other fund investments of $4,154, primarily from a fair value loss on the Company's real estate properties held by the funds.

Fair Value Gain on Investment in Marketable Securities

For the nine months ended September 30, 2026, the Company recorded a fair value gain on investment in marketable securities of $21,310 resulting from an increase in trading value of the securities.

Equity Income from Investments

Equity income from investments for the nine months ended September 30, 2026 increased by $166 to $1,818, compared to $1,652 in 2025, primarily due to lower interest expense.

Other Income (Expense)

Other expense for the nine months ended September 30, 2026, increased by $332 to $392, compared to $60 in 2025, mainly due to a non-recurring expense, partially offset by an increase in foreign exchange gain.

Income Taxes

Provision for income taxes consists of the following:

For the nine months ended September 30	2026	2025
Current	**$28,376**	$4,691
Deferred	**37,674**	49,795
	$66,050	$54,486

For the nine months ended September 30, 2026, the Company recorded an income tax expense of $66,050, compared to $54,486 in 2025. The increase in income tax expense of $11,564 is comprised of an increase of $23,685 in current tax expense and a decrease of $12,121 in deferred tax expense.

The increase in current tax expense for the nine months ended September 30, 2026 is primarily the result of an increase of $24,451 relating to the disposal of properties.

The decrease in deferred income tax expense for the nine months ended September 30, 2026 is primarily due to the reversal of the temporary differences related to the disposed properties and partially offset by a higher fair value gain recorded on the Company's Canadian and U.S. properties.

Pension Plans

The Company's accounting policy under IFRS is to recognize actuarial gains/losses in the period in which they occur, and these gains/losses are reflected in the consolidated statements of comprehensive income. During the nine months ended September 30, 2026, an actuarial gain of $10,831 was recorded in the consolidated statements of comprehensive income, compared to $7,469 in 2025; the gains/losses are primarily due to a change in the trading price of the pension plan's underlying investments.

FUNDS FROM OPERATIONS

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

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

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Multi-suite residential	**$73,783**	$72,925	**$220,113**	$224,165
Retail	**32,648**	36,603	**93,972**	98,642
Office	**27,101**	27,929	**83,150**	89,055
Hotel	**3,653**	3,417	**8,457**	7,435
Adjusted NOI[1]	**137,185**	140,874	**405,692**	419,297
Other Revenue				
Management and advisory fees	**13,875**	9,804	**33,109**	29,712
Interest and other income	**4,891**	4,618	**14,014**	13,174
Equity-accounted FFO[2]	**714**	683	**2,117**	1,895
	19,480	15,105	**49,240**	44,781
Expenses and Other				
Interest	**(64,302)**	(64,299)	**(195,225)**	(190,894)
Principal repayment of lease liabilities	**(463)**	(396)	**(1,371)**	(1,539)
Property management and corporate	**(24,406)**	(23,351)	**(72,725)**	(70,065)
Internal leasing costs	**1,579**	850	**3,808**	3,581
Amortization of capital assets	**(330)**	(533)	**(1,002)**	(1,099)
Current income taxes[3]	**(2,473)**	(405)	**(3,893)**	(4,659)
Non-controlling interests' share of FFO[4]	**(10,610)**	(12,388)	**(32,858)**	(36,700)
Unrealized changes in the fair value of financial instruments	**6,243**	4,151	**17,156**	648
Other income (expense)	**201**	(9)	**(490)**	9
FFO	**$62,104**	$59,599	**$168,332**	$163,360
FFO per common share amounts – basic and diluted	**$5.82**	$5.57	**$15.76**	$15.26
Weighted average number of common shares outstanding (in thousands):				
Basic	**10,678**	10,701	**10,678**	10,707
Diluted[5]	**10,678**	10,701	**10,680**	10,707

(1) For the three and nine months ended September 30, 2026, an IFRIC 21 adjustment of $15,609 (2025 - $14,834) was added and $13,305 (2025 - $16,535) was deducted, respectively, to the IFRS presentation of realty tax expense.
(2) Equity-accounted FFO excludes fair value adjustments on real estate properties.
(3) Current income taxes for the three and nine months ended September 30, 2026 excludes $20,478 (2025 - $nil) and $24,483 (2025 - $32), respectively, of income tax relating to the disposal of properties.
(4) For the three and nine months ended September 30, 2026, non-controlling interests' share of FFO includes Morguard Residential REIT's non-controlling interest share of FFO in the amount of $6,005 (2025 - $7,202) and $19,916 (2025 - $23,150), respectively.
(5) Includes the dilutive impact of stock options.

For the three months ended September 30, 2026, the Company recorded FFO of $62,104 ($5.82 per common share), compared to $59,599 ($5.57 per common share) in 2025. The increase in FFO of $2,505 is mainly due to an increase in management and advisory fees of $4,071, a decrease in non-controlling interests' share of FFO of $1,778 and an increase in unrealized changes in the fair value of financial instruments of $2,092, partially offset by a decrease in Adjusted NOI of $3,689 and an increase in current income taxes of $2,068.

The change in the foreign exchange rate had a positive impact on FFO of $304 ($0.03 per common share).

For the nine months ended September 30, 2026, the Company recorded FFO of $168,332 ($15.76 per common share), compared to $163,360 ($15.26 per common share) in 2025. The increase in FFO of $4,972 is mainly due to an increase in management and advisory fees of $3,397, a decrease in non-controlling interests' share of FFO of $3,842 and an increase in unrealized changes in the fair value of financial instruments of $16,508, partially offset by a decrease in Adjusted NOI of $13,605, an increase in interest expense of $4,331 and an increase in property management and corporate expenses of $2,660.

The change in the foreign exchange rate had a negative impact on FFO of $562 ($0.05 per common share).

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

NORMALIZED FFO	**Three months ended September 30**		**Nine months ended September 30**	
	2026	2025	**2026**	2025
FFO (from above)	**$62,104**	$59,599	**$168,332**	$163,360
Add/(deduct):				
Unrealized changes in the fair value of financial instruments	**(6,243)**	(4,151)	**(17,156)**	(648)
SARs plan increase (decrease) in fair value	**(660)**	102	**(165)**	(116)
SOP increase in fair value	**397**	—	**1,203**	—
Loss on extinguishment of debentures payable	**—**	—	**2,582**	—
Lease cancellation fee and other	**(86)**	(121)	**1,255**	(1,484)
Tax effect of above adjustments	**19**	24	**(902)**	344
Normalized FFO	**$55,531**	$55,453	**$155,149**	$161,456
Per common share amounts – basic and diluted	**$5.20**	$5.18	**$14.53**	$15.08

Normalized FFO for the three months ended September 30, 2026 was $55,531 or $5.20 per common share, compared to $55,453, or $5.18 per common share, for the same period in 2025, which represents an increase in $78, or 0.1%.

Normalized FFO for the nine months ended September 30, 2026 was $155,149 or $14.53 per common share, compared to $161,456, or $15.08 per common share, for the same period in 2025, which represents a decrease of $6,307, or 3.9%

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

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Net income attributable to common shareholders	**$85,441**	$37,844	**$228,613**	$149,980
Add/(deduct):				
Fair value loss (gain) on real estate properties, net[1]	**17,393**	27,694	**(76,253)**	(68,515)
Non-controlling interests' share of fair value gain (loss) on real estate properties, net[1]	**5,608**	116	**5,362**	(9,041)
Fair value loss (gain) on Morguard Residential REIT units	**(52,011)**	(2,402)	**(64,613)**	26,689
Distribution to Morguard Residential REIT's external unitholders	**5,301**	5,119	**15,895**	15,644
Non-controlling interest - Morguard Residential REIT	**(6,005)**	(7,202)	**(19,916)**	(23,150)
Fair value gain on conversion option of MRG convertible debentures	**(185)**	(390)	**(700)**	(202)
Amortization of intangible asset	**204**	410	**770**	2,555
Amortization of hotel properties	**780**	587	**2,020**	1,835
Foreign exchange loss (gain)	**(17)**	(66)	**(98)**	69
Deferred income taxes	**(1,163)**	11,460	**37,674**	49,795
Principal repayment of lease liabilities	**(463)**	(396)	**(1,371)**	(1,539)
Internal leasing costs	**1,579**	850	**3,808**	3,581
Realty taxes accounted for under IFRIC 21[2]	**(14,836)**	(14,025)	**12,658**	15,627
Current tax on disposition of properties	**20,478**	—	**24,483**	32
FFO	**$62,104**	$59,599	**$168,332**	$163,360
FFO per common share – basic and diluted	**$5.82**	$5.57	**$15.76**	$15.26
Weighted average number of common shares outstanding (in thousands):				
Basic	**10,678**	10,701	**10,678**	10,707
Diluted[3]	**10,678**	10,701	**10,680**	10,707

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

PART IV

BALANCE SHEET ANALYSIS

REAL ESTATE PROPERTIES

The Company's real estate properties, together with hotel properties and equity-accounted and other real estate fund investments, represent approximately 93% of Morguard's total assets. Real estate properties include multi-suite residential, retail, office and industrial properties held to earn rental income and for capital appreciation. Real estate properties also include properties or land being constructed or developed for future use as income producing properties.

The following table details the Company's real estate assets:

As at	**September 30, 2026**	December 31, 2025
Real estate properties		
Multi-suite residential	**$6,988,005**	$6,715,393
Retail	**2,226,271**	2,193,540
Office[(1)]	**1,772,080**	1,916,957
	10,986,356	10,825,890
Properties under development	**224,808**	144,306
Land held for development	**119,272**	122,888
Real estate properties	**$11,330,436**	$11,093,084
Real estate properties	**$11,330,436**	$10,944,914
Real estate properties held for sale	**—**	148,170
Total	**$11,330,436**	$11,093,084

(1) As at September 30, 2026, includes industrial properties in the amount of $220,702 (December 31, 2025 - $221,611).

Real estate properties (including real estate properties held for sale) increased by $237,352 at September 30, 2026 to $11,330,436, compared to $11,093,084 at December 31, 2025. The increase is primarily a result of the following:

- Capitalization of property enhancements, including capital expenditures and tenant improvements, totalling $106,270;
- Development expenditures of $78,841;
- A fair value gain on real estate properties of $76,552;
- An increase of $157,862 due to the change in the U.S. dollar exchange rate; and
- Dispositions of real estate properties of $179,923, primarily from the sale of a leasehold interest in an office property located in Ottawa, and from the expropriation of land at a retail property located in Toronto;

Dispositions

During the three months ended September 30, 2026, the Company sold its leasehold interest in 131 Queen Street, an office property located in Ottawa, Ontario, consisting of 328,500 square feet, for net proceeds of $147,810, including closing costs, and repaid the mortgage payable secured by the property in the amount of $29,645.

During the three months ended June 30, 2026, a parcel of land was expropriated at a retail property in Toronto, Ontario, for total net proceeds of $31,730.

During the three months ended June 30, 2026, a portion of land was expropriated at a retail property in Victoria, British Columbia, for total net proceeds of $383.

APPRAISAL CAPITALIZATION AND DISCOUNT RATES

The Company's internal valuation team consists of Appraisal Institute of Canada ("AIC") designated Accredited Appraiser Canadian Institute ("AACI") members who are qualified to offer valuation and consulting services and expertise for all types of real property, all of whom are knowledgeable and have recent experience in the fair value techniques for investment properties. AACI members must adhere to AIC's Canadian Uniform Standards of Professional Appraisal Practice and undertake ongoing professional development. The Company's appraisal division is responsible for determining the fair value of investment properties every quarter, which include co-owned properties and properties classified as equity-accounted investments. The Company's valuation processes and results are reviewed by the Company's senior management at least once every quarter, in line with the Company's quarterly reporting dates.

As at September 30, 2026, using the direct capitalization approach, the multi-suite residential, retail and office properties were valued using capitalization rates in the range of 3.5% to 10.3% (December 31, 2025 - 3.4% to 10.3%), resulting in an overall weighted average capitalization rate of 5.7% (December 31, 2025 - 5.7%).

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

As at	**September 30, 2026**					December 31, 2025				
	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%**	**3.5%**	**4.4%**	98.5%	92.0%	6.3%	3.4%	4.4%
Retail	**99.0%**	**85.0%**	**10.3%**	**5.0%**	**7.6%**	99.0%	85.0%	10.3%	5.0%	7.5%
Office[(1)]	**100.0%**	**85.0%**	**9.5%**	**5.0%**	**7.9%**	100.0%	85.0%	10.0%	5.0%	7.8%

(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, 2026**			December 31, 2025		
	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%**	**6.0%**	**7.4%**	10.0%	6.0%	7.3%
Terminal cap rate	**9.3%**	**5.3%**	**6.7%**	9.3%	5.3%	6.6%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the income producing properties and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate.

The sensitivity of the fair values of the Company's income producing properties as at September 30, 2026, and December 31, 2025, is set out in the table below:

As at	September 30, 2026		December 31, 2025	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($367,134)**	**$410,620**	($347,851)	$388,316
Retail	**(64,639)**	**69,067**	(63,709)	68,099
Office[1]	**(54,635)**	**58,240**	(60,083)	64,118
	($486,408)	**$537,927**	($471,643)	$520,533

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

PROPERTY UNDER DEVELOPMENT – 725 VILLAGE GREEN BOULEVARD

The Company invests in development projects that generate accretive earnings and cash flow and that enhance the overall quality of our portfolio. During the third quarter of 2024, Morguard launched the construction of its new purpose-built rental community in the Port Credit area of Mississauga, Ontario. The development will be comprised of one nine-storey and two eight-storey mid-rise residential buildings on a 3.7-acre property and will contain 431 suites, from studios to three-bedroom units, townhomes and penthouse suites. As at September 30, 2026, the Company's cumulative investment amounted to $182,434 (December 31, 2025 - $114,744) and the project is anticipated to commence occupancies in the second half of 2027.

HOTEL PROPERTIES

Hotel properties consist of the following:

As at	September 30, 2026	December 31, 2025
Cost	**$116,555**	$114,829
Accumulated amortization	**(30,985)**	(28,965)
Hotel properties	**$85,570**	$85,864

The Company's hotel portfolio is comprised of one dual branded Hilton hotel located in downtown Ottawa, Ontario, and one independently operated hotel located in New Westminster, British Columbia. The hotel portfolio represents 472 rooms.

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	September 30, 2026	December 31, 2025
Equity-accounted investments - Joint ventures	**$6,977**	$6,160
Other real estate fund investments	**38,315**	42,550
Equity-accounted and other fund investments	**$45,292**	$48,710

The Company's interest in joint ventures comprises a 50% interest in a 304,000 square foot office property located in Edmonton, Alberta, and a 50% interest in a 173,000 square foot office property located in Belleville, Ontario.

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

As at	September 30, 2026	December 31, 2025
Balance, beginning of period	**$48,710**	$63,064
Share of net income - joint ventures	**1,818**	966
Distributions received - joint ventures	**(1,001)**	(1,838)
Fair value loss - other fund investments	**(4,154)**	(3,854)
Distributions received - other fund investments	**(1,553)**	(7,095)
Foreign exchange gain (loss)	**1,472**	(2,533)
Balance, end of period	**$45,292**	$48,710

CONSTRUCTION FINANCING PAYABLE

The Company has a non-revolving construction facility of up to $208,254 collateralized by it's multi-suite residential property under development located at 725 Village Green Boulevard. The facility bears interest at the prime rate minus 35 basis points and matures on April 28, 2028 with an option to be converted into a Canada Mortgage and Housing Corporation ("CMHC") insured mortgage with a ten-year term. As at September 30, 2026, the Company had borrowed $80,438 (December 31, 2025 - $22,754) on the facility.

MORTGAGES PAYABLE

Mortgages payable totalled $4,672,233 at September 30, 2026, compared to $4,609,911 at December 31, 2025, an increase of $62,322, mainly due to net proceeds from new mortgage financing of $571,619, and a change in foreign exchange of $67,215, partially offset by mortgage repayments on maturity of $473,029, scheduled principal repayments of $79,689, and mortgage repayments on extinguishment of $29,645.

Mortgage Continuity Schedule

As at	September 30, 2026	December 31, 2025
Opening mortgage balance	**$4,609,911**	$4,761,081
New mortgage financing	**581,702**	705,544
New mortgage financing costs	**(10,083)**	(9,229)
Mortgage repayments on maturity	**(473,029)**	(643,867)
Mortgage repayments on extinguishment	**(29,645)**	(10,796)
Scheduled principal repayments	**(79,689)**	(112,983)
Change in foreign exchange rate	**67,215**	(87,898)
Mortgages mark-to-market adjustment, net	**428**	1,005
Deferred financing costs (including extinguishment)	**5,423**	7,054
Closing mortgage balance	**$4,672,233**	$4,609,911

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at September 30, 2026, mortgages payable bear interest at rates ranging between 2.03% and 7.75% per annum with a weighted average interest rate of 4.38% (December 31, 2025 - 4.25%), mature between 2026 and 2058 and have a weighted average term to maturity of 4.1 years (December 31, 2025 - 3.9 years). Approximately 94% of the Company's mortgages have fixed interest rates.

Mortgage Repayment Schedule

As at September 30, 2026	Principal Instalment Repayments	Balance Maturing	Total	Weighted Average Contractual Interest Rate
2026 (remainder of year)	$25,099	$333,655	$358,754	4.91%
2027	86,708	643,156	729,864	4.48%
2028	72,634	696,060	768,694	4.65%
2029	64,820	590,712	655,532	4.57%
2030	47,065	554,553	601,618	3.65%
Thereafter	170,989	1,422,200	1,593,189	4.28%
	$467,315	$4,240,336	4,707,651	4.38%
Deferred financing costs			(35,418)	
			$4,672,233	

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, 2026, and December 31, 2025, the Company is in compliance with all financial covenants.

Mortgage Maturity Schedule

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

	2026				2027			
Asset Type	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio
Multi-suite residential	2	$163,808	5.75%	50.5%	5	$314,341	3.78%	33.7%
Retail	3	94,963	3.61%	38.7%	2	159,286	5.99%	50.5%
Office	1	74,884	4.73%	62.7%	5	169,529	4.37%	42.3%
	6	**$333,655**	**4.91%**	**48.4%**	**12**	**$643,156**	**4.48%**	**39.0%**

The following table details the new and refinancing activities completed during the nine months ended September 30, 2026:

Date	Asset Type	Location	New Interest Rate	Maturing Interest Rate	Term (years)	Mortgage Proceeds	Mortgage Repayment
January 1, 2026	Office	Ottawa, ON	4.02%	3.10%	2.0	$31,687	$31,687
January 1, 2026	Office	Ottawa, ON	4.80%	3.75%	5.0	48,000	44,333
February 1, 2026	Office	Markham, ON	4.53%	3.70%	2.0	26,555	26,555
April 17, 2026	Office	Edmonton, AB	5.26%	5.63%	5.0	8,065	9,365
April 30, 2026	Office	Calgary, AB	—%	5.74%	—	—	3,750
May 14, 2026	Retail	Vaughan, ON	4.51%	4.86%	5.0	19,000	14,465
June 2, 2026	Retail	Red Deer, AB	4.70%	5.14%	5.0	22,523	24,470
June 2, 2026	Retail	Aurora, ON	4.70%	2.88%	5.0	51,977	36,520
June 17, 2026	Residential	Toronto, ON	4.36%	2.76%	12.0	72,554	22,730
June 22, 2026	Residential	Edmonton, AB	4.12%	2.99%	10.0	35,301	27,519
June 29, 2026	Residential	Ottawa, ON	4.23%	2.88%	11.0	54,908	25,875
June 30, 2026	Residential	Kennesaw, GA	5.40%	3.67%	5.0	41,439	35,838
July 1, 2026	Residential	New Orleans, LA	—%	3.53%	—	—	12,259
July 31, 2026	Office	Calgary, AB	—%	4.73%	—	—	6,750
August 1, 2026	Office	Ottawa, ON	—%	4.50%	—	—	8,823
August 1, 2026	Office	Toronto, ON	5.15%	4.50%	8.0	10,500	8,823
August 31, 2026	Office	Ottawa, ON	—%	5.31%	—	—	29,645
September 1, 2026	Residential	Toronto, ON	—%	5.53%	—	—	35,000
September 1, 2026	Office	Calgary, AB	4.81%	3.41%	2.3	9,060	11,060
September 2, 2026	Residential	Toronto, ON	4.38%	2.99%	10.0	85,286	39,725
September 30, 2026	Residential	Pensacola, FL	6.33%	3.53%	10.0	64,847	47,482
Weighted Averages and Total			**4.74%**	**3.82%**	**7.8**	**$581,702**	**$502,674**

UNSECURED DEBENTURES

The Company's Unsecured Debentures consist of the following:

As at	Maturity Date	Coupon Interest Rate	September 30, 2026	December 31, 2025
Series H senior unsecured debentures	September 26, 2026	9.500%	**$—**	$175,000
Series I senior unsecured debentures	October 14, 2028	5.000%	**250,000**	250,000
Series J senior unsecured debentures	June 18, 2029	4.307%	**250,000**	—
Unamortized financing costs			**(3,418)**	(3,752)
			$496,582	$421,248

On June 18, 2026, the Company issued $250,000 (net proceeds including issuance costs - $248,776) of Series J senior unsecured debentures due on June 18, 2029. Interest on the Series J unsecured debentures is payable semi-annually, not in advance, on June 18 and December 18 of each year, commencing on December 18, 2026. The Company has the option to redeem the Series J senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par, plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 0.335%.

On June 22, 2026 ("Redemption Date"), the Company redeemed all of its 9.500% outstanding Series H senior unsecured debentures due September 26, 2026. The redemption price was paid in cash and was $1,014.753 per

debenture, together with accrued and unpaid interest on the Series H senior unsecured debentures up to, but excluding, the Redemption Date.

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

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

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

Non-Consolidated Basis adjustments include the following:

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

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

Non-Consolidated Basis	Covenant Requirements	September 30, 2026	September 30, 2025
Interest coverage ratio[1][2]	1.65	**2.27**	2.35
Indebtedness to aggregate assets ratio[2]	Less than or equal to 65%	**37.3%**	38.6%
Adjusted shareholders' equity[2]	Not less than $300,000	**$4,114,098**	$3,875,772

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

As at September 30, 2026, on a Non-Consolidated Basis, the Company's unencumbered assets, which include real estate, hotel properties and other investments, amounted to $747,580 (December 31, 2025 - $753,828).

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

Morguard Non-Consolidated Financial Statements

Balance Sheet

As at	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Balance Sheet Indenture Adjustment	**September 30, 2026 Morguard Non-Consolidated Basis**	December 31, 2025 Morguard Non-Consolidated Basis
ASSETS							
Real estate properties	$11,330,436	($2,155,065)	($4,465,247)	($180,719)	$—	**$4,529,405**	$4,323,034
Real estate properties held for sale	—	—	—	—	—	**—**	148,170
Hotel properties	85,570	—	—	—	30,916	**116,486**	114,829
Equity-accounted and other fund investments	45,292	(4,214)	(79,783)	1,477,211	—	**1,438,506**	1,401,822
Other assets	498,990	(16,209)	(38,984)	107,474	(24,488)	**526,783**	428,551
Cash	423,071	(8,883)	(172,081)	(572)	—	**241,535**	62,046
Total assets	$12,383,359	($2,184,371)	($4,756,095)	$1,403,394	$6,428	**$6,852,715**	$6,478,452
LIABILITIES							
Mortgages payable	$4,672,233	($911,611)	($1,810,237)	($104,625)	$—	**$1,845,760**	$1,881,521
Construction financing payable	80,438	—	—	—	—	**80,438**	22,754
Bank indebtedness and loans	61,006	(155,581)	—	95,000	—	**425**	12,000
Class B LP units	—	—	(253,007)	253,007	—	**—**	—
Unsecured debentures	496,582	—	—	—	—	**496,582**	421,248
Convertible debentures	147,377	(158,374)	(53,870)	64,867	—	**—**	—
Lease liabilities	165,604	(16,298)	(17,807)	349	—	**131,848**	136,685
Morguard Residential REIT units	353,671	—	—	(353,671)	—	**—**	—
Deferred income tax liabilities	1,007,502	—	(319,501)	—	(688,001)	**—**	—
Accounts payable and accrued liabilities	304,343	(57,173)	(72,587)	8,981	—	**183,564**	129,358
Total liabilities	7,288,756	(1,299,037)	(2,527,009)	(36,092)	(688,001)	**2,738,617**	2,603,566
Equity/Adjusted shareholders' equity	5,094,603	(885,334)	(2,229,086)	1,439,486	694,429	**4,114,098**	3,874,886
Total liabilities and equity	$12,383,359	($2,184,371)	($4,756,095)	$1,403,394	$6,428	**$6,852,715**	$6,478,452

Computation for Interest Coverage Ratio

Twelve months ended September 30	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Income Statement Indenture Adjustment	**2026 Morguard Non-Consolidated Basis**	2025 Morguard Non-Consolidated Basis
Revenue from real estate properties	$1,025,005	($242,057)	($350,740)	($17,156)	$—	**$415,052**	$426,892
Revenue from hotel properties	34,144	—	—	—	—	**34,144**	31,166
Property operating expenses	(484,343)	132,868	164,064	(9,461)	(928)	**(197,800)**	(199,577)
Hotel operating expenses	(23,570)	—	—	—	—	**(23,570)**	(21,331)
Net operating income	551,236	(109,189)	(186,676)	(26,617)	(928)	**227,826**	237,150
Management and advisory fees/distributions	44,640	—	—	46,579	—	**91,219**	88,189
Interest and other income	18,742	—	—	1,831	—	**20,573**	20,260
Property management and corporate[1]	(94,443)	3,807	21,996	(25,385)	1,796	**(92,229)**	(91,357)
Other income (expense)[2]	(446)	(62)	(4,710)	4,411	1,384	**577**	463
Distributions from Morguard REIT and Morguard Residential REIT	—	—	—	—	30,976	**30,976**	32,225
EBITDA	$519,729	($105,444)	($169,390)	$819	$33,228	**$278,942**	$286,930
Interest expense[2]	$260,259	($62,894)	($94,512)	$16,843	($2,582)	**$117,114**	$119,832
Interest capitalized to development projects	5,899	(310)	—	—	—	**5,589**	2,014
Interest expense for interest coverage ratio	$266,158	($63,204)	($94,512)	$16,843	($2,582)	**$122,703**	$121,846

(1) Morguard consolidated property management and corporate expense for the twelve months ended September 30, 2026 includes a non-cash fair value adjustment relating to the Company's stock-based compensation expense and has been adjusted to remove the net impact of an increase in stock-based compensation expense of $1,796 (2025 - decrease of $648).

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

CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	September 30, 2026	December 31, 2025
Morguard Residential REIT[(1)]	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$48,870**	$48,536
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**98,507**	97,003
						$147,377	$145,539

(1) As at September 30, 2026, the liability includes the fair value of the conversion option of $11 (December 31, 2025 - $711).

Morguard Residential REIT

On March 9, 2023, Morguard Residential REIT issued $50,000 principal amount of 6.00% convertible unsecured subordinated debentures maturing on March 31, 2028. On March 17, 2023, an additional principal amount of $6,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on March 31 and September 30 of each year. Underwriters' commission, legal and other issue costs attributable to the debentures in the amount of $2,410 have been capitalized and are being amortized over the term to maturity. As at September 30, 2026, Morguard and Paros Enterprises, related parties, own $5,000 (December 31, 2025 - $5,000) and $2,000 (December 31, 2025 - $2,000) aggregate principal amount of the 6.00% convertible unsecured subordinated debentures, respectively.

Morguard REIT

On December 7, 2021, Morguard REIT issued $150,000 principal amount of 5.25% convertible unsecured subordinated debentures maturing on December 31, 2026. On December 13, 2021, an additional principal amount of $9,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on September 30 and December 31 of each year. Underwriters' commissions, legal and other issue costs attributable to the debentures in the amount of $4,213 have been capitalized and are being amortized over their term to maturity. The convertible debentures, with the exception of $4,213, the value assigned to the holder's conversion option, have been recorded as debt on the consolidated balance sheets. As at September 30, 2026, Morguard owns $60,000 (December 31, 2025 - $60,000) aggregate principal amount of the 5.25% convertible unsecured subordinated debentures.

MORGUARD RESIDENTIAL REIT UNITS

As at September 30, 2026, the Company owns a 48.6% (December 31, 2025 - 48.6%) effective interest in Morguard Residential REIT through its ownership of 8,120,666 units and 17,223,090 Class B LP units. Although the Company owns less than 50% of Morguard Residential REIT, it continues to consolidate its investment on the basis of *de facto* control.

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

As at September 30, 2026, the Company valued the non-controlling interest in the Morguard Residential REIT units at $353,671 (December 31, 2025 - $419,105) 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 gain for the three months ended September 30, 2026 of $46,710 (2025 - loss of $2,717) and a fair value gain for the nine months ended September 30, 2026 of $48,718 (2025 - loss of $42,333) in the consolidated statements of income.

BANK INDEBTEDNESS

As at September 30, 2026, the Company has borrowed $61,006 (December 31, 2025 - $87,973) on its operating lines of credit and has issued letters of credit in the amount of $3,093 (December 31, 2025 - $3,093). The Company has six revolving lines of credit, of which five are subject to borrowing limitations that are based on the performance metrics of the underlying security. As at September 30, 2026, the maximum amount that can be borrowed on the operating lines of credit is $361,533 (December 31, 2025 - $386,340). As at September 30, 2026, the Company has operating lines of credit totalling $408,718 (December 31, 2025 - $438,330).

The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed charge on ten properties have been pledged as collateral on these operating lines of credit. As at September 30, 2026, 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, 2026, the Company is in compliance with all undertakings.

LEASE LIABILITIES

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

As at	**September 30, 2026**	December 31, 2025
Balance, beginning of period	**$169,598**	$171,463
Interest on lease liabilities	**7,377**	9,929
Payments	**(8,748)**	(11,913)
Additions	**245**	958
Dispositions	**(3,524)**	—
Foreign exchange loss (gain)	**656**	(839)
Balance, end of period	**$165,604**	$169,598

Future minimum lease payments under lease liabilities are as follows:

As at	**September 30, 2026**	December 31, 2025
Within 12 months	**$11,494**	$11,649
2 to 5 years	**53,810**	54,800
Over 5 years	**307,106**	321,973
Total minimum lease payments	**372,410**	388,422
Less: future interest costs	**(206,806)**	(218,824)
Present value of minimum lease payments	**$165,604**	$169,598

EQUITY

Total equity increased by $325,935 to $5,094,603 at September 30, 2026, compared to $4,768,668 at December 31, 2025 primarily due to the following:

- Net income for the nine months ended September 30, 2026 of $246,270;
- Non-controlling interest distributions of $3,950;
- Dividends paid of $6,407; and
- Unrealized foreign currency translation gain of $96,313.

As at September 30, 2026 and November 4, 2026, 10,678,362 common shares are outstanding.

PART V

LIQUIDITY

Morguard uses a combination of existing cash, cash generated from operations, mortgages, bank indebtedness, project-specific financing and equity to finance its activities. For the nine months ended September 30, 2026, Morguard received $24,322 in recurring distributions and dividends from subsidiaries and affiliated entities.

The Company has liquidity of $723,500, comprised of approximately $423,000 in cash and $300,500 available under its revolving credit facilities. In addition, the Company has $1,163,000 of unencumbered income producing properties and other investments which could be utilized for financing.

The Company has approximately $977,000 of mortgages payable maturing during 2026 and 2027, having an aggregate loan-to-value ratio of 42%, which management expects to be able to refinance at similar or favourable terms. In addition, the Company has $99,000 of unsecured convertible debentures maturing in December 2026. The Company expects to be able to issue new debt instruments and use current liquidity to permit the repayment of the 2026 and 2027 maturities.

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

THREE MONTHS ENDED SEPTEMBER 30, 2026

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended September 30, 2026, was $32,745, compared to $55,520 in 2025. The cash provided by operating activities has been used to meet the Company's liquidity requirements, which consisted primarily of property re-leasing costs, maintenance costs and dividends to shareholders.

Cash Provided by (Used in) Investing Activities

Cash provided by investing activities during the three months ended September 30, 2026, totalled $88,705, compared to cash used in investing activities of $55,048 in 2025. The cash provided by investing activities reflects:

- Additions to real estate properties and tenant improvements of $34,590;
- Additions to hotel properties of $1,158;
- Additions to capital and intangible assets of $1,084;
- Additions to properties under development of $26,342;
- Proceeds from the sale of real estate properties of $148,110; and
- Decrease in mortgages and loans receivable of $3,769.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities during the three months ended September 30, 2026, totalled $73,387, compared to cash provided by financing activities of $5,965 in 2025. The cash used in by financing activities reflects:

- Proceeds from new mortgages, net of financing cost of $166,176;
- Mortgage principal repayments of $25,732;
- Repayment of mortgages on maturity of $169,922;

- Repayment of mortgages due to extinguishments of $29,645;
- Net repayment of bank indebtedness of $28,106;
- Proceeds from construction financing of $19,747;
- Dividends paid of $2,125;
- Distributions to non-controlling interest of $1,645; and
- Morguard Residential REIT units repurchased for cancellation of $1,434.

NINE MONTHS ENDED SEPTEMBER 30, 2026

Cash Provided by Operating Activities

Cash provided by operating activities during the nine months ended September 30, 2026, was $133,108, compared to $141,391 in 2025. The cash provided by operating activities has been used to meet the Company's liquidity requirements, which consisted primarily of property re-leasing costs, maintenance costs and dividends to shareholders.

Cash Provided by (Used in) Investing Activities

Cash provided by investing activities during the nine months ended September 30, 2026, totalled $19,780, compared to cash used in investing activities of $141,942 in 2025. The cash provided by investing activities reflects:

- Additions to real estate properties and tenant improvements of $95,668;
- Additions to hotel properties of $1,626;
- Additions to capital and intangible assets of $3,267;
- Additions to properties under development of $71,222;
- Net proceeds from the sale of real estate properties of $148,493;
- Net decrease in mortgages and loans receivable of $41,517; and
- Net distribution from equity-accounted and other fund investments of $1,553.

Cash Provided by Financing Activities

Cash provided by financing activities during the nine months ended September 30, 2026, totalled $80,432, compared to $33,764 in 2025. The cash provided by financing activities reflects:

- Proceeds from new mortgages, net of financing cost of $571,619;
- Mortgage principal repayments of $79,689;
- Repayment of mortgages on maturity of $473,029;
- Repayment of mortgages due to extinguishments of $29,645;
- Principal repayments of lease liabilities of $1,371;
- Net proceeds from bank indebtedness of $26,967;
- Proceeds from issuance of debentures payable, net of costs of $248,776;
- Redemption of debentures payable of $175,000;
- Proceeds from construction financing of $57,684;
- Dividends paid of $6,375;
- Distributions to non-controlling interest of $3,529; and
- Morguard Residential REIT units repurchased for cancellation of $1,434.

PART VI

TRANSACTIONS WITH RELATED PARTIES

Related party transactions that are in the normal course of operations are subject to the same processes and controls as other transactions; that is, they are subject to standard approval procedures and management oversight, but are also considered by management for reasonability against fair value. Related party transactions that are material are subject to review and approval by a committee of independent Directors.

Paros Holdings Corporation and Paros Enterprises Limited

Paros Holdings Corporation ("Paros Holdings") and Paros Enterprises are owned by the Company's Executive Chairman, Mr. K. Rai Sahi. As at September 30, 2026, Paros Holdings owns a 62.9% interest in Morguard through its ownership of 6,717,150 common shares. As at September 30, 2026, Paros Enterprises owns $nil (December 31, 2025 - $25,000) Series H senior unsecured debentures, $10,000 Series I senior unsecured debentures (December 31, 2025 - $10,000) and $2,000 (December 31, 2025 - $2,000) of Morguard Residential REIT's 6.00% convertible unsecured subordinated debentures.

As at September 30, 2026, and December 31, 2025, 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, 2026, and December 31, 2025, no amounts were drawn and no net interest expense was incurred.

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, 2026, the Company received a management fee of $376 (2025 - $374) and $1,123 (2025 - $1,045), respectively, and paid rent and operating expenses $290 (2025 - $269) and $924 (2025 - $791), respectively.

As at September 30, 2026, and December 31, 2025, 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, 2026, and December 31, 2025, was $nil. During the three and nine months ended September 30, 2026, the Company paid net interest of $nil (2025 - $nil) and $nil (2025 - $84), respectively.

Share/Unit Purchase and Other Loans

As at September 30, 2026, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $3,082 (December 31, 2025 - $3,042) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units and convertible debentures of Morguard REIT, and units of Morguard Residential REIT, are interest-bearing, computed at the prescribed interest rate and are due on January 12, 2027. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at September 30, 2026, the fair market value of the common shares/units held as collateral is $3,565.

PART VII

SUMMARY OF MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The Company's unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2026 and 2025, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the IASB. The condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2025, which include the material accounting policies most affected by estimates and judgements, and should be read in conjunction with the most recent annual audited consolidated financial statements.

The MD&A for the year ended December 31, 2025, contains a discussion of the material accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being the accounting policies relating to estimates of fair value of real estate properties, valuation of financial instruments and the determination of whether an acquisition represents a business combination or an asset acquisition. Management determined that as at September 30, 2026, there is no change to the assessment of the material accounting policies most affected by estimates and judgments as detailed in the MD&A for the year ended December 31, 2025.

FINANCIAL INSTRUMENTS

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

The Company's financial assets and financial liabilities comprise cash, restricted cash, amounts receivable, finance lease receivable, accounts payable and accrued liabilities, bank indebtedness, mortgages payable, construction financing payable, loans payable, lease liabilities, Unsecured Debentures and convertible debentures (excluding any conversion option).

Financial assets must be classified and measured on the basis of both the business model by which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets subsequent to initial recognition are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Fair values of financial assets and financial liabilities are presented as follows:

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair values of cash, restricted cash, amounts receivable, accounts payable and accrued liabilities, bank indebtedness and constructions financing payable 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 Company's construction financing payable and loans payable are reflected at fair value since they are based on a floating interest rate and reflect the terms of current market conditions.

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

The fair value of mortgages payable has been determined by discounting the cash flows of these financial obligations using September 30, 2026 market rates for debt of similar terms. Based on these assumptions, the fair value as at September 30, 2026 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,533,338 (December 31, 2025 - $4,578,285), compared to the carrying value of $4,707,651 (December 31, 2025 - $4,640,991). The fair value of mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures liability is based on their closing bid price. As at September 30, 2026, the fair value of Unsecured Debentures has been estimated at $501,320 (December 31, 2025 - $437,294), compared to the carrying value of $500,000 (December 31, 2025 - $425,000).

The fair value of the convertible debentures liability is based on their market trading price. As at September 30, 2026, the fair value of convertible debentures before deferred financing costs has been estimated at $151,129 (December 31, 2025 - $153,260), compared to the carrying value of $150,000 (December 31, 2025 - $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, 2026 market rates for debt of similar terms. Based on these assumptions, as at September 30, 2026, the fair value of the finance lease receivable is estimated at $60,129 (December 31, 2025 - $59,811).

RISKS AND UNCERTAINTIES

All investment properties are subject to a degree of risk and uncertainty. Income from real estate assets is affected by various factors, including general economic conditions and local market circumstances. Local business conditions such as oversupply of space or a reduction in demand particularly affect income property investments. The major categories of risk the Company encounters in conducting its business and some of the actions it takes to mitigate these risks are outlined in the Company's MD&A for the year ended December 31, 2025 and the Company's most recent Annual Information Form, dated February 19, 2026 and provide a more detailed discussion of these and other risks.

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

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

The Company's management has evaluated the effectiveness of the Company's disclosure controls and procedures and, based on such evaluation, has concluded that their design is adequate and effective as of and for the nine months ended September 30, 2026. The Company's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design is effective as of and for the nine months ended September 30, 2026.

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

PART VIII

SUMMARY OF QUARTERLY INFORMATION

	Total Revenue	NOI	Adjusted NOI	Normalized FFO	Net Income	Net Income Attributable to Common Shareholders	Net Income to Common Shareholders per Share - Basic/Diluted
September 30, 2026	**$287,087**	**$152,794**	**$137,185**	**$55,531**	**$96,427**	**$85,441**	**$8.00**
June 30, 2026	277,654	152,712	138,055	53,547	88,644	84,701	7.93
March 31, 2026	275,046	86,881	130,452	46,071	61,199	58,471	5.48
December 31, 2025	282,744	158,849	142,314	59,035	25,321	24,890	2.33
September 30, 2025	278,220	155,708	140,874	55,453	43,955	37,844	3.54
June 30, 2025	280,419	156,980	141,332	56,039	54,865	54,001	5.05
March 31, 2025	282,199	90,074	137,091	49,964	54,761	58,135	5.42
December 31, 2024	290,013	161,037	147,200	62,777	59,513	76,997	7.14

SUMMARY OF QUARTERLY RESULTS

A significant portion of the Company's real estate properties are located in the United States. As a result, the Company is exposed to foreign currency exchange rate fluctuations with respect to its quarterly results derived from its properties located in the U.S.

Quarterly results fluctuate due to acquisitions and dispositions, the impact of foreign exchange rate fluctuations and new mortgage financing as well as mortgage refinancing. In addition, net income (loss) includes a number of non-cash components, such as fair value gain/loss on Morguard Residential REIT units, fair value gain/loss on real estate properties, fair value gain/loss on investments in marketable securities and other fund investments, an IFRIC 21 adjustment to realty taxes, equity income (loss) from investment and deferred taxes.

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

Year	Quarter	Asset Class	Transaction	Sq. Ft.	# of rooms/suites
2026	Third	Office	Disposition	328,500	—
2024	Fourth	Office[(1)]	Acquisition	557,000	—
2024	Fourth	Industrial	Disposition	27,950	—

(1) The Company acquired a 20% interest in the property; total square feet is stated at 100% basis.

Revenue and Net Operating Income

The regional distribution of the Company's properties serves to add stability to the Company's cash flows because it reduces the Company's vulnerability to economic fluctuations affecting any particular region. In addition, the Company's tenant mix is diversified therefore limiting its exposure to any one tenant.

The Company has seen stable revenue during the last eight quarters despite elevated vacancy across all asset classes. In addition, lower hotel revenue during the first quarters of 2026 and 2025 is seasonally impacted by the colder months. The change in foreign exchange rates and the impact of acquisition net of disposal of properties (described above) also contributed to the fluctuation in revenue during the last eight quarters.

Similar to the reasons described above, NOI over the last eight quarters has followed a similar pattern from an increase in revenue and the Company's ability to control expenses as a percentage of revenue. The impact of foreign exchange rates and of acquisitions and dispositions also factor into the variance from quarter to quarter. The first quarter results (three months ended March 31) are impacted by IFRIC 21, whereby the Company records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition. As a result, the second, third and fourth quarters

typically have no realty tax expense which results in higher NOI and NOI margins. Adjusted NOI which excludes IFRIC 21 is presented in the table above to illustrate a more comparable quarter-to-quarter analysis.

Net Income Attributable to Common Shareholders

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

- The Company valued the Morguard Residential REIT units (presented as a liability under IFRS) based on the closing price of the TSX-listed units, resulting in a fair value gain/loss on Morguard Residential REIT units recorded to net income (loss);
- The Company recorded a fair value gain on real estate properties for the nine months ended September 30, 2026, mainly due to increase in stabilized NOI and an IFRIC 21 adjustment at the Company's U.S. residential and retail portfolio. The Company recorded fair value gain on real estate properties for the year ended December 31, 2025, mainly due to an increase in stabilized NOI across the Company's residential portfolio, partially offset by an increase in valuation parameters and lower projected cashflows at the Company's retail and office portfolio;
- During the nine months ended September 30, 2026, the Company recorded a deferred income tax expense due to a net fair value gain recorded on the Company's Canadian and U.S. properties. For the year ended December 31, 2025, the Company recorded a deferred income tax expense due to a net fair value gain recorded on the Company's Canadian and U.S. properties; and
- During the nine months ended September 30, 2026, the Company recorded current income tax expense of $24,483 relating to the disposal of properties.

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BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	September 30, 2026	December 31, 2025
ASSETS			
Non-current assets			
Real estate properties	4	**$11,330,436**	$10,944,914
Hotel properties		**85,570**	85,864
Equity-accounted and other fund investments	5	**45,292**	48,710
Other assets	6	**333,876**	298,280
		11,795,174	11,377,768
Current assets			
Amounts receivable	7	**84,911**	94,377
Prepaid expenses and other		**80,203**	37,445
Cash		**423,071**	184,618
		588,185	316,440
Real estate properties held for sale		**—**	148,170
		$12,383,359	$11,842,378
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	8	**$3,650,395**	$3,690,572
Construction financing payable	9	**80,438**	22,754
Debentures payable	10	**545,452**	295,373
Lease liabilities	11	**163,750**	167,806
Morguard Residential REIT units	12	**353,671**	419,105
Deferred income tax liabilities		**1,007,502**	950,092
		5,801,208	5,545,702
Current liabilities			
Mortgages payable	8	**1,021,838**	919,339
Debentures payable	10	**98,507**	271,414
Accounts payable and accrued liabilities	13	**306,197**	249,282
Bank indebtedness	14	**61,006**	87,973
		1,487,548	1,528,008
Total liabilities		**7,288,756**	7,073,710
EQUITY			
Shareholders' equity		**4,696,429**	4,385,453
Non-controlling interest		**398,174**	383,215
Total equity		**5,094,603**	4,768,668
		$12,383,359	$11,842,378

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, **Bruce K. Robertson,**

Director **Director**

STATEMENTS OF INCOME

In thousands of Canadian dollars, except per common share amounts

	Note	Three months ended September 30		Nine months ended September 30	
		2026	2025	**2026**	2025
Revenue from real estate properties	16	**$258,740**	$254,665	**$766,301**	$774,303
Revenue from hotel properties		**9,581**	9,133	**26,363**	23,649
Property operating expenses					
Property operating costs		**(65,364)**	(63,613)	**(196,785)**	(193,810)
Utilities		**(18,236)**	(18,944)	**(50,467)**	(52,461)
Realty taxes		**(25,999)**	(19,817)	**(135,119)**	(132,705)
Hotel operating expenses		**(5,928)**	(5,716)	**(17,906)**	(16,214)
Net operating income		**152,794**	155,708	**392,387**	402,762
OTHER REVENUE					
Management and advisory fees	16	**13,875**	9,804	**33,109**	29,712
Interest and other income		**4,891**	4,618	**14,014**	13,174
		18,766	14,422	**47,123**	42,886
EXPENSES					
Interest	17	**64,302**	64,299	**195,225**	190,894
Property management and corporate		**24,406**	23,351	**72,725**	70,065
Amortization of hotel properties and other		**1,314**	1,530	**3,792**	5,489
		90,022	89,180	**271,742**	266,448
OTHER INCOME (EXPENSE)					
Fair value gain (loss), net	18	**35,996**	(25,877)	**143,126**	27,275
Equity income from investments	5	**463**	690	**1,818**	1,652
Other income (expense)	19	**218**	57	**(392)**	(60)
		36,677	(25,130)	**144,552**	28,867
Income before income taxes		**118,215**	55,820	**312,320**	208,067
Provision for (recovery of) income taxes	21				
Current		**22,951**	405	**28,376**	4,691
Deferred		**(1,163)**	11,460	**37,674**	49,795
		21,788	11,865	**66,050**	54,486
Net income for the period		**$96,427**	$43,955	**$246,270**	$153,581
Net income attributable to:					
Common shareholders		**$85,441**	$37,844	**$228,613**	$149,980
Non-controlling interest		**10,986**	6,111	**17,657**	3,601
		$96,427	$43,955	**$246,270**	$153,581
Net income per common share attributable to:					
Common shareholders - basic and diluted	22	**$8.00**	$3.54	**$21.41**	$14.01

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

In thousands of Canadian dollars

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Net income for the period	**$96,427**	$43,955	**$246,270**	$153,581
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain (loss)	**4,702**	49,876	**96,313**	(80,569)
Unrealized fair value gain (loss) on cash flow hedge	**1,308**	(136)	**1,768**	(303)
Deferred income tax recovery (provision)	**(1,059)**	(7,930)	**(16,106)**	12,614
	4,951	41,810	**81,975**	(68,258)
Items that will not be reclassified subsequently to net income:				
Actuarial gain (loss) on defined benefit pension plans	**(1,687)**	5,584	**10,831**	7,469
Deferred income tax recovery (provision)	**444**	(1,472)	**(2,863)**	(2,020)
	(1,243)	4,112	**7,968**	5,449
Other comprehensive income (loss)	**3,708**	45,922	**89,943**	(62,809)
Total comprehensive income for the period	**$100,135**	$89,877	**$336,213**	$90,772
Total comprehensive income attributable to:				
Common shareholders	**$88,476**	$81,671	**$313,734**	$90,689
Non-controlling interest	**11,659**	8,206	**22,479**	83
	$100,135	$89,877	**$336,213**	$90,772

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, 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		(6,424)	—	—	(6,424)	—	(6,424)
Distributions		—	—	—	—	(4,788)	(4,788)
Issuance of common shares		—	—	28	28	—	28
Repurchase of common shares		(4,848)	—	(397)	(5,245)	—	(5,245)
Change in ownership of Morguard REIT		20,977	—	—	20,977	(28,074)	(7,097)
Increase in subsidiary ownership interest		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
Changes during the period:							
Net income		24,890	—	—	24,890	431	25,321
Other comprehensive loss		—	(28,396)	—	(28,396)	(1,486)	(29,882)
Dividends		(2,136)	—	—	(2,136)	—	(2,136)
Distributions		—	—	—	—	(1,198)	(1,198)
Issuance of common shares		—	—	11	11	—	11
Repurchase of common shares		—	—	—	—	—	—
Change in ownership of Morguard REIT		1,372	—	—	1,372	(1,372)	—
Share-based payments		742	—	—	742	—	742
Tax impact of increase in subsidiary ownership interest		(447)	—	—	(447)	—	(447)
Shareholders' equity, December 31, 2025		$3,956,206	$332,053	$97,194	$4,385,453	$383,215	$4,768,668
Changes during the period:							
Net income		**228,613**	**—**	**—**	**228,613**	**17,657**	**246,270**
Other comprehensive income		**—**	**85,121**	**—**	**85,121**	**4,822**	**89,943**
Dividends	15(a)	**(6,407)**	**—**	**—**	**(6,407)**	**—**	**(6,407)**
Distributions		**—**	**—**	**—**	**—**	**(3,950)**	**(3,950)**
Issuance of common shares	15(a)	**—**	**—**	**32**	**32**	**—**	**32**
Change in ownership of Morguard REIT	15(b)	**3,181**	**—**	**—**	**3,181**	**(3,570)**	**(389)**
Share-based payments	15(d)	**1,203**	**—**	**—**	**1,203**	**—**	**1,203**
Tax impact of increase in subsidiary ownership interest		**(767)**	**—**	**—**	**(767)**	**—**	**(767)**
Shareholders' equity, September 30, 2026		**$4,182,029**	**$417,174**	**$97,226**	**$4,696,429**	**$398,174**	**$5,094,603**

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

	Note	Three months ended September 30		Nine months ended September 30	
		2026	2025	**2026**	2025
OPERATING ACTIVITIES					
Net income for the period		**$96,427**	$43,955	**$246,270**	$153,581
Add (deduct) items not affecting cash	23(a)	**(53,242)**	21,984	**(94,251)**	38,663
Distributions from equity-accounted and other fund investments	5	**351**	192	**1,001**	1,110
Additions to tenant incentives and leasing commissions		**(4,708)**	(2,712)	**(11,023)**	(12,634)
Net change in operating assets and liabilities	23(b)	**(6,083)**	(7,899)	**(8,889)**	(39,329)
Cash provided by operating activities		**32,745**	55,520	**133,108**	141,391
INVESTING ACTIVITIES					
Additions to real estate properties and tenant improvements		**(34,590)**	(38,262)	**(95,668)**	(89,799)
Additions to hotel properties		**(1,158)**	(264)	**(1,626)**	(988)
Additions to capital and intangible assets		**(1,084)**	(683)	**(3,267)**	(2,056)
Additions to properties under development		**(26,342)**	(21,788)	**(71,222)**	(59,263)
Proceeds from the sale of real estate properties, net	4	**148,110**	—	**148,493**	296
Decrease in mortgages and loans receivable		**3,769**	275	**41,517**	4,194
Distribution from equity-accounted and other fund investments, net	5	**—**	5,674	**1,553**	5,674
Cash provided by (used in) investing activities		**88,705**	(55,048)	**19,780**	(141,942)
FINANCING ACTIVITIES					
Proceeds from new mortgages		**169,693**	415,329	**581,702**	644,910
Financing costs on new mortgages		**(3,517)**	(5,900)	**(10,083)**	(8,966)
Repayment of mortgages					
Principal instalment repayments		**(25,732)**	(27,575)	**(79,689)**	(85,612)
Repayments on maturity		**(169,922)**	(359,250)	**(473,029)**	(554,129)
Repayments due to mortgage extinguishments	4	**(29,645)**	—	**(29,645)**	—
Principal payment of lease liabilities		**(463)**	(396)	**(1,371)**	(1,539)
Proceeds from (repayment of) bank indebtedness, net	23(d)	**(28,106)**	(5,763)	**(26,967)**	111,068
Proceeds from issuance of debentures payable, net of costs	10(a)	**—**	—	**248,776**	—
Redemption of debentures payable	10(a)	**—**	—	**(175,000)**	—
Repayment of loans payable, net		**—**	—	**—**	(20,000)
Proceeds from construction financing	9	**19,747**	—	**57,684**	—
Dividends paid		**(2,125)**	(2,130)	**(6,375)**	(6,396)
Distributions to non-controlling interest, net		**(1,645)**	(2,740)	**(3,529)**	(4,531)
Morguard Residential REIT units repurchased for cancellation		**(1,434)**	(1,909)	**(1,434)**	(22,860)
Shares repurchased for cancellation		**—**	(3,103)	**—**	(5,245)
Investment in subsidiaries	15(b)	**(389)**	—	**(389)**	(11,097)
Decrease (increase) in restricted cash		**151**	(598)	**(219)**	(1,839)
Cash provided by (used in) financing activities		**(73,387)**	5,965	**80,432**	33,764
Net increase in cash during the period		**48,063**	6,437	**233,320**	33,213
Net effect of foreign currency translation on cash balance		**350**	1,832	**5,133**	(1,577)
Cash, beginning of period		**374,658**	164,092	**184,618**	140,725
Cash, end of period		**$423,071**	$172,361	**$423,071**	$172,361

See accompanying notes to the condensed consolidated financial statements.

NOTES
For the three and nine months ended September 30, 2026 and 2025
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 IFRS Accounting 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 4, 2026.

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:

	2026	2025
Canadian dollar to United States dollar exchange rates:		
- As at September 30	**$0.7026**	$0.7182
- As at December 31	**—**	0.7296
- Average for the three months ended September 30	**0.7144**	0.7260
- Average for the nine months ended September 30	**0.7219**	0.7149
United States dollar to Canadian dollar exchange rates:		
- As at September 30	**1.4232**	1.3924
- As at December 31	**—**	1.3706
- Average for the three months ended September 30	**1.3997**	1.3775
- Average for the nine months ended September 30	**1.3853**	1.3987

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at September 30, 2026, the Company owns a 48.6% (December 31, 2025 - 48.6%) 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, 2026, Morguard Residential REIT recorded distributions of $6,904, or $0.19749 per unit (2025 - $6,662, or $0.18999 per unit), of which $1,603 was paid to the Company (2025 - $1,543) and $5,301 was paid to the remaining unitholders (2025 - $5,119). In addition, during the three months ended September 30, 2026, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $3,401 (2025 - $3,272).

During the nine months ended September 30, 2026, Morguard Residential REIT recorded distributions of $20,706, or $0.59247 per unit (2025 - $20,273, or $0.56997 per unit), of which $4,811 was paid to the Company (2025 - $4,629) and $15,895 was paid to the remaining unitholders (2025 - $15,644). In addition, during the nine months ended September 30, 2026, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $10,203 (2025 - $9,816).

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

As at September 30, 2026, the Company owns 46,728,721 units (December 31, 2025 - 45,572,212 units) of Morguard REIT, which represents a 69.0% (December 31, 2025 - 68.6%) ownership interest.

During the three months ended September 30, 2026, Morguard REIT recorded distributions of $4,056, or $0.06 per unit (2025 - $3,939, or $0.06 per unit), of which $2,793 (2025 - $2,688) was paid to or received by the Company through MRT's distribution reinvestment program ("MRT DRIP") and $1,263 was paid to the remaining unitholders (2025 - $1,251).

During the nine months ended September 30, 2026, Morguard REIT recorded distributions of $12,079, or $0.18 per unit (2025 - $11,691, or $0.18 per unit), of which $8,307 (2025 - $7,924) was paid to or received by the Company through MRT DRIP and $3,772 was paid to the remaining unitholders (2025 - $3,767).

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 12).

As at	**September 30, 2026**		December 31, 2025	
	MRT	**MRG**	MRT	MRG
Non-current assets	**$2,157,929**	**$4,545,030**	$2,140,334	$4,384,805
Current assets	**24,937**	**211,065**	21,150	151,098
Total assets	**$2,182,866**	**$4,756,095**	$2,161,484	$4,535,903
Non-current liabilities	**$602,212**	**$2,287,786**	$703,208	$2,174,263
Current liabilities	**695,589**	**239,223**	593,824	255,665
Total liabilities	**$1,297,801**	**$2,527,009**	$1,297,032	$2,429,928
Equity	**$885,065**	**$2,229,086**	$864,452	$2,105,975
Non-controlling interest	**$267,410**	**$1,144,636**	$265,804	$1,082,471

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	2026		2025	
	MRT	**MRG**	MRT	MRG
Revenue	**$60,374**	**$88,887**	$57,688	$87,664
Expenses	**(49,417)**	**(64,855)**	(42,679)	(58,903)
Fair value gain (loss) on real estate properties, net	**3,054**	**(30,150)**	(10,345)	(18,187)
Fair value gain on Class B LP units	**—**	**37,202**	—	1,895
Net income for the period	**$14,011**	**$31,084**	$4,664	$12,469
Non-controlling interest	**$4,358**	**$15,910**	$1,479	$6,356

For the three months ended September 30	2026		2025	
	MRT	**MRG**	MRT	MRG
Cash provided by (used in) operating activities	**$18,947**	**($1,530)**	$22,812	$16,866
Cash used in investing activities	**(10,190)**	**(18,469)**	(11,506)	(15,963)
Cash provided by (used in) financing activities	**(8,124)**	**(11,953)**	(10,393)	9,439
Net increase (decrease) in cash during the period	**$633**	**($31,952)**	$913	$10,342

For the nine months ended September 30	2026		2025	
	MRT	**MRG**	MRT	MRG
Revenue	**$179,054**	**$262,567**	$176,336	$266,475
Expenses	**(147,669)**	**(223,691)**	(143,121)	(219,348)
Fair value gain (loss) on real estate properties, net	**(9,347)**	**10,373**	(41,914)	50,946
Fair value gain (loss) on Class B LP units	**—**	**46,158**	—	(17,223)
Net income (loss) for the period	**$22,038**	**$95,407**	($8,699)	$80,850
Non-controlling interest	**$6,879**	**$48,991**	($2,871)	$41,613

For the nine months ended September 30	2026		2025	
	MRT	**MRG**	MRT	MRG
Cash provided by operating activities	**$25,407**	**$46,903**	$22,324	$72,463
Cash used in investing activities	**(24,720)**	**(49,208)**	(25,182)	(48,122)
Cash provided by financing activities	**1,111**	**56,715**	2,387	3,000
Net increase (decrease) in cash during the period	**$1,798**	**$54,410**	($471)	$27,341

NOTE 4

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	September 30, 2026	December 31, 2025
Income producing properties	**$10,986,356**	$10,677,720
Properties under development	**224,808**	144,306
Land held for development	**119,272**	122,888
Real estate properties	**$11,330,436**	$10,944,914
Real estate properties held for sale	**—**	148,170
	$11,330,436	$11,093,084

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, 2025	**$10,825,890**	**$144,306**	**$122,888**	**$11,093,084**
Additions:				
Capital expenditures	**70,438**	**—**	**—**	**70,438**
Development expenditures	**—**	**78,841**	**—**	**78,841**
Tenant improvements, incentives and leasing commissions	**35,832**	**—**	**—**	**35,832**
Transfers	**(136)**	**136**	**—**	**—**
Dispositions	**(179,923)**	**—**	**—**	**(179,923)**
Fair value gain (loss), net (Note 18)	**80,894**	**—**	**(4,342)**	**76,552**
Foreign currency translation	**157,139**	**179**	**544**	**157,862**
Other	**(3,778)**	**1,346**	**182**	**(2,250)**
Balance as at September 30, 2026	**$10,986,356**	**$224,808**	**$119,272**	**$11,330,436**

Transactions completed during the nine months ended September 30, 2026

Dispositions

During the three months ended September 30, 2026, the Company sold its leasehold interest (Note 11) in an office property located in Ottawa, Ontario, consisting of 328,500 square feet, for net proceeds of $147,810, including closing costs, and repaid the mortgage payable secured by the property in the amount of $29,645.

During the three months ended June 30, 2026, a parcel of land was expropriated at a retail property in Toronto, Ontario, for total net proceeds of $31,730. As at September 30, 2026, the gross proceeds from the expropriation are included in other receivables (Note 7).

During the three months ended June 30, 2026, a portion of land was expropriated at a retail property in Victoria, British Columbia, for total net proceeds of $383.

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2025 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	116,334	—	—	116,334
Development expenditures	—	97,116	35	97,151
Tenant improvements, incentives and leasing commissions	33,603	—	—	33,603
Transfers	14,662	(14,662)	—	—
Dispositions	(5,995)	—	—	(5,995)
Fair value gain (loss), net	2,446	—	(1,383)	1,063
Foreign currency translation	(200,873)	(2)	(693)	(201,568)
Other	(2,687)	6,698	—	4,011
Balance as at December 31, 2025	$10,825,890	$144,306	$122,888	$11,093,084
Real estate properties held for sale				(148,170)
Real estate properties				$10,944,914

Significant Valuation Assumptions

As at September 30, 2026, using the direct capitalization approach, the multi-suite residential, retail and office properties were valued using capitalization rates in the range of 3.5% to 10.3% (December 31, 2025 - 3.4% to 10.3%), resulting in an overall weighted average capitalization rate of 5.7% (December 31, 2025 - 5.7%).

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

	September 30, 2026					December 31, 2025				
As at	**Occupancy Rates**		**Capitalization Rates**			Occupancy Rates		Capitalization Rates		
	Max.	**Min.**	**Max.**	**Min.**	**Weighted Average**	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	**98.5%**	**92.0%**	**6.3%**	**3.5%**	**4.4%**	98.5%	92.0%	6.3%	3.4%	4.4%
Retail	**99.0%**	**85.0%**	**10.3%**	**5.0%**	**7.6%**	99.0%	85.0%	10.3%	5.0%	7.5%
Office[(1)]	**100.0%**	**85.0%**	**9.5%**	**5.0%**	**7.9%**	100.0%	85.0%	10.0%	5.0%	7.8%

(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, 2026**			December 31, 2025		
	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%**	**6.0%**	**7.4%**	10.0%	6.0%	7.3%
Terminal cap rate	**9.3%**	**5.3%**	**6.7%**	9.3%	5.3%	6.6%

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, 2026 would decrease by $486,408 and increase by $537,927, respectively.

The sensitivity of the fair values of the Company's income producing properties as at September 30, 2026, and December 31, 2025, is set out in the table below:

As at	September 30, 2026		December 31, 2025	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($367,134)**	**$410,620**	($347,851)	$388,316
Retail	**(64,639)**	**69,067**	(63,709)	68,099
Office	**(54,635)**	**58,240**	(60,083)	64,118
	($486,408)	**$537,927**	($471,643)	$520,533

NOTE 5

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

(a) Equity-accounted and Other Fund Investments consist of the following:

As at	September 30, 2026	December 31, 2025
Equity-accounted investments - joint ventures	**$6,977**	$6,160
Other real estate fund investments	**38,315**	42,550
Equity-accounted and other fund investments	**$45,292**	$48,710

The Company's interest in joint ventures comprises a 50% interest in a 304,000 square foot office property located in Edmonton, Alberta, and a 50% interest in a 173,000 square foot office property located in Belleville, Ontario.

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

As at	September 30, 2026	December 31, 2025
Balance, beginning of period	**$48,710**	$63,064
Share of net income - joint ventures	**1,818**	966
Distributions received - joint ventures	**(1,001)**	(1,838)
Fair value loss - other fund investments	**(4,154)**	(3,854)
Distributions received - other fund investments	**(1,553)**	(7,095)
Foreign exchange gain (loss)	**1,472**	(2,533)
Balance, end of period	**$45,292**	$48,710

(b) Income Recognized from Other Fund Investments:

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 income (expense) on the consolidated statements of income.

The following table presents the gain (loss) from other real estate fund investments:

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Distribution income	**$—**	$198	**$502**	$392
Fair value gain (loss) for the period (Note 18)	**(247)**	255	**(4,154)**	(3,592)
Gain (loss) from other real estate fund investments	**($247)**	$453	**($3,652)**	($3,200)

During the three months ended June 30, 2026, the Company received a distribution representing a return of capital in the amount of $1,553 (US$1,093) in connection with the disposal of a property held within the Company's other real estate fund investments.

During the year ended December 31, 2025, the Company received a distribution representing a return of capital in the amount of $7,095 (US$5,112) in connection with the disposal of three properties held within the Company's other real estate fund investments.

NOTE 6

OTHER ASSETS

Other assets consist of the following:

As at	September 30, 2026	December 31, 2025
Investment in marketable securities	**$113,543**	$91,419
Accrued pension benefit asset	**102,875**	91,411
Finance lease receivable	**60,129**	59,811
Goodwill	**24,488**	24,488
Capital assets, net	**17,140**	17,354
Intangible assets, net	**11,666**	9,512
Receivables from related parties (Note 20(c))	**3,082**	3,042
Right-of-use asset - office lease	**850**	1,166
Other	**103**	77
	$333,876	$298,280

NOTE 7

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	September 30, 2026	December 31, 2025
Tenant receivables	**$16,696**	$15,447
Unbilled other tenant receivables	**7,769**	10,316
Mortgages receivable	**—**	41,594
Other receivables (Note 4)	**67,919**	33,762
Allowance for expected credit loss	**(7,473)**	(6,742)
	$84,911	$94,377

NOTE 8

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	September 30, 2026	December 31, 2025
Mortgages payable	**$4,707,651**	$4,640,991
Mark-to-market adjustments, net	**—**	(399)
Deferred financing costs	**(35,418)**	(30,681)
	$4,672,233	$4,609,911
Current	**$1,021,838**	$919,339
Non-current	**3,650,395**	3,690,572
	$4,672,233	$4,609,911
Range of interest rates	**2.03 - 7.75%**	2.03 - 7.75%
Weighted average contractual interest rate	**4.38%**	4.25%
Estimated fair value of mortgages payable	**$4,533,338**	$4,578,285

As at September 30, 2026, 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, 2026, 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
2026 (remainder of year)	$25,099	$333,655	$358,754	4.91%
2027	86,708	643,156	729,864	4.48%
2028	72,634	696,060	768,694	4.65%
2029	64,820	590,712	655,532	4.57%
2030	47,065	554,553	601,618	3.65%
Thereafter	170,989	1,422,200	1,593,189	4.28%
	$467,315	$4,240,336	$4,707,651	4.38%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at September 30, 2026, mortgages payable mature between 2026 and 2058 and have a weighted average term to maturity of 4.1 years (December 31, 2025 - 3.9 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, 2026, and December 31, 2025, the Company is in compliance with all financial covenants.

NOTE 9

CONSTRUCTION FINANCING PAYABLE

The Company has a non-revolving construction facility of up to $208,254 collateralized by a multi-suite residential property under development. The facility bears interest at the prime rate minus 35 basis points and matures on April 28, 2028 with an option to be converted into a Canada Mortgage and Housing Corporation ("CMHC") insured

mortgage with a ten-year term. As at September 30, 2026, the Company had borrowed $80,438 (December 31, 2025 - $22,754) on the facility.

NOTE 10

DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	September 30, 2026	December 31, 2025
Unsecured debentures	**$496,582**	$421,248
Convertible debentures	**147,377**	145,539
	$643,959	$566,787
Current	**$98,507**	$271,414
Non-current	**545,452**	295,373
	$643,959	$566,787

(a) Unsecured Debentures

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

As at	Maturity Date	Coupon Interest Rate	September 30, 2026	December 31, 2025
Series H senior unsecured debentures	September 26, 2026	9.500%	**$—**	$175,000
Series I senior unsecured debentures	October 14, 2028	5.000%	**250,000**	250,000
Series J senior unsecured debentures	June 18, 2029	4.307%	**250,000**	—
Unamortized financing costs			**(3,418)**	(3,752)
			$496,582	$421,248
Current			**$—**	$174,411
Non-current			**496,582**	246,837
			$496,582	$421,248

On June 18, 2026, the Company issued $250,000 (net proceeds including issuance costs - $248,776) of Series J senior unsecured debentures due on June 18, 2029. Interest on the Series J unsecured debentures is payable semi-annually, not in advance, on June 18 and December 18 of each year, commencing on December 18, 2026. The Company has the option to redeem the Series J senior unsecured debentures at a redemption price equal to the greater of the Canada Yield Price or par, plus any accrued and unpaid interest. The Canada Yield Price is defined as the amount that would return a yield on investment for the remaining term to maturity equal to the Canada Bond Yield with an equal term to maturity plus a spread of 0.335%.

On June 22, 2026 ("Redemption Date"), the Company redeemed all of its 9.500% outstanding Series H senior unsecured debentures due September 26, 2026. The redemption price was paid in cash and was $1,014.753 per debenture, together with accrued and unpaid interest on the Series H senior unsecured debentures up to, but excluding, the Redemption Date.

As at September 30, 2026, Paros Enterprises Limited ("Paros Enterprises"), a related party, owns $nil (December 31, 2025 - $25,000) Series H senior unsecured debentures and $10,000 (December 31, 2025 - $10,000) Series I senior unsecured debentures.

For the three and nine months ended September 30, 2026, interest on Unsecured Debentures of $5,865 (2025 - $4,190) and $20,320 (2025 - $12,434), 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, 2026	December 31, 2025
Morguard Residential REIT[1]	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$48,870**	$48,536
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**98,507**	97,003
						$147,377	$145,539
Current						**$98,507**	$97,003
Non-current						**48,870**	48,536
						$147,377	$145,539

[1] As at September 30, 2026, the liability includes the fair value of the conversion option of $11 (December 31, 2025 - $711).

As at September 30, 2026, Paros Enterprises owns $2,000 (December 31, 2025 - $2,000) aggregate principal amount of the Morguard Residential REIT debentures.

For the three and nine months ended September 30, 2026, interest on convertible debentures net of accretion of $2,560 (2025 - $2,534) and $7,621 (2025 - $7,580), respectively, is included in interest expense (Note 17).

NOTE 11

LEASE LIABILITIES

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

As at	September 30, 2026	December 31, 2025
Balance, beginning of period	**$169,598**	$171,463
Interest on lease liabilities (Note 17)	**7,377**	9,929
Payments	**(8,748)**	(11,913)
Additions	**245**	958
Dispositions (Note 4)	**(3,524)**	—
Foreign exchange loss (gain)	**656**	(839)
Balance, end of period	**$165,604**	$169,598
Current (Note 13)	**$1,854**	$1,792
Non-current	**163,750**	167,806
	$165,604	$169,598

Future minimum lease payments under lease liabilities are as follows:

As at	September 30, 2026	December 31, 2025
Within 12 months	**$11,494**	$11,649
2 to 5 years	**53,810**	54,800
Over 5 years	**307,106**	321,973
Total minimum lease payments	**372,410**	388,422
Less: future interest costs	**(206,806)**	(218,824)
Present value of minimum lease payments	**$165,604**	$169,598

NOTE 12

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, 2026, the Company valued the non-controlling interest in the Morguard Residential REIT units at $353,671 (December 31, 2025 - $419,105) 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 gain for the three months ended September 30, 2026 of $46,710 (2025 - loss of $2,717) and a fair value gain for the nine months ended September 30, 2026 of $48,718 (2025 - loss of $42,333) 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	
	2026	2025	**2026**	2025
Fair value gain (loss) on Morguard Residential REIT units	**$52,011**	$2,402	**$64,613**	($26,689)
Distributions to external unitholders (Note 3)	**(5,301)**	(5,119)	**(15,895)**	(15,644)
Fair value gain (loss) on Morguard Residential REIT units	**$46,710**	($2,717)	**$48,718**	($42,333)

NOTE 13

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	September 30, 2026	December 31, 2025
Accounts payable and accrued liabilities	**$234,515**	$213,725
Accrued liabilities (IFRIC 21, Levies)	**14,266**	—
Tenant deposits	**27,240**	25,897
Stock Appreciation Rights ("SARs") liability (Note 15(c))	**4,603**	4,768
Income taxes payable	**22,678**	567
Lease liabilities (Note 11)	**1,854**	1,792
Derivative liabilities	**237**	2,005
Other	**804**	528
	$306,197	$249,282

NOTE 14

BANK INDEBTEDNESS

As at September 30, 2026, the Company has borrowed $61,006 (December 31, 2025 - $87,973) on its operating lines of credit and has issued letters of credit in the amount of $3,093 (December 31, 2025 - $3,093). The Company has six revolving lines of credit, of which five are subject to borrowing limitations that are based on the performance metrics of the underlying security. As at September 30, 2026, the maximum amount that can be borrowed on the operating lines

of credit is $361,533 (December 31, 2025 - $386,340). As at September 30, 2026, the Company has operating lines of credit totalling $408,718 (December 31, 2025 - $438,330).

The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed charge on ten properties have been pledged as collateral on these operating lines of credit. As at September 30, 2026, 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, 2026, 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, 2024	10,721	$97,552
Common shares repurchased through the Company's NCIB	(44)	(397)
Dividend reinvestment plan	1	39
Balance, December 31, 2025	10,678	$97,194
Dividend reinvestment plan	**—**	**32**
Balance, September 30, 2026	**10,678**	**$97,226**

The Company had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 535,195 common shares. The program expired on September 21, 2026. On September 17, 2026, the Company obtained the approval of the TSX under its NCIB, commencing September 22, 2026, to purchase up to 533,913 common shares, representing approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2027. The daily repurchase restriction for the common shares is 1,000. During the nine months ended September 30, 2026, there were no repurchases of common shares under the Company's NCIB plan.

Total dividends declared during the three and nine months ended September 30, 2026, amounted to $2,136, or $0.20 per common share (2025 - $2,140, or $0.20 per common share) and $6,407, or $0.60 per common share (2025 - $6,424, or $0.60 per common share), respectively. On November 4, 2026, the Company declared a common share dividend of $0.20 per common share, to be paid in the fourth quarter of 2026.

(b) Contributed Surplus

During the three months ended September 30, 2026, the Company acquired 54,900 units (2025 - nil units) of Morguard REIT for cash consideration of $389 (2025 - $nil) and for the nine months ended September 30, 2026, the Company acquired 54,900 units (2025 - 1,284,000 units) of Morguard REIT for cash consideration of $389 (2025 - $7,097). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended September 30, 2026 amounted to $151 (2025 - $nil) and for the nine months ended September 30, 2026, amounted to $151 (2025 - $12,455) and the amounts have been recorded within retained earnings.

During the three months ended September 30, 2026, the Company acquired 399,374 units of Morguard REIT (2025 - 466,630 units) under its distribution reinvestment program for non-cash consideration of $2,784 (2025 - $2,679) and for the nine months ended September 30, 2026, the Company acquired 1,101,609 units of Morguard REIT (2025 -

1,228,435 units) under its distribution reinvestment program for non-cash consideration of $7,370 (2025 - $6,969). The difference between the non-cash consideration and the carrying value of the non-controlling interest acquired for the three months ended September 30, 2026 amounted to $1,372 (2025 - $1,132) and for the nine months ended September 30, 2026, amounted to $3,030 (2025 - $8,522) 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, 2026, 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, 2026.

During the three and nine months ended September 30, 2026, the Company recorded a fair value adjustment to decrease compensation expense of $660 (2025 - increase compensation expense of $102) and a fair value adjustment to decrease compensation expense of $165 (2025 - $116), respectively. 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, 2026: a dividend yield of 0.70% (2025 - 0.69%), expected volatility of approximately 25.90% (2025 - 26.47%) and the 10-year Bank of Canada Bond Yield of 3.62% (2025 - 2.70%).

(d) Stock Option Plan

Under the stock option plan, the Company may grant up to a maximum of 1,000,000 options. As at September 30, 2026, no options were exercised.

On November 5, 2025, the Company granted 125,000 options at an exercise price of $116.50. The options vest in equal annual instalments over a 10-year term, commencing on the grant date, and expire on November 5, 2035.

On February 19, 2026, the Company granted 10,000 options at an exercise price of $114.89. The options vest in equal annual instalments over a 10-year term, commencing on the grant date, and expire on February 19, 2036. The fair value for the stock options granted on February 19, 2026 was calculated using the Black-Scholes option pricing model. In determining the fair value of the stock options, 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 at the date of grant: a dividend yield of 0.70%, expected volatility of approximately 25.28% and the 10-year Bank of Canada Bond Yield of 3.11%.

During the three and nine months ended September 30, 2026, the Company recorded a fair value adjustment to increase compensation expense of $397 and $1,203, respectively. The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income, and the equity component is included in retained earnings.

(e) Accumulated Other Comprehensive Income

As at September 30, 2026, and December 31, 2025, accumulated other comprehensive income consists of the following amounts:

As at	**September 30, 2026**	December 31, 2025
Actuarial gain on defined benefit pension plans	**$63,000**	$55,032
Unrealized fair value loss on cash flow hedge	**(194)**	(1,641)
Unrealized foreign currency translation gain	**354,368**	278,662
	$417,174	$332,053

NOTE 16

REVENUE

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

	Three months ended September 30		**Nine months ended September 30**	
	2026	2025	**2026**	2025
Rental income	**$140,309**	$143,401	**$419,726**	$425,561
Realty taxes and insurance	**40,413**	37,871	**119,483**	123,298
Common area maintenance recoveries	**27,549**	26,788	**81,207**	78,758
Property management and ancillary income	**50,469**	46,605	**145,885**	146,686
	$258,740	$254,665	**$766,301**	$774,303

The components of management and advisory fees are as follows:

	Three months ended September 30		**Nine months ended September 30**	
	2026	2025	**2026**	2025
Property and asset management fees	**$10,887**	$7,909	**$25,930**	$23,485
Other fees	**2,988**	1,895	**7,179**	6,227
	$13,875	$9,804	**$33,109**	$29,712

NOTE 17

INTEREST EXPENSE

The components of interest expense are as follows:

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Interest on mortgages	**$50,700**	$50,139	**$148,438**	$148,460
Interest on debentures payable, net of accretion (Note 10)	**8,425**	6,724	**27,941**	20,014
Interest on bank indebtedness	**1,049**	3,368	**3,367**	9,485
Interest on construction facility	**742**	—	**1,577**	—
Interest on loans payable and other	**48**	108	**137**	247
Interest on lease liabilities (Note 11)	**2,445**	2,492	**7,377**	7,449
Amortization of mark-to-market adjustments on mortgages, net	**142**	207	**428**	858
Amortization of deferred financing costs	**2,573**	2,320	**8,043**	6,824
Loss on extinguishment of debentures payable (Note 10)	**—**	—	**2,582**	—
	66,124	65,358	**199,890**	193,337
Less: interest capitalized to properties under development	**(1,822)**	(1,059)	**(4,665)**	(2,443)
	$64,302	$64,299	**$195,225**	$190,894

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	
	2026	2025	**2026**	2025
Fair value gain (loss) on real estate properties, net (Note 4)	**($17,142)**	($27,701)	**$76,552**	$68,758
Financial assets (liabilities):				
Fair value gain on conversion option of MRG convertible debentures	**185**	390	**700**	202
Fair value gain (loss) on MRG units (Note 12)	**46,710**	(2,717)	**48,718**	(42,333)
Fair value gain (loss) on other real estate fund investments (Note 5(b))	**(247)**	255	**(4,154)**	(3,592)
Fair value gain on investment in marketable securities	**6,490**	3,896	**21,310**	4,240
Total fair value gain (loss), net	**$35,996**	($25,877)	**$143,126**	$27,275

NOTE 19

OTHER INCOME (EXPENSE)

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

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Foreign exchange gain (loss)	**$17**	$66	**$98**	($69)
Other income (expense)	**201**	(9)	**(490)**	9
	$218	$57	**($392)**	($60)

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 Executive Chairman, Mr. K. Rai Sahi. As at September 30, 2026, Paros Holdings owns a 62.9% interest in Morguard through its ownership of 6,717,150 common shares. As at September 30, 2026, and December 31, 2025, 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, 2026, and December 31, 2025, 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, 2026, the Company received a management fee of $376 (2025 - $374) and $1,123 (2025 - $1,045), respectively, and paid rent and operating expenses $290 (2025 - $269) and $924 (2025 - $791), respectively.

As at September 30, 2026, and December 31, 2025, 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, 2026, and December 31, 2025, was $nil. During the three and nine months ended September 30, 2026, the Company paid net interest of $nil (2025 - $nil) and $nil (2025 - $84), respectively.

(c) Share/Unit Purchase and Other Loans

As at September 30, 2026, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $3,082 (December 31, 2025 - $3,042) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units and convertible debentures of Morguard REIT, and units of Morguard Residential REIT, are interest-bearing, computed at the prescribed interest rate and are due on January 12, 2027. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at September 30, 2026, the fair market value of the common shares/units held as collateral is $3,565.

NOTE 21

INCOME TAXES

Recognized Deductible Temporary Differences

As at September 30, 2026, the Company's U.S. subsidiaries have total net operating losses of approximately US$84,470 (December 31, 2025 - US$81,606) 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$10,788 (December 31, 2025 - US$10,171).

As at September 30, 2026, the Company's U.S. subsidiaries have a total of US$129,833 (December 31, 2025 - US$127,116) of unutilized interest expense deductions of which deferred income tax assets were recognized and can be carried forward indefinitely.

As at September 30, 2026, the Company's Canadian subsidiaries have a total of $18,297 (December 31, 2025 - $17,196) of unutilized interest expense deductions of which deferred income tax assets were not recognized and can be carried forward indefinitely.

NOTE 22

NET INCOME PER COMMON SHARE

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Net income attributable to common shareholders	**$85,441**	$37,844	**$228,613**	$149,980
Weighted average number of common shares outstanding (000s) - basic	**10,678**	10,701	**10,678**	10,707
Dilutive impact of stock options (000s)	**—**	—	**2**	—
Weighted average number of common shares outstanding (000s) - diluted	**10,678**	10,701	**10,680**	10,707
Net income per common share - basic and diluted	**$8.00**	$3.54	**$21.41**	$14.01

NOTE 23

CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Fair value loss (gain) on real estate properties, net	**$1,533**	$12,867	**($63,247)**	($52,223)
Fair value gain on conversion option of MRG convertible debentures (Note 18)	**(185)**	(390)	**(700)**	(202)
Fair value loss (gain) on MRG units (Note 12)	**(52,011)**	(2,402)	**(64,613)**	26,689
Fair value loss (gain) on other real estate investment funds (Note 18)	**247**	(255)	**4,154**	3,592
Fair value gain on investment in marketable securities (Note 18)	**(6,490)**	(3,896)	**(21,310)**	(4,240)
Equity income from investments	**(463)**	(690)	**(1,818)**	(1,652)
Amortization of hotel properties and other	**1,314**	1,530	**3,792**	5,489
Amortization of deferred financing costs (Note 17)	**2,573**	2,320	**8,043**	6,824
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	**142**	207	**428**	858
Amortization of tenant incentives	**1,457**	999	**3,703**	2,861
Stepped rent - adjustment for straight-line method	**(1,080)**	(226)	**(3,036)**	(525)
Deferred income taxes	**(1,163)**	11,460	**37,674**	49,795
Accretion of convertible debentures	**487**	460	**1,476**	1,397
Share-based payments (Note 15(d))	**397**	—	**1,203**	—
	($53,242)	$21,984	**($94,251)**	$38,663

(b) Net Change in Operating Assets and Liabilities

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Amounts receivable	**($6,359)**	$10,812	**$1,099**	($1,764)
Prepaid expenses and other	**(32,258)**	(29,720)	**(43,905)**	(34,722)
Accounts payable and accrued liabilities	**32,534**	11,009	**33,917**	(2,843)
Net change in operating assets and liabilities	**($6,083)**	($7,899)	**($8,889)**	($39,329)

(c) Supplemental Cash Flow Information

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Interest paid	**$53,002**	$59,315	**$177,221**	$178,117
Interest received	**2,342**	2,021	**5,375**	6,540
Income taxes paid	**2,323**	3,812	**8,371**	28,817

During the three and nine months ended September 30, 2026, the Company issued non-cash dividends under the distribution reinvestment plan of $11 (2025 - $10) and $32 (2025 - $28), respectively.

(d) Reconciliation of Liabilities Arising from Financing Activities

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

As at September 30, 2026	Mortgages payable	Unsecured Debentures	Convertible debentures	Lease liabilities	Construction financing payable	Bank indebtedness	Total
Balance, beginning of period	**$4,609,911**	**$421,248**	**$145,539**	**$169,598**	**$22,754**	**$87,973**	**$5,457,023**
Repayments	**(79,689)**	**—**	**—**	**(1,371)**	**—**	**(90,587)**	**(171,647)**
New financing, net	**571,619**	**248,776**	**—**	**—**	**57,684**	**63,620**	**941,699**
Lump-sum repayments	**(502,674)**	**(175,000)**	**—**	**—**	**—**	**—**	**(677,674)**
Non-cash changes	**5,851**	**1,558**	**1,838**	**(3,279)**	**—**	**—**	**5,968**
Foreign exchange	**67,215**	**—**	**—**	**656**	**—**	**—**	**67,871**
Balance, end of period	**$4,672,233**	**$496,582**	**$147,377**	**$165,604**	**$80,438**	**$61,006**	**$5,623,240**

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, 2025, for an explanation of the Company's capital management policy.

The total managed capital for the Company as at September 30, 2026, and December 31, 2025, is summarized below:

As at	September 30, 2026	December 31, 2025
Mortgages payable, principal balance	**$4,707,651**	$4,640,991
Unsecured Debentures, principal balance	**500,000**	425,000
Convertible debentures, principal balance	**150,000**	150,000
Construction financing payable	**80,438**	22,754
Bank indebtedness	**61,006**	87,973
Lease liabilities	**165,604**	169,598
Shareholders' equity	**4,696,429**	4,385,453
	$10,361,128	$9,881,769

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, 2025, 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, bank indebtedness and construction financing payable 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 Company's construction financing payable and 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, 2026 market rates for debt of similar terms (Level 2). Based on these assumptions, the fair value as at September 30, 2026 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,533,338 (December 31, 2025 - $4,578,285), compared to the carrying value of $4,707,651 (December 31, 2025 - $4,640,991). 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, 2026, the fair value of the Unsecured Debentures has been estimated at $501,320 (December 31, 2025 - $437,294), compared to the carrying value of $500,000 (December 31, 2025 - $425,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at September 30, 2026, the fair value of the convertible debentures before deferred financing costs has been estimated at $151,129 (December 31, 2025 - $153,260), compared to the carrying value of $150,000 (December 31, 2025 - $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, 2026 market rates for debt of similar terms (Level 3). Based on these assumptions, as at September 30, 2026, the fair value of the finance lease receivable has been estimated at $60,129 (December 31, 2025 - $59,811).

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

	September 30, 2026			December 31, 2025		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$11,330,436**	$—	$—	$11,093,084
Investments in marketable securities	**113,543**	**—**	**—**	91,419	—	—
Investments in real estate funds	**—**	**—**	**38,315**	—	—	42,550
Financial liabilities:						
Morguard Residential REIT units	**—**	**353,671**	**—**	—	419,105	—
Conversion option on MRG convertible debentures	**—**	**11**	**—**	—	711	—
Derivative liabilities	**—**	**237**	**—**	—	2,005	—

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, 2026	**Multi-suite Residential**	**Retail**	**Office**	**Hotel**	**Total**
Revenue from real estate/hotel properties	**$135,208**	**$64,725**	**$58,807**	**$9,581**	**$268,321**
Property/hotel operating expenses	**(47,451)**	**(30,442)**	**(31,706)**	**(5,928)**	**(115,527)**
Net operating income	**$87,757**	**$34,283**	**$27,101**	**$3,653**	**$152,794**

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 nine months ended September 30, 2026	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	**$397,978**	**$190,939**	**$177,384**	**$26,363**	**$792,664**
Property/hotel operating expenses	**(189,428)**	**(98,709)**	**(94,234)**	**(17,906)**	**(400,277)**
Net operating income	**$208,550**	**$92,230**	**$83,150**	**$8,457**	**$392,387**

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

	Multi-suite Residential	Retail	Office	Hotel	Total
As at September 30, 2026					
Real estate/hotel properties	**$7,199,115**	**$2,295,018**	**$1,836,303**	**$85,570**	**$11,416,006**
Mortgages payable	**$2,924,084**	**$844,458**	**$853,081**	**$50,610**	**$4,672,233**
For the nine months ended September 30, 2026					
Additions to real estate/hotel properties	**$127,640**	**$22,085**	**$35,386**	**$1,726**	**$186,837**
Fair value gain (loss) on real estate properties	**$70,801**	**$36,310**	**($30,559)**	**$—**	**$76,552**

	Multi-suite Residential	Retail	Office	Hotel	Total
As at December 31, 2025					
Real estate/hotel properties	$6,851,410	$2,261,527	$1,980,147	$85,864	$11,178,948
Mortgages payable	$2,798,592	$839,936	$920,072	$51,311	$4,609,911
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

(b) Regional Segments

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

As at	September 30, 2026	December 31, 2025
Real estate and hotel properties		
Canada	**$7,136,494**	$7,127,191
United States	**4,279,512**	4,051,757
	$11,416,006	$11,178,948

	Three months ended September 30		Nine months ended September 30	
	2026	2025	**2026**	2025
Revenue from real estate and hotel properties				
Canada	**$167,023**	$165,607	**$496,191**	$499,968
United States	**101,298**	98,191	**296,473**	297,984
	$268,321	$263,798	**$792,664**	$797,952

NOTE 28

COMPARATIVE AMOUNTS

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