Real Estate Potential. Realized.

MORGUARD CORPORATION

MARCH 31, 2022

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Real estate properties	4	**$10,424,060**	$10,244,875
Hotel properties	5	**434,982**	457,153
Equity-accounted and other fund investments	6	**139,709**	144,208
Other assets	7	**362,806**	360,848
		11,361,557	11,207,084
Current assets			
Amounts receivable	8	**74,090**	70,161
Prepaid expenses and other		**72,718**	41,642
Cash		**165,536**	173,656
		312,344	285,459
Real estate properties held for sale	4	**124,174**	—
		$11,798,075	$11,492,543
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	9	**$3,621,653**	$3,971,697
Debentures payable	10	**714,537**	795,319
Lease liabilities	12	**166,042**	166,531
Morguard Residential REIT units	11	**549,429**	496,024
Deferred income tax liabilities		**844,377**	784,776
		5,896,038	6,214,347
Current liabilities			
Mortgages payable	9	**930,610**	656,271
Debentures payable	10	**283,540**	199,830
Accounts payable and accrued liabilities	13	**263,786**	240,309
Bank indebtedness	14	**9,907**	8,039
		1,487,843	1,104,449
Mortgages payable on real estate properties held for sale	9	**36,369**	—
Total liabilities		**7,420,250**	7,318,796
EQUITY			
Shareholders’ equity		**3,814,636**	3,632,176
Non-controlling interest		**563,189**	541,571
Total equity		**4,377,825**	4,173,747
		$11,798,075	$11,492,543

Contingencies 24

See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board:

(Signed) “K. Rai Sahi” *(Signed) “Bruce K. Robertson”*

K. Rai Sahi,
Director

Bruce K. Robertson,
Director

STATEMENTS OF INCOME

In thousands of Canadian dollars, except per common share amounts

For the three months ended March 31	Note	2022	2021
Revenue from real estate properties	16	**$222,593**	$211,364
Revenue from hotel properties	16	**28,051**	22,148
Property operating expenses			
Property operating costs	8	**(54,841)**	(47,061)
Utilities		**(16,998)**	(15,221)
Realty taxes		**(70,911)**	(66,666)
Hotel operating expenses	8	**(27,803)**	(18,090)
Net operating income		**80,091**	86,474
OTHER REVENUE			
Management and advisory fees	16	**10,262**	10,126
Interest and other income		**4,031**	3,324
		14,293	13,450
EXPENSES			
Interest	17	**54,884**	55,966
Property management and corporate	8, 15(b)	**20,514**	19,296
Amortization of hotel properties and other		**6,745**	8,358
		82,143	83,620
OTHER INCOME			
Fair value gain, net	18	**280,012**	38,926
Equity income from investments	6	**802**	429
Other income	19	**2,106**	2,024
		282,920	41,379
Income before income taxes		**295,161**	57,683
Provision for income taxes	21		
Current		**551**	832
Deferred		**62,899**	38,903
		63,450	39,735
Net income for the period		**$231,711**	$17,948
Net income attributable to:			
Common shareholders		**$206,269**	$15,155
Non-controlling interest		**25,442**	2,793
		$231,711	$17,948
Net income per common share attributable to:			
Common shareholders - basic and diluted	22	**$18.58**	$1.37

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

In thousands of Canadian dollars

For the three months ended March 31	2022	2021
Net income for the period	**$231,711**	$17,948
OTHER COMPREHENSIVE LOSS		
Items that may be reclassified subsequently to net income:		
Unrealized foreign currency translation loss	**(30,483)**	(18,774)
Deferred income tax recovery	**4,325**	843
	(26,158)	(17,931)
Items that will not be reclassified subsequently to net income:		
Actuarial gain on defined benefit pension plans	**3,883**	13,856
Deferred income tax provision	**(1,029)**	(3,619)
	2,854	10,237
Other comprehensive loss	**(23,304)**	(7,694)
Total comprehensive income for the period	**$208,407**	$10,254
Total comprehensive income attributable to:		
Common shareholders	**$184,118**	$8,351
Non-controlling interest	**24,289**	1,903
	$208,407	$10,254

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of Canadian dollars

	Note	Retained Earnings	Accumulated Other Comprehensive Income	Share Capital	Total Shareholders' Equity	Non-controlling Interest	Total
Shareholders' equity, January 1, 2021		$3,109,092	$162,318	$100,942	$3,372,352	$540,346	$3,912,698
Changes during the period:							
Net income		15,155	—	—	15,155	2,793	17,948
Other comprehensive loss		—	(6,804)	—	(6,804)	(890)	(7,694)
Dividends		(1,665)	—	—	(1,665)	—	(1,665)
Distributions		—	—	—	—	(2,334)	(2,334)
Issuance of common shares		—	—	23	23	—	23
Repurchase of common shares		(926)	—	(81)	(1,007)	—	(1,007)
Tax impact of increase in subsidiary ownership interest		(25)	—	—	(25)	—	(25)
Shareholders' equity, March 31, 2021		$3,121,631	$155,514	$100,884	$3,378,029	$539,915	$3,917,944
Changes during the period:							
Net income		234,605	—	—	234,605	4,068	238,673
Other comprehensive income		—	24,439	—	24,439	612	25,051
Dividends		(4,995)	—	—	(4,995)	—	(4,995)
Distributions		—	—	—	—	(7,237)	(7,237)
Issuance of common shares		—	—	45	45	—	45
Equity component of debentures		—	—	—	—	4,213	4,213
Tax impact of increase in subsidiary ownership interest		53	—	—	53	—	53
Shareholders' equity, December 31, 2021		$3,351,294	$179,953	$100,929	$3,632,176	$541,571	$4,173,747
Changes during the period:							
Net income		**206,269**	**—**	**—**	**206,269**	**25,442**	**231,711**
Other comprehensive loss		**—**	**(22,151)**	**—**	**(22,151)**	**(1,153)**	**(23,304)**
Dividends	15(a)	**(1,665)**	**—**	**—**	**(1,665)**	**—**	**(1,665)**
Distributions		**—**	**—**	**—**	**—**	**(2,671)**	**(2,671)**
Issuance of common shares	15(a)	**—**	**—**	**7**	**7**	**—**	**7**
Shareholders' equity, March 31, 2022		**$3,555,898**	**$157,802**	**$100,936**	**$3,814,636**	**$563,189**	**$4,377,825**

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

For the three months ended March 31	Note	2022	2021
OPERATING ACTIVITIES			
Net income for the period		**$231,711**	$17,948
Add items not affecting cash	23(a)	**(176,731)**	34,539
Distributions from equity-accounted and other fund investments	6	**2,191**	1,242
Additions to tenant incentives and leasing commissions	4	**(1,816)**	(1,391)
Net change in operating assets and liabilities	23(b)	**(45,892)**	(11,461)
Cash provided by operating activities		**9,463**	40,877
INVESTING ACTIVITIES			
Additions to real estate properties and tenant improvements	4	**(11,427)**	(7,956)
Additions to hotel properties	5	**(689)**	(2,614)
Additions to capital and intangible assets		**(232)**	(106)
Investment in properties under development	4	**(2,184)**	(2,511)
Proceeds from the sale of hotel properties, net	5	**18,023**	—
Decrease in mortgages and loans receivable		**166**	—
Investment in equity-accounted and other fund investments, net	6	**(311)**	(4,087)
Cash provided by (used in) investing activities		**3,346**	(17,274)
FINANCING ACTIVITIES			
Proceeds from new mortgages		**95,701**	—
Financing costs on new mortgages		**(296)**	(70)
Repayment of mortgages			
Principal instalment repayments		**(33,380)**	(29,934)
Repayments on maturity		**(66,237)**	—
Repayments due to mortgage extinguishments	5	**(13,134)**	—
Principal payment of lease liabilities		**(376)**	(449)
Proceeds from bank indebtedness		**6,251**	16,122
Repayment of bank indebtedness		**(4,383)**	(46,322)
Proceeds from loans payable, net		**—**	22,000
Dividends paid		**(1,658)**	(1,642)
Distributions to non-controlling interest, net		**(2,548)**	(1,656)
Common shares repurchased for cancellation		**—**	(1,007)
Decrease (increase) in restricted cash		**904**	(544)
Cash used in financing activities		**(19,156)**	(43,502)
Net decrease in cash during the period		**(6,347)**	(19,899)
Net effect of foreign currency translation on cash balance		**(1,773)**	(1,309)
Cash, beginning of period		**173,656**	142,088
Cash, end of period		**$165,536**	$120,880

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2022 and 2021

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

NOTE 1

NATURE AND DESCRIPTION OF COMPANY

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

NOTE 2

STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

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

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 3, 2022.

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

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

	2022	2021
Canadian dollar to United States dollar exchange rates:		
- As at March 31	**$0.8003**	$0.7952
- As at December 31	—	0.7888
- Average for the three months ended March 31	**0.7898**	0.7899
United States dollar to Canadian dollar exchange rates:		
- As at March 31	**1.2496**	1.2575
- As at December 31	—	1.2678
- Average for the three months ended March 31	**1.2662**	1.2660

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at March 31, 2022, and December 31, 2021, the Company owned a 44.7% effective interest in Morguard Residential REIT through its ownership of 7,944,166 units and 17,223,090 Class B LP units. The Company continues to consolidate its investment in Morguard Residential REIT on the basis of *de facto* control in accordance with IFRS 10, Consolidated Financial Statements ("IFRS 10"). Refer to the Company's most recent annual audited consolidated financial statements for the factors that continue to support the conclusion that the Company has *de facto* control of Morguard Residential REIT.

During the three months ended March 31, 2022, Morguard Residential REIT recorded distributions of $6,834, or $0.1749 per unit (2021 - $6,826, or $0.1749 per unit), of which $1,389 was paid to the Company (2021 - $1,389) and $5,445 was paid to the remaining unitholders (2021 - $5,437). In addition, during the three months ended March 31, 2022, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $3,012 (2021 - $3,012).

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

As at March 31, 2022, the Company owned 39,040,641 units (December 31, 2021 - 39,040,641 units) of Morguard REIT, which represents a 60.8% (December 31, 2021 - 60.9%) ownership interest.

During the three months ended March 31, 2022, Morguard REIT recorded distributions of $3,846, or $0.06 per unit (2021 - $5,132, or $0.08 per unit), of which $2,342 (2021 - $3,123) was paid to the Company and $1,504 was paid to the remaining unitholders (2021 - $2,009).

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

As at	March 31, 2022		December 31, 2021	
	MRT	**MRG**	MRT	MRG
Non-current assets	**$2,497,702**	**$3,452,450**	$2,468,615	$3,352,534
Current assets	**31,110**	**239,542**	23,822	120,753
Total assets	**$2,528,812**	**$3,691,992**	$2,492,437	$3,473,287
Non-current liabilities	**$1,042,267**	**$1,664,472**	$1,087,995	$1,767,212
Current liabilities	**302,967**	**316,924**	257,558	144,690
Total liabilities	**$1,345,234**	**$1,981,396**	$1,345,553	$1,911,902
Equity	**$1,183,578**	**$1,710,596**	$1,146,884	$1,561,385
Non-controlling interest	**$466,774**	**$945,960**	$452,355	$863,290

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:

For the three months ended March 31	2022		2021	
	MRT	**MRG**	MRT	MRG
Revenue	**$61,326**	**$65,257**	$60,970	$60,322
Expenses	**(45,784)**	**(108,120)**	(40,792)	(66,922)
Fair value gain (loss) on real estate properties, net	**24,965**	**246,729**	(14,449)	27,451
Fair value gain (loss) on Class B LP units	**—**	**(32,724)**	—	6,544
Net income for the period	**$40,507**	**$171,142**	$5,729	$27,395
Non-controlling interest	**$15,890**	**$94,642**	$2,241	$15,136

For the three months ended March 31	2022		2021	
	MRT	**MRG**	MRT	MRG
Cash provided by operating activities	**$14,307**	**$12,525**	$19,811	$14,725
Cash used in investing activities	**(3,772)**	**(3,879)**	(3,259)	(5,662)
Cash used in financing activities	**(10,355)**	**(3,813)**	(15,958)	(16,629)
Net increase (decrease) in cash during the period	**$180**	**$4,833**	$594	($7,566)

NOTE 4
REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	March 31, 2022	December 31, 2021
Income producing properties	**$10,432,679**	$10,139,816
Properties under development	**12,947**	12,360
Land held for development	**102,608**	92,699
	$10,548,234	$10,244,875
Real estate properties	**$10,424,060**	$10,244,875
Real estate properties held for sale	**124,174**	—
Total	**$10,548,234**	$10,244,875

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

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2021	**$10,139,816**	**$12,360**	**$92,699**	**$10,244,875**
Additions:				
Acquisitions	**3,694**	**—**	**—**	**3,694**
Capital expenditures	**4,073**	**1,991**	**—**	**6,064**
Development expenditures	**1,992**	**151**	**41**	**2,184**
Tenant improvements, incentives and leasing commissions	**3,485**	**—**	**—**	**3,485**
Transfers	**1,555**	**(1,555)**	**—**	**—**
Fair value gain, net	**332,082**	**—**	**10,087**	**342,169**
Foreign currency translation	**(51,533)**	**—**	**(219)**	**(51,752)**
Other	**(2,485)**	**—**	**—**	**(2,485)**
Balance as at March 31, 2022	**$10,432,679**	**$12,947**	**$102,608**	**$10,548,234**
Real estate properties held for sale				**(124,174)**
Real estate properties				**$10,424,060**

Real estate properties held for sale are assets that the Company intends to sell rather than hold on a long-term basis and meet the criteria established in IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (“IFRS 5”) for separate classification.

Subsequent to March 31, 2022, the Company entered into a conditional agreement to sell a multi-suite residential property located in Atlanta, Georgia, comprising 292 suites, for gross proceeds of $94,345 (US$75,500), excluding closing costs. The Company expects to close the sale of the property during the second quarter at which time the mortgage payable secured by the property in the amount of $26,901 (US$21,528) will be repaid.

Subsequent to March 31, 2022, the Company entered into a conditional agreement to sell a multi-suite residential property and a vacant parcel of land located in Slidell, Louisiana, comprising 144 suites, for gross proceeds of $32,927 (US$26,350), excluding closing costs. The Company expects to close the sale of the property during the third quarter at which time the mortgage payable secured by the property in the amount of $9,689 (US$7,754) will be repaid.

Transactions completed during the three months ended March 31, 2022

On February 28, 2022, the Company exercised its option to acquire land previously subject to a land lease, located in Toronto, Ontario, for a purchase price of $3,694, including closing costs.

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2021, is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2020	$9,568,219	$25,416	$86,773	$9,680,408
Additions:				
Acquisitions	102,168	—	—	102,168
Capital expenditures	46,957	5,965	—	52,922
Development expenditures	5,965	863	417	7,245
Tenant improvements, incentives and leasing commissions	15,049	—	188	15,237
Right-of-use assets	5,878	—	—	5,878
Transfers	19,884	(19,884)	—	—
Transfer from equity-accounted investment (Note 6(a))	145,631	—	—	145,631
Dispositions	(18,421)	—	—	(18,421)
Fair value gain, net	261,594	—	5,377	266,971
Foreign currency translation	(9,533)	—	(56)	(9,589)
Other	(3,575)	—	—	(3,575)
Balance as at December 31, 2021	$10,139,816	$12,360	$92,699	$10,244,875

Transactions completed during the year ended December 31, 2021

Acquisitions

On October 26, 2021, the Company acquired the 40.9% interest not already owned in Lumina Hollywood, a mixed-use property comprising 299 residential suites and 52,000 square feet of commercial space located in Los Angeles, California, for a purchase price of $101,585 (US$80,127), including closing costs (Note 6(a)). Concurrent with the acquisition, the Company closed a mortgage financing in the amount of $150,868 (US$119,000) (at the Company's 100% interest), with a fixed-term of three years and a floating interest rate of LIBOR plus 2.50%.

Dispositions

On September 29, 2021, the Company sold an unenclosed retail property located in London, Ontario, for gross proceeds of $15,000.

Capitalization Rates

As at March 31, 2022, and December 31, 2021, the Company had its portfolio internally appraised. In addition, the Company's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

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

As at March 31, 2022, using the direct capitalization approach, the multi-suite residential, retail, office and industrial properties were valued using capitalization rates in the range of 3.0% to 9.8% (December 31, 2021 - 3.0% to 9.8%), resulting in an overall weighted average capitalization rate of 5.2% (December 31, 2021 - 5.2%).

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

As at	March 31, 2022					December 31, 2021				
	Occupancy Rates		Capitalization Rates			Occupancy Rates		Capitalization Rates		
	Max.	Min.	Max.	Min.	Weighted Average	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	**98.0%**	**92.0%**	**6.3%**	**3.0%**	**4.1%**	98.0%	92.0%	6.5%	3.0%	4.1%
Retail	**99.0%**	**85.0%**	**9.8%**	**5.3%**	**7.0%**	99.0%	85.0%	9.8%	5.3%	6.9%
Office	**100.0%**	**90.0%**	**7.8%**	**4.0%**	**6.1%**	100.0%	90.0%	7.8%	4.3%	6.1%
Industrial	**100.0%**	**95.0%**	**6.0%**	**4.0%**	**5.0%**	100.0%	95.0%	6.0%	4.0%	5.0%

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

As at	March 31, 2022			December 31, 2021		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**10.8%**	**6.0%**	**7.2%**	10.8%	6.0%	7.2%
Terminal cap rate	**9.8%**	**5.3%**	**6.2%**	9.8%	5.3%	6.2%
Office						
Discount rate	**8.5%**	**5.0%**	**6.3%**	8.5%	5.3%	6.4%
Terminal cap rate	**7.5%**	**4.0%**	**5.6%**	7.5%	4.3%	5.6%
Industrial						
Discount rate	**6.8%**	**5.8%**	**5.9%**	6.8%	5.8%	5.9%
Terminal cap rate	**6.5%**	**5.0%**	**5.2%**	6.5%	5.0%	5.2%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rates were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the income producing properties as at March 31, 2022, would decrease by $489,448 and increase by $544,488, respectively.

The sensitivity of the fair values of the Company's income producing properties as at March 31, 2022, and December 31, 2021, is set out in the table below:

As at	March 31, 2022		December 31, 2021	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($325,122)**	**$366,709**	($311,848)	$351,762
Retail	**(68,503)**	**73,607**	(69,668)	74,974
Office	**(87,354)**	**94,809**	(86,478)	93,813
Industrial	**(8,469)**	**9,363**	(7,799)	8,614
	($489,448)	**$544,488**	($475,793)	$529,163

NOTE 5
HOTEL PROPERTIES

Hotel properties consist of the following:

As at March 31, 2022	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	**$81,641**	**($2,276)**	**$—**	**$79,365**
Buildings	**491,615**	**(97,433)**	**(63,154)**	**331,028**
Furniture, fixtures, equipment and other	**101,147**	**(9,586)**	**(68,394)**	**23,167**
Right-of-use asset - land lease	**1,596**	**—**	**(174)**	**1,422**
	$675,999	**($109,295)**	**($131,722)**	**$434,982**

As at December 31, 2021	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	$84,401	($2,276)	$—	$82,125
Buildings	512,333	(101,074)	(63,551)	347,708
Furniture, fixtures, equipment and other	103,172	(9,815)	(67,459)	25,898
Right-of-use asset - land lease	1,596	—	(174)	1,422
	$701,502	($113,165)	($131,184)	$457,153

Transactions in hotel properties for the three months ended March 31, 2022, are summarized as follows:

As at March 31, 2022	Opening Net Book Value	Additions	Dispositions	Amortization	Closing Net Book Value
Land	**$82,125**	**$—**	**($2,760)**	**$—**	**$79,365**
Buildings	**347,708**	**458**	**(14,889)**	**(2,249)**	**331,028**
Furniture, fixtures, equipment and other	**25,898**	**231**	**(451)**	**(2,511)**	**23,167**
Right-of-use asset - land lease	**1,422**	**—**	**—**	**—**	**1,422**
	$457,153	**$689**	**($18,100)**	**($4,760)**	**$434,982**

Transactions completed during the three months ended March 31, 2022

Dispositions

On March 31, 2022, the Company sold two hotels located in Thunder Bay, Ontario, for gross proceeds of $18,100, resulting in net cash proceeds of $4,889 after deducting for the repayment of first mortgage loan of $13,134, working capital adjustments and closing costs.

Transactions in hotel properties for the year ended December 31, 2021, are summarized as follows:

As at December 31, 2021	Opening Net Book Value	Additions	Impairment Provision	Dispositions	Amortization	Closing Net Book Value
Land	$90,844	$—	$—	($8,719)	$—	$82,125
Buildings	412,594	8,120	(42,797)	(18,721)	(11,488)	347,708
Furniture, fixtures, equipment and other	40,123	2,324	(2,492)	(1,060)	(12,997)	25,898
Right-of-use asset - land lease	1,480	—	—	—	(58)	1,422
	$545,041	$10,444	($45,289)	($28,500)	($24,543)	$457,153

Transactions completed during the year ended December 31, 2021

Dispositions

On July 14, 2021, the Company sold three hotels, one located in Yellowknife, Northwest Territories, and two located in Fort McMurray, Alberta, for gross proceeds of $17,500, resulting in aggregate net cash proceeds of $17,404 after deducting working capital adjustments and closing costs.

On September 29, 2021, the Company sold a hotel property located in Fort McMurray, Alberta, for gross proceeds of $4,000, resulting in aggregate net cash proceeds of $3,973 after deducting working capital adjustments and closing costs.

On November 15, 2021, the Company sold a hotel property located in Yellowknife, Northwest Territories, for gross proceeds of $7,000 (including a promissory note receivable of $6,000), resulting in aggregate net cash proceeds of $910 after deducting working capital adjustments and closing costs.

Impairment Provision

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

During the year ended December 31, 2021, impairment indicators were identified and a recoverability analysis was completed in accordance with the procedures specified by IFRS, which indicated that an impairment provision of $45,289 should be recorded at 12 hotels. The table below provide details of first-year net operating income and the discount rates used for valuing the hotel properties.

	Northwest Territories	Alberta	Saskatchewan	Manitoba	Nova Scotia
Recoverable amount	$18,000	$37,375	$5,000	$12,000	$40,000
Impairment provision	$6,059	$21,002	$12,247	$2,376	$3,605
Cumulative impairment provision	$7,610	$51,101	$31,084	$2,376	$7,346
Projected first-year net operating income (loss)	$1,476	($237)	$294	$296	$1,750
Discount rate (range)	10.8%	9.3% - 12.3%	12.3%	10.3%	9.3%

NOTE 6

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	March 31, 2022	December 31, 2021
Joint ventures	**$35,582**	$36,716
Associates	**25,563**	25,507
Equity-accounted investments	**61,145**	62,223
Other real estate fund investments	**78,564**	81,985
Equity-accounted and other fund investments	**$139,709**	$144,208

The following are the Company's significant equity-accounted investments as at March 31, 2022, and December 31, 2021:

				Company's Ownership		Carrying Value	
Property/Investment	Place of Business	Investment Type	Asset Type	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$18,624**	$18,578
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,825**	2,848
Greypoint Capital L.P. II	Toronto, ON	Joint Venture	Other	**15.6%**	15.6%	**5,600**	6,624
Courtyard by Marriott	Ottawa, ON	Joint Venture	Hotel	**50.0%**	50.0%	**4,414**	4,608
Marriott Residence Inn	London, ON	Joint Venture	Hotel	**50.0%**	50.0%	**4,119**	4,058
MIL Industrial Fund II LP[(1)]	Various	Associate	Industrial	**18.8%**	18.8%	**25,563**	25,507
						$61,145	$62,223

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

Equity-accounted investments

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

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	**$62,223**	$127,579
Additions	**311**	2,303
Transfer[1]	**—**	(88,690)
Share of net income	**802**	24,017
Distributions received	**(2,191)**	(3,523)
Foreign exchange gain	**—**	537
Balance, end of period	**$61,145**	$62,223

[1] The Company acquired the 40.9% interest not already owned in Lumina Hollywood on October 26, 2021, at which point the carrying value of the 59.1% interest was transferred to each respective balance sheet line item including: income producing properties $145,631 (Note 4) and mortgages payable $56,823.

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

As at	March 31, 2022			December 31, 2021		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Non-current assets	**$164,371**	**$181,697**	**$346,068**	$164,361	$181,697	$346,058
Current assets	**44,849**	**2,487**	**47,336**	51,403	3,010	54,413
Total assets	**$209,220**	**$184,184**	**$393,404**	$215,764	$184,707	$400,471
Non-current liabilities	**$60,499**	**$25,385**	**$85,884**	$60,916	$25,624	$86,540
Current liabilities	**53,546**	**22,955**	**76,501**	54,325	23,543	77,868
Total liabilities	**$114,045**	**$48,340**	**$162,385**	$115,241	$49,167	$164,408
Net assets	**$95,175**	**$135,844**	**$231,019**	$100,523	$135,540	$236,063
Equity-accounted investments	**$35,582**	**$25,563**	**$61,145**	$36,716	$25,507	$62,223

For the three months ended March 31	2022			2021		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	**$6,652**	**$2,553**	**$9,205**	$6,529	$2,042	$8,571
Expenses	**(4,659)**	**(1,248)**	**(5,907)**	(4,267)	(4,499)	(8,766)
Fair value gain (loss) on real estate properties, net	**(72)**	**(311)**	**(383)**	(90)	2,170	2,080
Net income (loss) for the period	**$1,921**	**$994**	**$2,915**	$2,172	($287)	$1,885
Income (loss) in equity-accounted investments	**$617**	**$185**	**$802**	$666	($237)	$429

(b) Income Recognized from Other Fund Investments:

Other Real Estate Fund Investments

For the three months ended March 31	2022	2021
Distribution income	**$341**	$174
Fair value loss for the period (Note 18)	**(2,278)**	(6,895)
Loss from other real estate fund investments	**($1,937)**	($6,721)

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

NOTE 7
OTHER ASSETS

Other assets consist of the following:

As at	March 31, 2022	December 31, 2021
Investment in marketable securities	**$113,952**	$113,583
Accrued pension benefit asset	**86,826**	83,043
Finance lease receivable	**57,911**	57,772
Restricted cash	**29,782**	30,935
Intangible assets, net	**24,970**	26,252
Goodwill	**24,488**	24,488
Capital assets, net	**18,672**	18,864
Inventory	**3,008**	2,495
Right-of-use asset - office lease	**1,108**	1,247
Other	**2,089**	2,169
	$362,806	$360,848

NOTE 8
AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	March 31, 2022	December 31, 2021
Tenant receivables	**$36,745**	$31,670
Unbilled other tenant receivables	**6,526**	6,865
Receivables from related parties (Note 20(c))	**5,969**	6,190
Other receivables	**35,568**	35,865
Allowance for expected credit loss	**(13,922)**	(13,926)
	70,886	66,664
Government subsidy	**3,204**	3,497
	$74,090	$70,161

Government subsidy

On April 11, 2020, the Canada Emergency Wage Subsidy (“CEWS”) was enacted, which provides a subsidy for each employee employed between March 15 to June 6, 2020. Subsequently, the Government of Canada extended CEWS to October 23, 2021 and on October 24, 2021, the CEWS was replaced with two new programs offering wage and rent support: i) the Tourism and Hospitality Recovery Program (“THRP”) and ii) the Hardest-Hit Business Recovery Program. The subsidy varies depending on the decline in revenue for each claim period. A company, or a group of companies under common control, will become eligible for the program if they've experienced a reduction in revenue during the qualification period.

The Company and associated related party group under common control with the Company, including Morguard’s parent company, Paros Enterprises Limited, have satisfied certain eligibility criteria, including (among others) a significant decline in revenue due to the temporary closures of non-essential services. The Company will continue to assess its eligibility for subsequent claim periods.

For the three months ended March 31, 2022, the Company recorded government subsidies amounting to $1,604 (2021 - $7,595) as a deduction of the related expense, of which $nil (2021 - $1,100), $1,604 (2021 - $4,523) and $nil (2021 - $1,972) are a deduction of property operating costs, hotel operating expenses and property management and corporate expenses, respectively.

NOTE 9
MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2022	December 31, 2021
Mortgages payable	**$4,607,875**	$4,648,175
Mark-to-market adjustments, net	**4,252**	4,747
Deferred financing costs	**(23,495)**	(24,954)
	$4,588,632	$4,627,968
Current	**$930,610**	$656,271
Current - mortgages payable on real estate properties held for sale	**36,369**	—
Non-current	**3,621,653**	3,971,697
	$4,588,632	$4,627,968
Range of interest rates	**2.03 - 7.64%**	2.03 - 7.08%
Weighted average contractual interest rate	**3.39%**	3.39%
Estimated fair value of mortgages payable	**$4,515,079**	$4,769,113

As at March 31, 2022, approximately 93% of the Company's real estate and hotel properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

The aggregate principal repayments and balances maturing of the mortgages payable as at March 31, 2022, 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
2022 (remainder of year)	$97,868	$515,170	$613,038	3.67%
2023	104,955	731,520	836,475	3.59%
2024	92,263	557,487	649,750	3.34%
2025	76,926	472,468	549,394	3.12%
2026	58,413	380,608	439,021	3.31%
Thereafter	187,528	1,332,669	1,520,197	3.31%
	$617,953	$3,989,922	$4,607,875	3.39%

Mortgages payable on real estate properties held for sale are secured by income producing properties that the Company intends to sell rather than hold on a long-term basis and meet the criteria established in IFRS 5 for separate classification (Note 4). As at March 31, 2022, mortgages payable includes two mortgages (including unamortized deferred finance costs) classified as current amounting to $36,369.

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2022, mortgages payable mature between 2022 and 2058 and have a weighted average term to maturity of 4.4 years (December 31, 2021 - 4.6 years) and 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 March 31, 2022, the Company was not in compliance with one (December 31, 2021 - two) debt ratio covenant affecting one (December 31, 2021 - two) mortgage loan secured by a hotel property amounting to $10,125 (December 31, 2021 - $39,795). Subsequent to March 31, 2022, the Company repaid the mortgage loan in breach of its debt ratio covenant in connection with the disposal of the hotel property. The Company's mortgage loan in breach of its debt ratio covenant is contractually scheduled to mature within one year and is included in the current portion of mortgages payable.

NOTE 10
DEBENTURES PAYABLE

The Company's debentures consist of the following:

As at	March 31, 2022	December 31, 2021
Unsecured debentures	**$823,495**	$823,256
Convertible debentures	**174,582**	171,893
	$998,077	$995,149
Current	**$283,540**	$199,830
Non-current	**714,537**	795,319
	$998,077	$995,149

(a) Unsecured debentures

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

As at	Maturity Date	Coupon Interest Rate	March 31, 2022	December 31, 2021
Series C senior unsecured debentures	September 15, 2022	4.333%	**$200,000**	$200,000
Series E senior unsecured debentures	January 25, 2024	4.715%	**225,000**	225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Series G senior unsecured debentures	September 28, 2023	4.402%	**175,000**	175,000
Unamortized financing costs			**(1,505)**	(1,744)
			$823,495	$823,256
Current			**$199,890**	$199,830
Non-current			**623,605**	623,426
			$823,495	$823,256

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

On May 14, 2018, the Company issued $200,000 (net proceeds including issuance costs - $198,805) of Series D senior unsecured debentures due on May 14, 2021. On May 14, 2021, the Series D unsecured debentures were fully repaid on maturity.

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

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

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

For the three months ended March 31, 2022, interest on the Unsecured Debentures of $8,985 (2021 - $10,999) is included in interest expense (Note 17).

(b) Convertible debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	March 31, 2022	December 31, 2021
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**$90,932**	$90,574
Morguard Residential REIT[1]	March 31, 2023	$20.20	4.50%	$85,500	$5,000	**83,650**	81,319
						$174,582	$171,893
Current						**$83,650**	$—
Non-current						**90,932**	171,893
						$174,582	$171,893

[1] As at March 31, 2022, the liability includes the fair value of the conversion option of $4,178 (December 31, 2021 - $2,028).

Morguard REIT

On December 7, 2021, Morguard REIT issued $150,000 principal amount of 5.25% convertible unsecured subordinated debentures maturing on December 31, 2026. On December 13, 2021, an additional principal amount of $9,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on June 30 and December 31 of each year, commencing on June 30, 2022. The underwriter’s commission and other issue costs attributable to the debentures in the amount of $4,213 has been capitalized and is being amortized over the term to maturity. The convertible debentures, with the exception of $4,213, the value assigned to the holder’s conversion option, have been recorded as debt on the consolidated balance sheets. Morguard owns $60,000 aggregate principal amount of the 5.25% convertible unsecured subordinated debentures.

On December 30, 2016, Morguard REIT issued $175,000 principal amount of 4.50% convertible unsecured subordinated debentures, and incurred issue costs of $5,137 for net proceeds of $169,863. On December 17, 2021, the convertible debentures were fully repaid, including the $60,000 aggregate principal amount of the 4.50% convertible unsecured subordinated debentures owned by Morguard.

Morguard Residential REIT

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

For the three months ended March 31, 2022, interest on convertible debentures net of accretion of $2,347 (2021 - $2,431) is included in interest expense (Note 17).

NOTE 11
MORGUARD RESIDENTIAL REIT UNITS

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

As at March 31, 2022, the Company valued the non-controlling interest in the Morguard Residential REIT units at $549,429 (December 31, 2021 - $496,024) and classified the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value loss for the three months ended March 31, 2022 of $58,649 (2021 - gain of $5,206), in the consolidated statements of income (Note 18).

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

For the three months ended March 31	2022	2021
Fair value gain (loss) on Morguard Residential REIT units	**($53,204)**	$10,643
Distributions to external unitholders (Note 3)	**(5,445)**	(5,437)
Fair value gain (loss) on Morguard Residential REIT units	**($58,649)**	$5,206

NOTE 12
LEASE LIABILITIES

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

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	**$168,265**	$164,255
Interest on lease liabilities (Note 17)	**2,405**	9,617
Payments	**(2,781)**	(11,373)
Additions	**—**	5,878
Foreign exchange gain	**(214)**	(112)
Balance, end of period	**$167,675**	$168,265
Current (Note 13)	**$1,633**	$1,734
Non-current	**166,042**	166,531
	$167,675	$168,265

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2022	December 31, 2021
Within 12 months	**$11,172**	$11,306
2 to 5 years	**43,460**	43,546
Over 5 years	**355,291**	357,982
Total minimum lease payments	**$409,923**	$412,834
Less: future interest costs	**(242,248)**	(244,569)
Present value of minimum lease payments	**$167,675**	$168,265

NOTE 13
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2022	December 31, 2021
Accounts payable and accrued liabilities	**$219,344**	$189,987
Tenant deposits	**28,547**	28,209
Stock appreciation rights (“SARs”) liability	**11,231**	12,923
Income taxes payable	**—**	5,161
Lease liability (Note 12)	**1,633**	1,734
Other	**3,031**	2,295
	$263,786	$240,309

NOTE 14
BANK INDEBTEDNESS

As at March 31, 2022, and December 31, 2021, the Company has operating lines of credit totalling $493,500, the majority of which can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on bankers’ acceptance. As at March 31, 2022, the maximum amount that can be borrowed on the operating lines of credit is $399,441 (December 31, 2021 - $403,026), which includes deducting issued letters of credit in the amount of $8,833 (December 31, 2021 - $8,856) related to these facilities. The Company’s investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed-charge security on specific properties have been pledged as collateral on these operating lines of credit. As at March 31, 2022, the Company had borrowed $9,907 (December 31, 2021 - $8,039) on its operating lines of credit.

The bank credit agreements include certain restrictive undertakings by the Company. As at March 31, 2022, 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, 2020	11,109	$100,942
Common shares repurchased through the Company’s NCIB	(9)	(81)
Dividend reinvestment plan	1	68
Balance, December 31, 2021	11,101	$100,929
Dividend reinvestment plan	**—**	**7**
Balance, March 31, 2022	**11,101**	**$100,936**

On September 17, 2021, the Company obtained the approval of the TSX under its normal course issuer bid (“NCIB”) to purchase up to 555,024 common shares, being approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2022. The daily repurchase restriction for the common shares is 2,088. During the three months ended March 31, 2022, there were no repurchases of shares under the Company’s NCIB plan.

Total dividends declared during the year ended March 31, 2022, amounted to $1,665, or $0.15 per common share (2021 - $1,665, or $0.15 per common share). On May 3, 2022, the Company declared a common share dividend of $0.15 per common share to be paid in the second quarter of 2022.

(b) Stock Appreciation Rights Plan

The SARs granted vest equally over 10 years subject to restrictions.

As at March 31, 2022

Date of Grant	Exercise Price	Issued	Redeemed	Cancelled	Outstanding
March 20, 2008	$30.74	200,000	(103,500)	(61,500)	35,000
November 2, 2010	$43.39	55,000	(6,500)	(8,500)	40,000
May 13, 2014	$137.90	25,000	(2,000)	(8,000)	15,000
May 13, 2015	$153.82	10,000	—	—	10,000
January 11, 2017	$179.95	90,000	(1,500)	(8,500)	80,000
May 18, 2018	$163.59	125,000	—	(5,000)	120,000
August 8, 2018	$168.00	20,000	—	—	20,000
November 8, 2018	$184.00	10,000	—	—	10,000
Total		**535,000**	**(113,500)**	**(91,500)**	**330,000**

During the three months ended March 31, 2022, the Company recorded a fair value adjustment to increase compensation expense of $450 (2021 - $456). 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 March 31, 2022: a dividend yield of 0.44% (2021 - 0.51%), expected volatility of approximately 30.43% (2021 - 29.96%) and the 10-year Bank of Canada Bond Yield of 2.43% (2021 - 1.55%).

(c) Accumulated Other Comprehensive Income

As at March 31, 2022, and December 31, 2021, accumulated other comprehensive income consists of the following amounts:

As at	March 31, 2022	December 31, 2021
Actuarial gain on defined benefit pension plans	**$53,543**	$50,689
Unrealized foreign currency translation gain	**104,259**	129,264
	$157,802	$179,953

NOTE 16
REVENUE

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

For the three months ended March 31	2022	2021
Rental income	**$124,658**	$118,247
Realty taxes and insurance	**35,710**	34,604
Common area maintenance recoveries	**24,817**	20,229
Property management and ancillary income	**37,408**	38,284
	$222,593	$211,364

The components of revenue from hotel properties are as follows:

For the three months ended March 31	2022	2021
Room revenue	**$22,343**	$16,493
Other hotel revenue	**5,708**	5,655
	$28,051	$22,148

The components of management and advisory fees are as follows:

For the three months ended March 31	2022	2021
Property and asset management fees	**$8,557**	$8,573
Other fees	**1,705**	1,553
	$10,262	$10,126

NOTE 17
INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2022	2021
Interest on mortgages	**$39,400**	$38,021
Interest on debentures payable, net of accretion (Note 10)	**11,332**	13,430
Interest on bank indebtedness	**182**	844
Interest on loans payable and other	**9**	282
Interest on lease liabilities (Note 12)	**2,405**	2,336
Amortization of mark-to-market adjustments on mortgages, net	**(495)**	(760)
Amortization of deferred financing costs	**2,125**	1,971
	54,958	56,124
Less: Interest capitalized to properties under development	**(74)**	(158)
	$54,884	$55,966

NOTE 18
FAIR VALUE GAIN, NET

The components of fair value gain are as follows:

For the three months ended March 31	2022	2021
Fair value gain on real estate properties, net (Note 4)	**$342,169**	$31,329
Financial assets (liabilities):		
Fair value gain (loss) on conversion option of MRG convertible debentures (Note 10)	**(2,150)**	423
Fair value gain (loss) on MRG units (Note 11)	**(58,649)**	5,206
Fair value loss on other real estate fund investments (Note 6(b))	**(2,278)**	(6,895)
Fair value gain on investment in marketable securities	**920**	8,863
Total fair value gain, net	**$280,012**	$38,926

NOTE 19
OTHER INCOME

The components of other income are as follows:

For the three months ended March 31	2022	2021
Foreign exchange loss	**($29)**	($465)
Other income	**2,135**	2,489
	$2,106	$2,024

NOTE 20
RELATED PARTY TRANSACTIONS

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

(a) Paros Enterprises Limited ("Paros")

Paros is the majority shareholder and ultimate parent of the Company. Paros is owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at March 31, 2022, the Company has a demand loan agreement with Paros that provides for the Company to borrow up to $50,000 (December 31, 2021 - $50,000). The total loan payable as at March 31, 2022 was $nil (December 31, 2021 - $nil). During the three months ended March 31, 2022, the Company incurred net interest expense of $nil (2021 - $33).

(b) TWC Enterprises Limited ("TWC")

The Company provides TWC with managerial and consulting services for its business and the business of its subsidiaries. Mr. K. Rai Sahi is Chairman and Chief Executive Officer and the majority shareholder of TWC through his personal holding companies, which include Paros. Pursuant to contractual agreements between the Company and TWC, for the three months ended March 31, 2022, the Company received a management fee of $319 (2021 - $319), and paid rent and operating expenses of $158 (2021 - $152).

The Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at either the prime rate or the bankers' acceptance rate plus applicable stamping fees. The total loan payable as at March 31, 2022 was $nil (December 31, 2021 - $nil). During the three months ended March 31, 2022, the Company paid net interest of $nil (2021 - $86).

(c) Share/unit Purchase and Other Loans

As at March 31, 2022, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $5,969 (December 31, 2021 - $6,190) are outstanding. The loans are collateralized by their common shares of the Company, units of Morguard REIT and units of Morguard Residential REIT and are interest-bearing computed at the Canadian prime interest rate and are due on January 13, 2026. Other loans are secured against the underlying asset. The loans are classified as amounts receivable in the consolidated balance sheets. As at March 31, 2022, the fair market value of the common shares/units held as collateral is $71,173.

NOTE 21
INCOME TAXES

(a) Tax Provision

For the three months ended March 31, 2022, the Company recorded income tax expense of $63,450 (2021 - $39,735).

(b) Unrecognized Deductible Temporary Differences

As at March 31, 2022, the Company's U.S. subsidiaries have total net operating losses of approximately US$34,481 (December 31, 2021 - US$69,363) of which no deferred tax assets were recognized as it is not probable that taxable income will be available against which the deductible temporary difference can be utilized. The net operating losses expire in varying years commencing 2030. The recognition of previously unrecognized tax losses relates to the classification of real estate properties held for sale (Note 4) as it is probable that taxable income will be available against which the losses will be utilized.

As at March 31, 2022, the Company's Canadian subsidiaries have total net operating losses of approximately $263,104 (December 31, 2021 - $257,782) of which no deferred tax assets were recognized as it is not probable that taxable income will be available against which they can be utilized. These losses expire in various years commencing 2022. The Company has other Canadian temporary differences for which no deferred tax asset was recognized for approximately $80,818 (December 31, 2021 - $82,926). These other temporary differences have no expiration date.

(c) Recognized Deductible Temporary Differences

As at March 31, 2022, the Company's U.S. subsidiaries have total net operating losses of US$61,792 (December 31, 2021 - US$33,066) of which deferred tax assets were recognized, comprising US$28,931 (December 31, 2021 - $nil) that will expire in various years commencing in 2032 and US$32,861 (December 31, 2021 - $33,066) that can be carried forward indefinitely.

As at March 31, 2022, the Company's U.S. subsidiaries have total unutilized interest expense deductions of US$20,292 (December 31, 2021 - US$13,943) of which deferred tax assets were recognized.

NOTE 22
NET INCOME PER COMMON SHARE

For the three months ended March 31	2022	2021
Net income attributable to common shareholders	**$206,269**	$15,155
Weighted average number of common shares outstanding (000s) - basic and diluted	**11,101**	11,101
Net income per common share - basic and diluted	**$18.58**	$1.37

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

For the three months ended March 31	2022	2021
Fair value loss (gain) on real estate properties, net	**($306,583)**	$526
Fair value loss (gain) on conversion option of MRG convertible debentures (Note 18)	**2,150**	(423)
Fair value loss (gain) on MRG units (Note 11)	**53,204**	(10,643)
Fair value loss on other real estate investment funds (Note 18)	**2,278**	6,895
Fair value gain on investment in marketable securities (Note 18)	**(920)**	(8,863)
Equity income from investments	**(802)**	(429)
Amortization of hotel properties and other	**6,745**	8,358
Amortization of deferred financing costs (Note 17)	**2,125**	1,971
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	**(495)**	(760)
Amortization of tenant incentive	**1,279**	463
Stepped rent - adjustment for straight-line method	**1,211**	(1,726)
Deferred income taxes	**62,899**	38,903
Accretion of convertible debentures	**178**	267
	($176,731)	$34,539

(b) Net Change in Operating Assets and Liabilities

For the three months ended March 31	2022	2021
Amounts receivable	**($3,540)**	($10,265)
Prepaid expenses and other	**(32,018)**	(11,038)
Accounts payable and accrued liabilities	**(10,334)**	9,842
Net change in operating assets and liabilities	**($45,892)**	($11,461)

(c) Supplemental Cash Flow Information

For the three months ended March 31	2022	2021
Interest paid	**$58,813**	$54,954
Interest received	**514**	150
Income taxes paid	**9,085**	3,934

During the three months ended March 31, 2022, the Company issued non-cash dividends under the distribution reinvestment plan of $7 (2021 - $23).

(d) Reconciliation of Liabilities Arising from Financing Activities

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

	Mortgages payable	Unsecured debentures	Convertible debentures	Lease liabilities	Bank indebtedness	Total
Balance, beginning of period	**$4,627,968**	**$823,256**	**$171,893**	**$168,265**	**$8,039**	**$5,799,421**
Repayments	**(33,380)**	**—**	**—**	**(376)**	**(4,383)**	**(38,139)**
New financing, net	**95,405**	**—**	**—**	**—**	**6,251**	**101,656**
Lump-sum repayments	**(79,371)**	**—**	**—**	**—**	**—**	**(79,371)**
Non-cash changes	**1,030**	**239**	**2,689**	**—**	**—**	**3,958**
Foreign exchange	**(23,020)**	**—**	**—**	**(214)**	**—**	**(23,234)**
Balance, March 31, 2022	**$4,588,632**	**$823,495**	**$174,582**	**$167,675**	**$9,907**	**$5,764,291**

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, 2021, for an explanation of the Company's capital management policy.

The total managed capital for the Company as at March 31, 2022, and December 31, 2021, is summarized below:

As at	March 31, 2022	December 31, 2021
Mortgages payable, principal balance	**$4,607,875**	$4,648,175
Unsecured Debentures, principal balance	**825,000**	825,000
Convertible debentures, principal balance	**179,500**	179,500
Bank indebtedness	**9,907**	8,039
Lease liabilities	**167,675**	168,265
Shareholders' equity	**3,814,636**	3,632,176
	$9,604,593	$9,461,155

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

The Company's Unsecured Debentures contain covenants that are calculated on a non-consolidated basis, which represents the Company's consolidated results prepared in accordance with IFRS as shown on the Company's most recently published annual audited consolidated financial statements, adjusted, as required, to account for the Company's public entity investments in Morguard Residential REIT and Morguard REIT using the equity method. The covenants that the Company must maintain are a non-consolidated interest coverage ratio above 1.65 times, a non-consolidated debt to gross book value ratio not to exceed 65% and a minimum non-consolidated equity requirement of at least $300,000. If the Company does not meet these covenants, the Unsecured Debentures will become immediately due and payable unless the Company is able to remedy the default or obtain a waiver from debentureholders. 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, 2021, for an explanation of the Company's risk management policy as it relates to financial instruments.

Fair Value of Financial Assets and Financial Liabilities

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

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

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2022, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at March 31, 2022, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,515,079 (December 31, 2021 - $4,769,113), compared with the carrying value of $4,607,875 (December 31, 2021 - $4,648,175). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures liability is based on its closing bid price (Level 1). As at March 31, 2022, the fair value of the Unsecured Debentures has been estimated at $813,426 (December 31, 2021 - $833,002) compared with the carrying value of $825,000 (December 31, 2021 - $825,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at March 31, 2022, the fair value of the convertible debentures before deferred financing costs has been estimated at $179,959 (December 31, 2021 - $180,769), compared with the carrying value of $179,500 (December 31, 2021 - $179,500).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using March 31, 2022, market rates for debt on similar terms (Level 3). Based on these assumptions, as at March 31, 2022, the fair value of the finance lease receivable has been estimated at $57,911 (December 31, 2021 - $57,772).

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

	March 31, 2022			December 31, 2021		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$10,424,060**	$—	$—	$10,244,875
Real estate properties held for sale	**—**	**—**	**124,174**	—	—	—
Investments in marketable securities	**113,952**	**—**	**—**	113,583	—	—
Investments in real estate funds	**—**	**—**	**78,564**	—	—	81,985
Financial liabilities:						
Morguard Residential REIT units	**—**	**549,429**	**—**	—	496,024	—
Conversion option on MRG convertible debentures	**—**	**4,178**	**—**	—	2,028	—

NOTE 27
SEGMENTED INFORMATION
(a) Operating Segments

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

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

For the three months ended March 31, 2022	**Multi-suite Residential**	**Retail**	**Office**	**Industrial**	**Hotel**	**Total**
Revenue from real estate/hotel properties	**$101,562**	**$58,038**	**$59,675**	**$3,318**	**$28,051**	**$250,644**
Property/hotel operating expenses	**(78,515)**	**(34,494)**	**(28,543)**	**(1,198)**	**(27,803)**	**(170,553)**
Net operating income	**$23,047**	**$23,544**	**$31,132**	**$2,120**	**$248**	**$80,091**

For the three months ended March 31, 2021	Multi-suite Residential	Retail	Office	Industrial	Hotel	Total
Revenue from real estate/hotel properties	$92,866	$57,455	$58,057	$2,986	$22,148	$233,512
Property/hotel operating expenses	(69,976)	(33,229)	(24,538)	(1,205)	(18,090)	(147,038)
Net operating income	$22,890	$24,226	$33,519	$1,781	$4,058	$86,474

	Multi-suite Residential	**Retail**	**Office**	**Industrial**	**Hotel**	**Total**
As at March 31, 2022						
Real estate/hotel properties	**$5,718,579**	**$2,266,010**	**$2,243,816**	**$195,655**	**$434,982**	**$10,859,042**
Mortgages payable	**$2,351,909**	**$927,844**	**$1,110,077**	**$19,179**	**$143,254**	**$4,552,263**
For the three months ended March 31, 2022						
Additions to real estate/hotel properties	**$5,603**	**$6,715**	**$3,083**	**$26**	**$689**	**$16,116**
Fair value gain on real estate properties	**$312,270**	**$6,105**	**$8,885**	**$14,909**	**$—**	**$342,169**

	Multi-suite Residential	Retail	Office	Industrial	Hotel	Total
As at December 31, 2021						
Real estate/hotel properties	$5,573,098	$2,258,025	$2,233,031	$180,721	$457,153	$10,702,028
Mortgages payable	$2,394,507	$936,788	$1,119,176	$19,320	$158,177	$4,627,968
For the three months ended March 31, 2021						
Additions to real estate/hotel properties	$6,862	$4,102	$774	$120	$2,614	$14,472
Fair value gain (loss) on real estate properties	$42,882	($1,984)	($13,315)	$3,746	$—	$31,329

(b) Regional Segments

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

As at	March 31, 2022	December 31, 2021
Real estate and hotel properties		
Canada	**$7,410,104**	$7,348,930
United States	**3,448,938**	3,353,098
	$10,859,042	$10,702,028

For the three months ended March 31	2022	2021
Revenue from real estate and hotel properties		
Canada	**$178,203**	$168,967
United States	**72,441**	64,545
	$250,644	$233,512

NOTE 28

SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the Company sold a hotel property for gross proceeds of $8,680, excluding closing costs. The purchase price was satisfied with cash of $5,605 and a promissory note receivable of $3,075. At closing, the Company repaid a first mortgage loan totaling $10,106 that was secured by the hotel.

Subsequent to March 31, 2022, the Company completed the refinancing of a multi-suite residential property located in West Palm Beach, Florida, in the amount of $19,088 (US$15,275) at an interest rate of 3.89% and for a term of 10 years. The maturing mortgage amounts to $11,328 (US$9,065), was open and prepayable at no penalty before its scheduled maturity on August 1, 2022, and has an interest rate of 3.96%.

Subsequent to March 31, 2022, the Company entered into a binding commitment letter for the refinancing of a multi-suite residential property located in Palm Beach County, Florida, in the amount of $57,084 (US$45,682) at an interest rate of 4.19% and for a term of 10 years. The Company expects to close the refinancing during the second quarter of 2022. The maturing mortgage amounts to $29,096 (US$23,284), is open and prepayable at no penalty before its scheduled maturity on October 1, 2022, and has an interest rate of 3.78%.