MANAGEMENT'S DISCUSSION AND ANALYSIS & CONSOLIDATED FINANCIAL STATEMENTS

MORGUARD CORPORATION

2024 1ST QUARTER REPORT

Morguard

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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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 months ended March 31, 2024. 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 months ended March 31, 2024, 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 months ended March 31, 2024 and 2023. This MD&A is based on financial information prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and is dated May 7, 2024. 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 the 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 the failure to comply with, governmental regulations; liability and other claims asserted against the Company; risk and uncertainties relating to pandemic or epidemic 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 provided 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 provided 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, (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 the section "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 of the Company.

The Company computes an interest coverage ratio, an indebtedness to aggregate assets ratio and an adjusted shareholders' equity covenant on a Non-Consolidated Basis and 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 appreciation rights ("SARs") expense, 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; prepaid expenses and other; and cash 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 separate financial statement lines in the Company's consolidated balance sheet have been grouped as one 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 provided in the section "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 requirement of equity of 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 non-GAAP 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) bank indebtedness, (v) loans payable, and (vi) outstanding letters of credit. 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 contingencies.

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

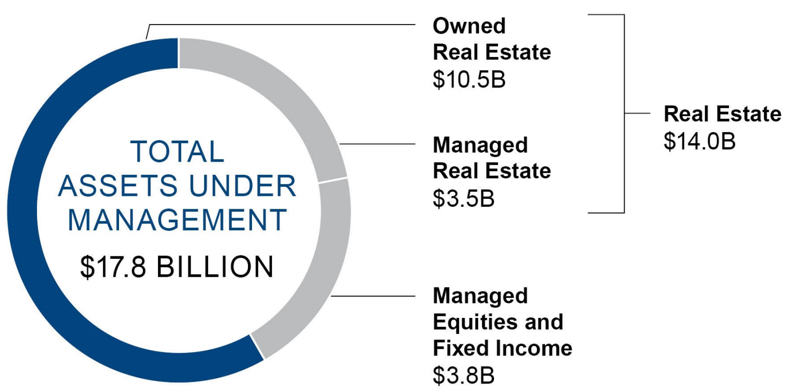
LIQUIDITY

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 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 $17.8 billion as at March 31, 2024. 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 45 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 60% ownership interest in Lincluden Investment Management Limited ("Lincluden") offers institutional clients and private investors a broad range of global investment products across equity, fixed-income and balanced portfolios.

As of March 31, 2024, MIL together with Lincluden manage 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 $7.3 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 carry on with this approach.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at	March 31, 2024	December 31, 2023	March 31, 2023
Real estate properties	**$10,585,415**	$10,493,655	$10,713,336
Real estate properties held for sale	**37,050**	125,307	—
Hotel properties	**86,901**	87,376	334,497
Hotel properties held for sale	**—**	254,728	—
Equity-accounted and other fund investments	**59,146**	95,525	117,229
Equity-accounted and other fund investments held for sale	**26,033**	—	—
Gross book value(1)	**11,234,247**	11,483,769	11,651,967
Indebtedness	**$5,160,269**	$5,638,032	$5,673,951
Indebtedness to Gross book value (%)	**45.9**	49.1	48.7
Non-consolidated indebtedness to Gross book value (%)(2)	**38.9**	43.2	43.4
Total equity	**$4,502,184**	$4,343,090	$4,338,547
Shareholders' equity per common share	**375.44**	359.51	348.43

(1) As at March 31, 2024, gross book value is calculated as total assets less right-of-use assets in the amount of $144,265 (December 31, 2023 - $139,319, March 31, 2023 - $142,023).
(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 March 31, 2024, non-consolidated gross book value is calculated (on a non-consolidated basis) as total assets less right-of-use assets in the amount of $123,750 (December 31, 2023 - $120,228, March 31, 2023 - $122,327). 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 under the section "Part I, Specified Financial Measures."

For the three months ended March 31	2024	2023
Revenue from real estate properties	**$257,089**	$246,372
Revenue from hotel properties	**10,437**	31,159
Management and advisory fees	**9,657**	10,150
Total revenue	**281,666**	292,777
Net operating income	**94,748**	95,119
Fair value loss, net	**(43,535)**	(24,191)
Net income (loss) attributable to common shareholders	**130,446**	(34,690)
Per common share - basic and diluted	**12.06**	(3.15)
Funds from operations(1)	**31,943**	32,652
Per common share - basic and diluted(1)	**2.95**	2.96
Normalized FFO(1)	**52,576**	50,266
Per common share - basic and diluted(1)	**4.86**	4.56
Distributions received from Morguard REIT	**2,519**	2,409
Distributions received from Morguard Residential REIT	**4,688**	4,530
Dividends declared/paid	**(1,622)**	(1,653)

(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 under the section "Part I, Specified Financial Measures."

Total assets as at March 31, 2024, were $11,378,512, compared to $11,623,088 as at December 31, 2023. Total assets decreased by $244,576 primarily due to the following:

- An increase in real estate properties (including properties held for sale) of $3,503, mainly due to capital and development expenditures of $17,959, tenant incentives and leasing commissions of $6,116, a net fair value gain of $13,882, and an increase of $92,761 due to the change in the U.S. dollar exchange rate, partially offset by dispositions of $125,512;
- A decrease in hotel properties (including properties held for sale) of $255,203, mainly due to the sale of 14 hotel properties on January 18, 2024;
- An increase in other assets and prepaid expense of $1,126;
- A decrease in amounts receivable of $5,685;

- A decrease in equity-accounted and other fund investments (including equity-accounted investments held for sale) of $10,346; and
- An increase in cash of $22,029.

Total revenue during the three months ended March 31, 2024, decreased by $11,111 to $281,666, compared to $292,777 in 2023, primarily due to the following:

- An increase in revenue from real estate properties in the amount of $10,717, primarily due to higher average monthly rent ("AMR") within the multi-suite residential segment and from the net impact of acquisition and disposition of properties; and
- A decrease in revenue from hotel properties in the amount of $20,722, primarily due to the sale of 14 hotel properties on January 18, 2024.

PROPERTY PROFILE

As at March 31, 2024, the Company and its subsidiaries own a diversified portfolio of 162 multi-suite residential, retail, office, industrial and hotel properties located in Canada and in the United States.

PORTFOLIO COMPOSITION BY ASSET TYPE

The composition of the Company's real estate properties by asset type as at March 31, 2024, was as follows:

Asset Type	Number of Properties	GLA Square Feet (000s)(1)	Apartment Suites/Hotel Rooms(2)	Real Estate/ Hotel Properties
Multi-suite residential	56	—	17,798	$6,435,374
Retail	36	8,134	—	2,098,369
Office(3)	65	8,639	—	1,903,291
Hotel	2	—	472	86,901
Properties and land held for and under development	—	—	—	148,381
Total real estate properties	**159**	**16,773**	**18,270**	**$10,672,316**
Assets held for sale (4)	3	131	299	63,083
Total including assets held for sale	**162**	**16,904**	**18,569**	**$10,735,399**

(1) Total GLA is shown on a proportionate basis; on a 100% basis, total GLA of the Company's commercial properties is 20.5 million square feet.
(2) Total suites/hotel rooms include equity-accounted investments and non-controlling interest. The Company on a proportionate basis has ownership of 17,353 suites and 622 hotel rooms.
(3) Includes industrial properties with 1,053,000 square feet of GLA and a fair value of $226,067.
(4) Includes one retail property located in Alberta and two hotel properties located in Ontario.

The Company's multi-suite residential portfolio comprises 25 Canadian properties located primarily throughout the Greater Toronto Area ("GTA") and 31 U.S. properties in California, Texas, Louisiana, Illinois, Georgia, Florida, North Carolina, Virginia and Maryland. The combined multi-suite residential portfolio represents 17,798 suites.

The Company's retail portfolio includes two broad categories of income producing properties: (i) enclosed full-scale, regional shopping centres with 5.3 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 3.0 million square feet of GLA. The retail portfolio comprises 25 properties located in Canada and 12 properties located in Florida, Louisiana and Maryland. The combined retail portfolio represents 8.3 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 7.6 million square feet of office and 1.0 million square feet of industrial GLA.

The Company's hotel portfolio comprises three branded and one unbranded hotel properties located in two Canadian provinces. Branded hotels include Hilton and Marriott and consist of full and select service formats. The hotel portfolio represents 771 rooms.

AVERAGE OCCUPANCY LEVELS

COMPARATIVE AVERAGE OCCUPANCY LEVELS

	Suites/GLA Square Feet		Mar. 2024	Dec. 2023	Sep. 2023	Jun. 2023	Mar. 2023
Multi-suite residential	17,798		95.6%	96.1%	96.1%	96.7%	96.6%
Retail	7,868,000	(1)	93.8%	94.0%	93.5%	93.2%	92.9%
Office(2)	8,591,000	(2)	87.9%	88.4%	88.1%	85.9%	86.6%

(1) Retail occupancy has been adjusted to exclude development space of 396,525 square feet of GLA.
(2) Office occupancy has been adjusted to exclude development space of 48,206 square feet of GLA. Office includes industrial properties with 1,053,000 square feet of GLA.

LEASE PROFILE

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

Summary of Lease Expiries as at (000s) As at March 31, 2024	Total SF	2024 SF	2024 %	2025 SF	2025 %	2026 SF	2026 %
Retail(1)	7,868	1,007	13%	704	9%	1,283	16%
Office/Industrial(2) (3)	8,591	687	8%	1,303	15%	1,871	22%
Total	16,459	1,694	10%	2,007	12%	3,154	19%

(1) Retail square feet has been adjusted to exclude development space of 396,525 square feet of GLA
(2) Office square feet has been adjusted to exclude development space of 48,206 square feet of GLA.
(3) Includes industrial properties with 1,053,000 square feet of GLA.

PART III

REVIEW OF OPERATIONAL RESULTS

The Company's operational results for the three months ended March 31, 2024, and 2023 are summarized below:

For the three months ended March 31	2024	2023
Revenue from real estate properties	**$257,089**	$246,372
Revenue from hotel properties	**10,437**	31,159
Property operating expenses		
Property operating costs	**(62,433)**	(58,513)
Utilities	**(17,389)**	(19,494)
Realty taxes	**(83,322)**	(78,822)
Hotel operating expenses	**(9,634)**	(25,583)
Net operating income	**94,748**	95,119
OTHER REVENUE		
Management and advisory fees	**9,657**	10,150
Interest and other income	**4,483**	5,096
	14,140	15,246
EXPENSES		
Interest	**64,882**	62,727
Property management and corporate	**23,331**	21,906
Amortization of hotel properties and other	**2,667**	7,510
	90,880	92,143
OTHER INCOME (EXPENSE)		
Fair value loss, net	**(43,535)**	(24,191)
Gain on sale of hotel properties	**150,587**	—
Equity income from investments	**1,032**	1,171
Other income (expense)	**(195)**	(841)
	107,889	(23,861)
Income (loss) before income taxes	**125,897**	(5,639)
Provision for (recovery of) income taxes		
Current	**16,667**	29
Deferred	**(7,539)**	25,682
	9,128	25,711
Net income (loss) for the period	**$116,769**	($31,350)
Net income (loss) attributable to:		
Common shareholders	**$130,446**	($34,690)
Non-controlling interest	**(13,677)**	3,340
	$116,769	($31,350)
Net income (loss) per common share attributable to:		
Common shareholders - basic and diluted	**$12.06**	($3.15)

FOR THE THREE MONTHS ENDED MARCH 31, 2024

NET INCOME (LOSS)

Net income for the three months ended March 31, 2024 was $116,769, compared to a net loss of $31,350 in 2023. The increase in net income of $148,119 for the three months ended March 31, 2024, was primarily due to the following:

- An increase in gain on sale of hotel properties of $150,587, due to the sale of 14 hotel properties on January 18, 2024;
- An increase in non-cash net fair value loss of $19,344, mainly due to a decrease in fair value gain on real

estate properties, a decrease in fair value loss on the Morguard Residential REIT units, and an increase in fair value loss on other real estate funds investments; and

- A decrease in income tax expense (current and deferred) of $16,583, mainly due to a decrease in deferred income taxes resulting from the utilization of net operating losses and a lower fair value gain recorded on the Company's Canadian and U.S. properties.

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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 $371, or 0.4%, for the three months ended March 31, 2024, to $94,748, compared to $95,119 generated in 2023, and is further analyzed by asset type below.

ADJUSTED NOI BY ASSET TYPE

For the three months ended March 31	2024	2023
Multi-suite residential	**$70,421**	$64,634
Retail	**32,287**	32,965
Office[(1)]	**34,494**	32,993
Hotel	**803**	5,576
Adjusted NOI	**138,005**	136,168
IFRIC 21 adjustment - multi-suite residential	**(37,203)**	(35,781)
IFRIC 21 adjustment - retail	**(6,054)**	(5,268)
NOI	**$94,748**	$95,119

(1) Includes industrial properties with NOI for the three months ended March 31, 2024 of $2,477 (2023 - $1,507).

NOI from the multi-suite residential portfolio for the three months ended March 31, 2024, increased by $4,365, or 15.1%, to $33,218, compared to $28,853 in 2023. The increase in NOI is due to the change in Adjusted NOI described below, partially offset by an increase in the IFRIC 21 adjustment of $1,422.

Adjusted NOI from the multi-suite residential portfolio for the three months ended March 31, 2024, increased by $5,787, or 9.0%, to $70,421, compared to $64,634 in 2023. The increase in Adjusted NOI is primarily due to the following:

- An increase in Canadian multi-suite residential properties of $2,748 primarily resulting from:
  - An increase of $1,763 mainly due to an increase in AMR of 5.4% and a decrease in utilities due to lower gas rates and consumption, partially offset by higher vacancy. In addition, the Company's Canadian portfolio turned over 123 suites, or 1.5% of total suites, achieving AMR growth of 24.3% on suite turnover; and
  - An increase of $985 from the acquisition of 50 Portland Street located in Toronto, during the fourth quarter of 2023.
- An increase in U.S. multi-suite residential properties of US$2,333 primarily resulting from:
  - An increase of US$1,526 mainly due to an increase in AMR of 3.5% and an increase in parking income, partially offset by higher vacancy and an increase in operating costs by 2.3% mainly from higher insurance premiums; and
  - An increase of US$807 from the acquisition of Xavier located in Chicago, during the first quarter of 2023.
- An increase of $706 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the three months ended March 31, 2024, decreased by $1,464, or 5.3%, to $26,233, compared to $27,697 in 2023. The decrease in NOI is primarily due to the change in Adjusted NOI described below, and an increase in the IFRIC 21 adjustment of $786.

Adjusted NOI from the retail portfolio for the three months ended March 31, 2024, decreased by $678, or 2.1%, to $32,287 compared to $32,965 in 2023. The increase in Adjusted NOI is primarily due to the following:

- A decrease in Canadian retail properties of $906 primarily resulting from:
  - A decrease of $2,826 due to non-recurring tax refunds received in 2023; and
  - An increase of $1,920 primarily due to higher rents and recoveries and lower bad debt expense.
- An increase in U.S. retail properties of US$178 primarily resulting from higher rents.
- An increase of $50 due to the change in the U.S. dollar foreign exchange rate.

NOI from the office portfolio for the three months ended March 31, 2024, increased by $1,501, or 4.5%, to $34,494, compared to $32,993 in 2023, primarily due to the following:

- An increase of $2,192 due to higher rents and occupancy, higher recoveries of operating expenses, and higher lease cancellation fees received.
- A decrease of $691 from the sale of 181 Queen located in Ottawa, during the first quarter of 2023.

NOI from the hotel portfolio for the three months ended March 31, 2024, decreased by $4,773, or 85.6%, to $803, compared to $5,576 in 2023, primarily due to the following:

- A decrease of $5,230 due to the sale of 14 hotel properties on January 18, 2024.
- An increase of $457 mainly due to an increase in revenue per available room ("RevPar") of $0.93 during the three months ended March 31, 2024, compared to 2023.

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."

For the three months ended March 31	2024	2023
Multi-suite residential (in local currency)	**$57,926**	$54,230
Retail (in local currency)	**29,924**	28,592
Office(1)	**33,081**	31,187
Hotel	**1,409**	952
Exchange amount to Canadian dollars	**12,839**	12,331
Comparative NOI	**135,179**	127,292
Acquired properties	**2,091**	18
Dispositions	**439**	6,418
Realty tax expense accounted for under IFRIC 21	**(43,257)**	(41,049)
Lease cancellation fees	**1,197**	415
Realty tax refund/reassessment	**—**	2,826
Other	**(901)**	(801)
NOI	**$94,748**	$95,119

(1) Includes industrial properties with Comparative NOI for the three months ended March 31, 2024 of $2,485 (2023 - $1,450).

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 March 31, 2024, increased by $7,887 or 6.2%, to $135,179 compared to $127,292 in 2023 due to the following:

- Multi-suite residential increased by $3,696 as a result of rental rate growth, partly offset by higher vacancy and an increase in operating expenses;
- Retail increased by $1,332 mainly due to higher rents, higher recoveries, and lower bad debts;
- Office increased by $1,894 mainly due to higher rents and occupancy, and higher recoveries of operating expenses;
- Hotel increased by $457 mainly due to an increase in RevPar; and
- The change in the foreign exchange rate increased Comparative NOI for the U.S. properties by $508.

MANAGEMENT AND ADVISORY FEES

Morguard's management and advisory fees revenue for the three months ended March 31, 2024, decreased by $493, or 4.9%, to $9,657, compared to $10,150 in 2023, primarily due to decrease in asset management fees earned, partially offset by a higher project management fee.

INTEREST AND OTHER INCOME

Interest and other income for the three months ended March 31, 2024, decreased by $613, or 12.0%, to $4,483, compared to $5,096 in 2023. The decrease was primarily due to lower interest earned on restricted cash of $565 held as part of a 1031 Exchange.

INTEREST EXPENSE

Interest expense consists of the following:

For the three months ended March 31	2024	2023
Mortgages payable	**$49,656**	$45,605
Debentures payable, net of accretion	**9,710**	9,327
Bank indebtedness	**970**	3,659
Loans payable and other	**160**	262
Lease liabilities	**2,461**	2,484
Amortization of mark-to-market adjustments on mortgages, net	**(131)**	(496)
Amortization of deferred financing costs	**2,176**	2,165
	65,002	63,006
Less: Interest capitalized to properties under development	**(120)**	(279)
	$64,882	$62,727

Interest expense for the three months ended March 31, 2024, increased by $2,155, or 3.4%, to $64,882, compared to $62,727 in 2023, mainly due to an increase in interest on mortgages payable and interest on Debentures, partially offset by lower interest on bank indebtedness. The increase in interest on Debentures is primarily due to issuance of Series H senior unsecured debentures on September 26, 2023, partially offset by the repayment of Series G and Series E senior unsecured debentures on September 28, 2023 and January 25, 2024, respectively. The increase in interest on mortgages payable is largely attributable to properties financed at higher fixed and floating rates of interest, and a change in foreign exchange rates increasing U.S. mortgage interest by $292.

PROPERTY MANAGEMENT AND CORPORATE

Property management and corporate expenses for the three months ended March 31, 2024, increased by $1,425, or 6.5%, to $23,331, compared to $21,906 in 2023, primarily due to higher non-cash compensation expense related to the Company's SARs plan of $1,532.

AMORTIZATION OF HOTEL PROPERTIES AND OTHER

Amortization of hotel properties and other for the three months ended March 31, 2024, decreased by $4,843, or 64.5%, to $2,667, compared to $7,510 in 2023, primarily due to the disposition of hotel properties.

FAIR VALUE GAIN (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 March 31, 2024, the Company recognized a net fair value gain on real estate properties of $13,882, compared to $33,756 in 2023.

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

For the three months ended March 31	2024	2023
Multi-suite residential	**$68,181**	$79,133
Retail	**(12,589)**	8,193
Office(1)	**(41,710)**	(53,570)
	$13,882	$33,756

(1) Includes industrial properties with a fair value loss for the three months ended March 31, 2024 of $253 (2023 - gain of $1,359).

For the three months ended March 31, 2024, the Company recognized the following fair value gain (loss):

- A net fair value gain of $68,181 in the residential portfolio, mainly due to an increase in stabilized NOI across the Company's Canadian residential portfolio and an adjustment to realty taxes accounted for under IFRIC 21.
- A net fair value loss of $12,589 in the retail portfolio, due to a 25 basis point increase in valuation parameters at some of the Company's enclosed malls, partially offset by an adjustment to realty taxes accounted under IFRIC 21.
- A net fair value loss of $41,710 in the office portfolio, primarily due to a 25 to 50 basis point increase in valuation parameters across several properties.

FAIR VALUE LOSS ON MORGUARD RESIDENTIAL REIT UNITS

For the three months ended March 31, 2024, the Company recorded a fair value loss on the Morguard Residential REIT units of $36,935, which includes a mark-to-market loss of $31,451 on the units as a result of a increase in trading price and the distributions made to external unitholders of $5,481.

FAIR VALUE LOSS ON INVESTMENT IN MARKETABLE SECURITIES

For the three months ended March 31, 2024, the Company recorded a fair value loss on investment in marketable securities of $6,509 resulting from a decrease in market value of the securities.

GAIN ON SALE OF HOTEL PROPERTIES

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

EQUITY INCOME FROM INVESTMENTS

Equity income (loss) from investments consists of the following:

For the three months ended March 31	2024	2023
Joint ventures	**$1,061**	$963
Associates	**(29)**	208
	$1,032	$1,171

Equity income from investments for the three months ended March 31, 2024, decreased by $139 to $1,032, compared to $1,171 in 2023.

OTHER EXPENSE

Other expense for the three months ended March 31, 2024, decreased by $646 to $195, compared to $841 in 2023.

INCOME TAXES

For the three months ended March 31, 2024, the Company recorded an income tax expense of $9,128, compared to $25,711 in 2023. The decrease in income tax expense of $16,583 comprises a decrease of $33,221 in deferred tax expense and an increase of $16,638 in current tax expense.

The increase in current tax expense for the three months ended March 31, 2024 is primarily a result of an increase of $17,452 relating to the disposal of properties, compared to 2023.

The decrease in deferred income tax expense for the three months ended March 31, 2024 is primarily due to the utilization of net operating losses, the derecognition of deferred taxes relating to a property disposition, and a lower 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 (loss). During the three months ended March 31, 2024, an actuarial gain of $822 was recorded in the consolidated statements of comprehensive income (loss), compared to $1,743 in 2023; the gains 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 under the section "Part I, Specified Financial Measures."

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

For the three months ended March 31	2024	2023
Multi-suite residential	**$70,421**	$64,634
Retail	**32,287**	32,965
Office	**34,494**	32,993
Hotel	**803**	5,576
Adjusted NOI[1]	**138,005**	136,168
Other Revenue		
Management and advisory fees	**9,657**	10,150
Interest and other income	**4,483**	5,096
Equity-accounted FFO[2]	**1,075**	1,388
	15,215	16,634
Expenses and Other		
Interest	**(64,882)**	(62,727)
Principal repayment of lease liabilities	**(401)**	(410)
Property management and corporate	**(23,331)**	(21,906)
Internal leasing costs	**1,205**	642
Amortization of capital assets	**(281)**	(331)
Current income taxes[3]	**952**	138
Non-controlling interests' share of FFO[4]	**(13,657)**	(16,111)
Unrealized changes in the fair value of financial instruments	**(20,634)**	(18,576)
Other expense	**(248)**	(869)
FFO	**$31,943**	$32,652
FFO per common share amounts – basic and diluted	**$2.95**	$2.96
Weighted average number of common shares outstanding (in thousands):		
Basic and diluted	**10,813**	11,022

(1) For three months ended March 31, 2024, an IFRIC 21 adjustment of $43,257 (2023 - $41,049) was added to the IFRS presentation of realty tax expense.
(2) Equity-accounted FFO exclude fair value adjustments on real estate properties, provision for (recovery of) impairment, deferred income taxes and amortization of hotel properties.
(3) Current income taxes for the three months ended March 31, 2024, excludes $17,619 (2023 - $167) of income tax relating to the disposal of properties.
(4) For the three months ended March 31, 2024, non-controlling interests' share of FFO includes Morguard Residential REIT's non-controlling interest share of FFO in the amount of $7,836 (2023 - $7,963).

For the three months ended March 31, 2024, the Company recorded FFO of $31,943 ($2.95 per common share), compared to $32,652 ($2.96 per common share) in 2023. The decrease in FFO of $709 is mainly due to an increase in unrealized changes in fair value loss of the Company's financial instruments of $2,058, an increase in interest expense of $2,155, and an increase in property management and corporate of $1,425, partially offset by an increase in Adjusted NOI of $1,837, a decrease in the non-controlling interests' share of FFO of $2,454 and a decrease in current income taxes of $814.

The change in foreign exchange rate had a negative impact on FFO of $47 ($nil 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 under the section "Part I, Specified Financial Measures."

Normalized FFO

For the three months ended March 31	2024	2023
FFO (from above)	**$31,943**	$32,652
Add/(deduct):		
Unrealized changes in the fair value of financial instruments	**20,634**	18,576
SARs plan increase (decrease) in compensation expense	**857**	(675)
Lease cancellation fee and other	**(1,037)**	(344)
Tax effect of above adjustments	**179**	57
Normalized FFO	**$52,576**	$50,266
Per common share amounts – basic and diluted	**$4.86**	$4.56

Normalized FFO for the three months ended March 31, 2024, was $52,576 or $4.86 per common share, versus $50,266, or $4.56 per common share, for the same period in 2023, which represents an increase of $2,310, or 4.6%.

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

For the three months ended March 31	2024	2023
Net income (loss) attributable to common shareholders	**$130,446**	($34,690)
Add/(deduct):		
Fair value gain on real estate properties, net(1)	**(13,839)**	(33,826)
Non-controlling interests' share of fair value loss on real estate properties, net(1)	**(17,340)**	(2,784)
Fair value loss on Morguard Residential REIT units	**31,454**	34,054
Distribution to Morguard Residential REIT's external unitholders	**5,481**	5,606
Non-controlling interest - Morguard Residential REIT	**(7,836)**	(7,963)
Fair value gain on conversion option of MRG convertible debentures	**(152)**	(289)
Amortization of intangible asset	**1,729**	2,906
Amortization of hotel properties(2)	**657**	4,560
Foreign exchange gain	**(53)**	(28)
Deferred income taxes	**(7,539)**	25,682
Principal repayment of lease liabilities	**(401)**	(410)
Internal leasing costs	**1,205**	642
Realty taxes accounted for under IFRIC 21(3)	**41,099**	39,025
Gain on sale of hotel properties	**(150,587)**	—
Current tax on disposition of properties	**17,619**	167
FFO	**$31,943**	$32,652
FFO per common share – basic and diluted	**$2.95**	$2.96
Weighted average number of common shares outstanding (in thousands):		
Basic and diluted	**10,813**	11,022

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

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 95% 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	March 31, 2024	December 31, 2023
Real estate properties		
Multi-suite residential	**$6,435,374**	$6,274,851
Retail	**2,135,419**	2,134,485
Office(1)	**1,903,291**	2,063,987
	10,474,084	10,473,323
Properties under development	**14,254**	12,175
Land held for development	**134,127**	133,464
Real estate properties	**10,622,465**	10,618,962
Real estate properties	**10,585,415**	10,493,655
Real estate properties held for sale	**37,050**	125,307
Total	**$10,622,465**	$10,618,962

(1) As at March 31, 2024, includes industrial properties in the amount of $226,067 (December 31, 2023 - $226,727).

Real estate properties (including real estate properties held for sale) increased by $3,503 at March 31, 2024, to $10,622,465, compared to $10,618,962 at December 31, 2023. The increase is primarily the result of the following:

- Capitalization of property enhancements, including capital expenditures and tenant improvements totalling $19,316;
- Development expenditures of $4,759;
- A fair value gain on real estate properties of $13,882;
- An increase of $92,761 due to the change in the U.S. dollar exchange rate; and
- Dispositions of real estate properties of $125,512.

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. As at March 31, 2024, the Company has entered into a binding agreement to sell a retail property consisting of 131,000 square feet located in Calgary, Alberta, for gross proceeds of $37,500, excluding closing costs and will repay the mortgage payable secured by the property in the amount of $16,984. The transaction is expected to close during the second quarter of 2024.

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 ("CUSPAP") 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 March 31, 2024, using the direct capitalization approach, the multi-suite residential, retail and office properties were valued using capitalization rates in the range of 3.3% to 10.3% (December 31, 2023 - 3.3% to 10.3%), resulting in an overall weighted average capitalization rate of 5.7% (December 31, 2023 - 5.6%).

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

As at	March 31, 2024					December 31, 2023				
	Occupancy Rates		Capitalization Rates			Occupancy Rates		Capitalization Rates		
	Max.	Min.	Max.	Min.	Weighted Average	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	**98.5%**	**92.0%**	**6.3%**	**3.3%**	**4.4%**	98.5%	92.0%	6.3%	3.3%	4.4%
Retail	**99.0%**	**85.0%**	**10.3%**	**5.0%**	**7.5%**	99.0%	85.0%	10.3%	5.0%	7.4%
Office(1)	**100.0%**	**85.0%**	**9.0%**	**5.0%**	**7.5%**	100.0%	85.0%	9.0%	4.8%	7.1%

(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	March 31, 2024			December 31, 2023		
	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%	5.0%	6.7%
Office						
Discount rate	**9.5%**	**6.0%**	**7.2%**	9.5%	5.8%	7.1%
Terminal cap rate	**8.5%**	**5.0%**	**6.5%**	8.5%	4.8%	6.4%

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

The sensitivity of the fair values of the Company's income producing properties as at March 31, 2024, and December 31, 2023, is set out in the table below:

As at	March 31, 2024		December 31, 2023	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($332,990)**	**$372,348**	($315,323)	$351,896
Retail	**(63,228)**	**67,631**	(63,503)	67,930
Office(1)	**(61,629)**	**65,923**	(70,489)	75,687
	($457,847)	**$505,902**	($449,315)	$495,513

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

HOTEL PROPERTIES

Hotel properties consist of the following:

As at	March 31, 2024	December 31, 2023
Cost	**$111,076**	$463,986
Accumulated impairment provision	**—**	(2,249)
Accumulated amortization	**(24,175)**	(119,633)
	$86,901	$342,104
Hotel properties held for sale	**—**	(254,728)
Hotel properties	**$86,901**	$87,376

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

EQUITY-ACCOUNTED AND OTHER FUND INVESTMENTS

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

As at	March 31, 2024	December 31, 2023
Joint ventures	**$36,777**	$36,037
Associates	**237**	2,964
Equity-accounted investments	**37,014**	39,001
Other real estate fund investments	**48,165**	56,524
	$85,179	$95,525
Equity-accounted investments held for sale	**(26,033)**	—
Equity-accounted and other investments	**$59,146**	$95,525

Equity-accounted investments held for sale are investments 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. As at March 31, 2024, the Company's two hotel 50% joint venture investments were classified as held for sale.

The following are the Company's significant equity-accounted investments as at March 31, 2024, and December 31, 2023:

				Company's Ownership		Carrying Value	
Property/Investment	Principal Place of Business	Investment Type	Asset Type	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$7,995**	$7,755
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,749**	2,757
Courtyard by Marriott [1]	Ottawa, ON	Joint Venture	Hotel	**50.0%**	50.0%	**16,675**	16,400
Marriott Residence Inn [1]	London, ON	Joint Venture	Hotel	**50.0%**	50.0%	**9,358**	9,125
MIL Industrial Fund II LP[2][3]	Various	Associate	Industrial	**18.8%**	18.8%	**237**	2,964
						$37,014	$39,001

(1) On April 16, 2024, the Company sold its 50% interest in two joint ventures for gross proceeds of $25,500 before working capital adjustments and closing costs.
(2) The Company accounts for its investment using the equity method since the Company has the ability to exercise significant influence as a result of its role as general partner; however, it does not control the fund.
(3) On February 28, 2024, the fund disposed of the remaining two industrial properties and distributed net proceeds in the amount of $2,698.

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

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	**$39,001**	$46,789
Additions	**—**	7,250
Share of net income	**1,032**	4,334
Distributions received	**(3,019)**	(19,372)
Balance, end of period	**$37,014**	$39,001

MORTGAGES PAYABLE

Mortgages payable totalled $4,592,618 at March 31, 2024, compared to $4,680,092 at December 31, 2023, a decrease of $87,474, mainly due to the repayment on extinguishment of mortgages of $106,336, repayments on maturity of $74,782 and scheduled principal repayments of $28,073, partially offset by net proceeds from new mortgage financing of $78,365 and a change in foreign exchange of $41,883.

MORTGAGE CONTINUITY SCHEDULE

As at	March 31, 2024	December 31, 2023
Opening mortgage balance	**$4,680,092**	$4,642,151
New mortgage financing	**80,000**	679,085
New mortgage financing costs	**(1,635)**	(5,929)
Mortgages assumed on acquisition	**—**	26,259
Mortgage repayments on maturity	**(74,782)**	(503,847)
Mortgage repayments on extinguishment	**(106,336)**	—
Scheduled principal repayments	**(28,073)**	(118,434)
Change in foreign exchange rate	**41,883**	(43,810)
Mortgages mark-to-market adjustment, net	**(131)**	(3,379)
Deferred financing costs (including extinguishment)	**1,600**	7,996
Closing mortgage balance	**$4,592,618**	$4,680,092

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2024, mortgages payable bear interest at rates ranging between 2.03% and 7.92% per annum with a weighted average interest rate of 4.26% (December 31, 2023 - 4.36%), mature between 2024 and 2058 with a weighted average term to maturity of 4.0 years (December 31, 2023 - 4.1 years). Approximately 91% of the Company's mortgages have fixed interest rates.

MORTGAGE REPAYMENT SCHEDULE

As at March 31, 2024	Principal Instalment Repayments	Balance Maturing	Total	Weighted Average Contractual Interest Rate
2024 (remainder of year)	$81,934	$791,711	$873,645	5.77%
2025	98,530	511,477	610,007	3.38%
2026	80,047	485,778	565,825	3.64%
2027	52,162	602,423	654,585	4.46%
2028	41,685	339,233	380,918	4.26%
Thereafter	118,058	1,414,135	1,532,193	3.85%
	$472,416	$4,144,757	4,617,173	4.26%
Mark-to-market adjustment, net			(1,240)	
Deferred financing costs			(23,315)	
			$4,592,618	

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, 2024, and December 31, 2023, the Company was in compliance with all financial covenants.

The following table details the new and refinancing activities completed during the three months ended March 31, 2024:

Date	Asset Type	Location	New Interest Rate	Maturing Interest Rate	Term (years)	Mortgage Proceeds	Mortgage Repayment
January 21, 2024	Retail	Red Deer, AB	—%	5.97%	—	$—	$2,393
February 1, 2024	Retail	Toronto, ON	5.10%	8.35%	4.0	80,000	72,389
Weighted Averages and Total			**5.10%**	**8.27%**	**4.0**	**$80,000**	**$74,782**

MORTGAGE MATURITY SCHEDULE

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

	2024				2025			
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	7	$345,988	5.82%	37.4%	3	$301,637	2.97%	40.4%
Retail	5	213,963	5.56%	58.4%	2	53,416	2.99%	49.2%
Office	5	231,760	5.88%	58.1%	5	129,167	3.56%	47.7%
Hotels	—	—	—%	—%	1	27,257	7.71%	61.9%
	17	**$791,711**	**5.77%**	**46.8%**	**11**	**$511,477**	**3.38%**	**43.7%**

UNSECURED DEBENTURES

The Company's Unsecured Debentures consist of the following:

As at	Maturity Date	Coupon Interest Rate	March 31, 2024	December 31, 2023
Series E senior unsecured debentures	January 25, 2024	4.715%	**$—**	$225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Series H senior unsecured debentures	September 26, 2026	9.500%	**175,000**	175,000
Unamortized financing costs			**(2,120)**	(2,389)
			$397,880	$622,611

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. On January 25, 2024, the Series E senior unsecured debentures were fully repaid on maturity.

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 26, 2023, the Company issued $175,000 (net proceeds including issuance costs - $172,600) of Series H senior unsecured debentures due on September 26, 2026. Interest on the Series H senior unsecured debentures is payable semi-annually, not in advance, on March 26 and September 26 of each year, commencing on March 26, 2024. Paros Enterprises, a related party, acquired $25,000 aggregate principal amount of the Series H senior unsecured debentures. The Company has the option to redeem the Series H 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 1.235%.

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; prepaid expenses and other; and cash 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 separate financial statement lines in the Company's consolidated balance sheet have been grouped as one 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 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 SARs expense, 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	March 31, 2024	March 31, 2023
Interest coverage ratio(1)(2)	1.65	**2.27**	2.26
Indebtedness to aggregate assets ratio(2)	Less than or equal to 65%	**40.3%**	44.7%
Adjusted shareholders’ equity(2)	Not less than $300,000	**$3,561,901**	$3,549,931

(1) Calculated on a trailing twelve-month basis.
(2) 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 under the section Part I, “Specified Financial Measures.”

As at March 31, 2024, on a Non-Consolidated Basis, the Company’s unencumbered assets which include real estate, hotel properties, and other investments amounted to $787,984 (December 31, 2023 - $807,219).

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	March 31, 2024 Morguard Non-Consolidated Basis	December 31, 2023 Morguard Non-Consolidated Basis
ASSETS							
Real estate properties	$10,585,415	($2,177,843)	($4,114,325)	($159,062)	$—	**$4,134,185**	$4,086,828
Real estate / hotel properties held for sale	63,083	(37,050)	—	—	—	**26,033**	380,035
Hotel properties	86,901	—	—	—	24,175	**111,076**	207,009
Equity-accounted and other fund investments	59,146	(7,995)	(56,345)	1,385,303	—	**1,380,109**	1,436,086
Other assets	583,967	(23,854)	(41,563)	76,422	(24,488)	**570,484**	490,280
Total assets	$11,378,512	($2,246,742)	($4,212,233)	$1,302,663	($313)	**$6,221,887**	$6,600,238
LIABILITIES							
Mortgages payable	$4,592,618	($1,004,204)	($1,511,221)	($106,662)	$—	**$1,970,531**	$2,064,478
Construction financing, loans and bank indebtedness	25,640	(94,004)	—	70,000	—	**1,636**	115,259
Class B LP units	—	—	(274,708)	274,708	—	**—**	—
Unsecured debentures	397,880	—	—	—	—	**397,880**	622,611
Convertible debentures	141,373	(152,455)	(52,452)	63,534	—	**—**	—
Lease liabilities	170,729	(16,362)	(16,432)	88	—	**138,023**	138,413
Morguard Residential REIT units	425,175	—	—	(425,175)	—	**—**	—
Deferred income tax liabilities	836,271	—	(273,520)	—	(562,751)	**—**	—
Accounts payable and accrued liabilities	286,642	(59,144)	(78,302)	2,720	—	**151,916**	138,420
Total liabilities	6,876,328	(1,326,169)	(2,206,635)	(120,787)	(562,751)	**2,659,986**	3,079,181
Equity / Adjusted shareholders' equity	4,502,184	(920,573)	(2,005,598)	1,423,450	562,438	**3,561,901**	3,521,057
Total liabilities and equity	$11,378,512	($2,246,742)	($4,212,233)	$1,302,663	($313)	**$6,221,887**	$6,600,238

COMPUTATION FOR INTEREST COVERAGE RATIO

Twelve months ended March 31	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Income Statement Indenture Adjustment	2024 Morguard Non-Consolidated Basis	2023 Morguard Non-Consolidated Basis
Revenue from real estate properties	$1,011,443	($254,658)	($336,728)	($15,835)	$—	**$404,222**	$382,377
Revenue from hotel properties	140,879	—	—	—	—	**140,879**	165,277
Property operating expenses	(458,013)	129,326	155,209	(10,098)	691	**(182,885)**	(174,541)
Hotel operating expenses	(99,264)	—	—	—	—	**(99,264)**	(125,819)
Net operating income	595,045	(125,332)	(181,519)	(25,933)	691	**262,952**	247,294
Management and advisory fees/distributions	43,079	—	—	46,903	—	**89,982**	86,222
Interest and other income	17,506	—	—	3,586	—	**21,092**	19,874
Property management and corporate(1)	(88,556)	3,811	22,294	(25,367)	869	**(86,949)**	(83,676)
Other income (expense)(2)	(26)	(11)	279	173	—	**415**	(1,205)
Distributions from Morguard REIT and Morguard Residential REIT	—	—	—	—	28,426	**28,426**	27,304
EBITDA	$567,048	($121,532)	($158,946)	($638)	$29,986	**$315,918**	$295,813
Interest expense	$266,830	($65,012)	($76,618)	$13,919	$—	**$139,119**	$130,841
Interest capitalized to development projects	996	(996)	—	—	—	**—**	—
Interest expense for interest coverage ratio	$267,826	($66,008)	($76,618)	$13,919	$—	**$139,119**	$130,841

(1) Morguard consolidated property management and corporate expense for the twelve months ended March 31, 2024, includes a non-cash fair value adjustment relating to the Company's SARs liability and has been adjusted to remove the impact of the increase in SARs expense of $869 (2023 - decrease in SARs expense of $5,702).
(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, provision for (recovery of) impairment, 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	March 31, 2024	December 31, 2023
Morguard Residential REIT(1)	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$47,452**	$47,277
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**93,921**	93,498
						$141,373	$140,775

(1) As at March 31, 2024, the liability includes the fair value of the conversion option of $1,979 (December 31, 2023 - $2,131).

Morguard Residential REIT

On February 13, 2018, Morguard Residential REIT issued $75,000 principal amount of 4.50% convertible unsecured subordinated debentures. On February 21, 2018, an additional principal amount of $10,500 was issued pursuant to the exercise of the over-allotment option. On March 24, 2023, the 4.50% convertible unsecured subordinated debentures were redeemed in advance of their March 31, 2023 maturity date.

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, commencing September 30, 2023. The underwriter's commissions, 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. Morguard owns $5,000 aggregate principal amount of the 6.00% convertible unsecured subordinated debentures.

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. The underwriter's commissions, legal and other issue costs attributable to the debentures in the amount of $4,213 have been capitalized and are 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.

MORGUARD RESIDENTIAL REIT UNITS

As at March 31, 2024, the Company owned a 46.1% (December 31, 2023 - 46.1%) 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 March 31, 2024, the Company valued the non-controlling interest in Morguard Residential REIT units at $425,175 (December 31, 2023 - $393,695) 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, 2024 of $36,935 (2023 - $39,660) in the consolidated statements of income (loss).

BANK INDEBTEDNESS

As at March 31, 2024, the Company had borrowed $25,640 (December 31, 2023 - $191,369) on its operating lines of credit and had issued letters of credit in the amount of $2,758 (December 31, 2023 - $3,185). The Company has six revolving lines of credit of which five are subject to borrowing limitations that are based on performance metrics of the underlying security. As at March 31, 2024, the maximum amount that can be borrowed on the operating lines of credit is $322,112 (December 31, 2023 - $392,735). During three months ended March 31, 2024, the Company's operating lines of credit were reduced due to the disposition of nine hotel properties that were secured against one of the Company's lines of credit. As at March 31, 2024, the Company has operating lines of credit totalling $407,500 (December 31, 2023 - $486,000).

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 March 31, 2024, 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, bankers' acceptance 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 March 31, 2024, the Company is in compliance with all undertakings.

LEASE LIABILITIES

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

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	**$170,753**	$172,517
Interest on lease liabilities	**2,461**	9,899
Payments	**(2,862)**	(11,521)
Additions	**—**	241
Foreign exchange loss (gain)	**377**	(383)
Balance, end of period	**$170,729**	$170,753

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2024	December 31, 2023
Within 12 months	**$11,478**	$11,445
2 to 5 years	**44,873**	44,785
Over 5 years	**349,309**	351,114
Total minimum lease payments	**405,660**	407,344
Less: future interest costs	**(234,931)**	(236,591)
Present value of minimum lease payments	**$170,729**	$170,753

EQUITY

Total equity increased by $159,094 to $4,502,184 at March 31, 2024, compared to $4,343,090 at December 31, 2023.

The increase in equity was primarily the result of:

- Net income for the three months ended March 31, 2024 of $116,769;
- Non-controlling interest distributions of $1,849;
- Dividends paid of $1,622; and
- Unrealized foreign currency translation gain of $53,382.

As at March 31, 2024, and May 7, 2024, 10,813,391 common shares were 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 three months ended March 31, 2024, Morguard received $7,528 in recurring distributions and dividends from subsidiaries and affiliated entities.

The Company has liquidity of approximately $548,000 comprised of $138,500 in cash, $296,500 available under its revolving credit facilities and up to $113,000 of additional net mortgage financing proceeds under binding commitments. In addition, the Company has approximately $1,164,000 of unencumbered income producing and hotel properties, and other investments which could be utilized for financing.

The Company has approximately $1,303,000 of mortgages payable maturing during 2024 and 2025 having an aggregate loan-to-value ratio of 46% which management expects to be able to refinance at similar or favourable terms. In addition, the Company has $225,000 of senior unsecured debentures maturing in November 2024. The Company expects to be able to issue new debt instruments and use current liquidity to permit the repayment of 2024 and 2025 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 flow 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 MARCH 31, 2024

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended March 31, 2024, was $33,654, compared to $47,072 in 2023. 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 March 31, 2024, totalled $507,645, compared to cash used in investing activities of $148,466 in 2023. The cash provided by investing activities reflects:

- Additions to real estate properties and tenant improvements of $16,372;
- Additions to hotel properties of $668;
- Additions to capital and intangible assets of $684;
- Investment in properties under development of $4,759;
- Net proceeds from the sale of real estate properties of $125,512;
- Net proceeds from sale of hotel properties of $405,801;
- Net decrease in mortgages and loans receivable of $518; and
- Net investment in equity-accounted and other fund investments of $1,703.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities during the three months ended March 31, 2024, totalled $519,922, compared to cash provided by financing activities of $110,067 in 2023. The cash used in financing activities reflects:

- Proceeds from new mortgages, net of financing cost of $78,365;
- Mortgage principal repayments of $28,073;
- Repayment of mortgages on maturity of $74,782;
- Repayment of mortgages due to early extinguishments of $106,336;
- Net repayment of bank indebtedness of $165,729;
- Redemption of debentures payable of $225,000;
- Dividends paid of $1,616;
- Distributions to non-controlling interest of $1,399;
- Morguard Residential REIT units repurchased for cancellation of $209; and
- Decrease in restricted cash of $5,258.

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 Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at March 31, 2024, Paros Holdings owns a 61.9% interest in Morguard through its ownership of 6,691,000 common shares. As at March 31, 2024, Paros Enterprises owns $nil (December 31, 2023 - $20,079) Series E senior unsecured debentures, $7,244 (December 31, 2023 - $7,244) Series F senior unsecured debentures, $25,000 (December 31, 2023 - $25,000) Series H senior unsecured debentures, and $2,000 (December 31, 2023 - $2,000) of Morguard Residential REIT's 6.00% convertible unsecured subordinated debentures. As at March 31, 2024, and December 31, 2023, the Company has a demand loan agreement with Paros Enterprises that provides for the Company to borrow up to $50,000. As at March 31, 2024, and December 31, 2023, no amounts were drawn and no net interest expense was incurred.

TWC ENTERPRISES LIMITED

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 months ended March 31, 2024, the Company received a management fee of $329 (2023 - $329), and paid rent and operating expenses of $224 (2023 - $159).

As at March 31, 2024, and December 31, 2023, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at the lender's short-term bank borrowing rate plus ten basis points. The total loan payable as at March 31, 2024 was $nil (Decembr 31, 2023 - $nil). During the three months ended March 31, 2024, the Company paid net interest of $nil (2023 - $149).

SHARE/UNIT PURCHASE AND OTHER LOANS

As at March 31, 2024, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $1,512 (December 31, 2023 - $1,508) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures 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 on the consolidated balance sheets. As at March 31, 2024, the fair market value of the common shares/units held as collateral is $3,624.

PART VII

SUMMARY OF MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The Company's unaudited condensed consolidated financial statements for the three months ended March 31, 2024 and 2023, 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, 2023, 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, 2023, 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 *de facto* control, estimates of fair value of real estate properties, estimating deferred tax assets and liabilities, revenue recognition, valuation of financial instruments and the determination of whether an acquisition represents a business combination or an asset acquisition. Management determined that as at March 31, 2024, 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, 2023.

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, 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 in 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 lost ("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 and bank indebtedness approximate their carrying values due to the short-term maturity of those instruments. The loans payable are reflected at fair value since they are based on a floating interest rate and reflect the terms of current market conditions.

Mortgages payable, Unsecured Debentures, convertible debentures, lease liabilities and finance lease receivable are carried at amortized cost using the effective interest 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, 2024, market rates for debts of similar terms. Based on these assumptions, the fair value as at March 31, 2024, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,368,500 (December 31, 2023 - $4,351,345), compared with the carrying value of $4,617,173 (December 31, 2023 - $4,704,260). 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. As at March 31, 2024, the fair value of the Unsecured Debentures has been estimated at $406,995 (December 31, 2023 - $628,660), compared with the carrying value of $400,000 (December 31, 2023 - $625,000).

The fair value of the convertible debentures liability is based on their market trading prices. As at March 31, 2024, the fair value of the convertible debentures before deferred financing costs has been estimated at $144,184 (December 31, 2023 - $141,308), compared with the carrying value of $150,000 (December 31, 2023 - $150,000).

The fair value of the finance lease receivable is determined by discounting the cash flows of the financial receivable using March 31, 2024, market rates for debt on similar terms. Based on these assumptions, as at March 31, 2024, the fair value of the finance lease receivable has been estimated at $58,984 (December 31, 2023 - $58,386).

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, 2023 and the Company's most recent Annual Information Form, dated February 22, 2024 and provide a more detailed discussion of these and other risks.

Taxation

On November 21, 2023, the Department of Finance (Canada) confirmed the government intends to proceed with the measures announced in its 2023 federal budget and other previously announced measures, as modified to take into account consultations. The proposed rules which are not yet substantially enacted, that may limit the amount of interest that certain taxpayers may be able to deduct for tax purposes (the "Interest Rules") will become effective for the 2024 fiscal year. The Interest Rules are proposed to address base erosion and profit-shifting issues arising from taxpayers deducting interest, principally in the context of multi-national enterprises and cross-border investments. Management assessed the potential impact of the Interest Rules based on the most recent tax filing and financial statements. Based on the assessment, the Interest Rules will limit the deductibility of certain interest expenses of the Company.

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") published the Pillar Two model rules outlining a structure for a new 15% global minimum tax to be implemented by participating countries at an agreed future date, currently expected (for most countries) to be 2024. In its 2023 budget, the Canadian federal government announced its intentions to substantively enact Pillar Two legislation for the fiscal years beginning on or after December 31, 2023. To date, the U.S., in which certain of the Company's subsidiaries operate, has not indicated its commitment to enact Pillar Two legislation. The Company and its subsidiaries are reviewing the relevant legislation and available guidance to assess the full implications of the Pillar Two model rules. The Company and its subsidiaries currently operate in countries with a higher tax rate than the proposed minimum.

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 are 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 three months ended March 31, 2024. 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 three months ended March 31, 2024.

An information disclosure policy constitutes the framework for the information disclosure process with regard to the annual and interim filings, as well as to 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 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

(In thousands of dollars, except per common share amounts)	Total Revenue	NOI	Adjusted NOI	Normalized FFO	Net Income (Loss)	Net Income (Loss) Attributable to Common Shareholders	Net Income (Loss) to Common Shareholders per Share - Basic/Diluted
March 31, 2024	**$281,666**	**$94,748**	**$138,005**	**$52,576**	**$116,769**	**$130,446**	**$12.06**
December 31, 2023	312,858	169,277	155,280	62,867	3,162	13,554	1.25
September 30, 2023	312,361	165,792	151,731	64,394	(9,444)	5,494	0.51
June 30, 2023	306,022	165,228	151,188	62,173	95,868	89,818	8.19
March 31, 2023	292,777	95,119	136,168	50,266	(31,350)	(34,690)	(3.15)
December 31, 2022	289,468	156,776	145,416	60,160	(423,305)	(383,030)	(34.48)
September 30, 2022	299,501	158,034	145,539	63,396	55,755	66,824	6.02
June 30, 2022	282,769	141,736	130,027	52,394	248,091	232,708	20.96

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, provision for (recovery of) impairment 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. feet	# of rooms/ suites
2024	First	Industrial	Disposition	12,275	—
2024	First	Office	Disposition	250,500	—
2024	First	Hotels	Disposition	—	2,115
2023	Fourth	Residential	Acquisition	—	232
2023	First	Residential	Acquisition	—	240
2023	First	Industrial	Disposition	19,875	—
2022	Fourth	Office(1)	Acquisition	109,208	—
2022	Fourth	Industrial	Disposition	21,536	—
2022	Fourth	Multi-suite residential	Disposition	—	340
2022	Fourth	Hotels	Disposition	—	616
2022	Third	Hotels	Disposition	—	566
2022	Third	Multi-suite residential	Disposition	—	144
2022	Third	Retail	Acquisition	186,712	—
2022	Third	Multi-suite residential	Acquisition	—	350
2022	Second	Office	Acquisition	163,580	—
2022	Second	Multi-suite residential	Disposition	—	292
2022	Second	Hotels	Disposition	—	673

(1) The Company acquired a 50% 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 steady revenue growth during the last eight quarters. In addition, lower hotel revenue during the first quarter of 2024 and 2023 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 (Loss) Attributable to Common Shareholders

Taking into account the above factors for revenue and NOI variations, the change in net income (loss) 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 MRG units recorded to net income (loss);
- The Company recorded a fair value gain on real estate properties for the three months ended March 31, 2024, mainly due to increase in stabilized NOI and an IFRIC 21 adjustment at the Company’s residential portfolio. The Company recorded fair value loss during the year ended December 31, 2023, mainly due to an increase in capitalization rates at the Company’s retail and office properties;
- During the three months ended March 31, 2024, the Company recorded a deferred income tax recovery due to the utilization of net operating income losses and the derecognition of deferred taxes relating to a property disposition, partly offset by a net fair value gain recorded on the Company’s Canadian and U.S. properties. For the year ended December 31, 2023, the Company recorded a deferred tax expense primarily as a result of the utilization of net operating losses, partly offset by fair value losses recorded on the Company’s real estate properties;
- During the three months ended March 31, 2024, the Company recorded a gain on sale of hotel properties of $150,587; and
- The Company recorded a recovery of impairment of $11,000 during the third quarter of 2023.

SUBSEQUENT EVENT

Subsequent to March 31, 2024, the Company entered into binding commitment letters for the Canada Mortgage and Housing Corporation (“CMHC”) insured refinancing of three multi-suite residential properties located in Mississauga, Ontario, providing gross proceeds of up to $203,680. The Company expects to close the refinancing during the second quarter of 2024. The maturing mortgages amount to $90,907, and have a weighted average interest rate of 3.36%.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2024	December 31, 2023
ASSETS			
Non-current assets			
Real estate properties	4	**$10,585,415**	$10,493,655
Hotel properties	5	**86,901**	87,376
Equity-accounted and other fund investments	6	**59,146**	95,525
Other assets	7	**330,507**	340,275
		11,061,969	11,016,831
Current assets			
Amounts receivable	8	**54,176**	59,861
Prepaid expenses and other		**60,738**	49,844
Cash		**138,546**	116,517
		253,460	226,222
Real estate and hotel properties held for sale	4, 6	**63,083**	380,035
		$11,378,512	$11,623,088
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	9	**$3,577,259**	$3,550,358
Debentures payable	10	**315,184**	314,386
Lease liabilities	12	**169,127**	169,140
Morguard Residential REIT units	11	**425,175**	393,695
Deferred income tax liabilities		**836,271**	835,481
		5,323,016	5,263,060
Current liabilities			
Mortgages payable	9	**1,015,359**	1,129,734
Debentures payable	10	**224,069**	449,000
Accounts payable and accrued liabilities	13	**288,244**	246,835
Bank indebtedness	14	**25,640**	191,369
		1,553,312	2,016,938
Total liabilities		**6,876,328**	7,279,998
EQUITY			
Shareholders' equity		**4,059,750**	3,887,550
Non-controlling interest		**442,434**	455,540
Total equity		**4,502,184**	4,343,090
		$11,378,512	$11,623,088

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 (LOSS)

In thousands of Canadian dollars, except per common share amounts

For the three months ended March 31	Note	2024	2023
Revenue from real estate properties	16	**$257,089**	$246,372
Revenue from hotel properties	16	**10,437**	31,159
Property operating expenses			
Property operating costs		**(62,433)**	(58,513)
Utilities		**(17,389)**	(19,494)
Realty taxes		**(83,322)**	(78,822)
Hotel operating expenses		**(9,634)**	(25,583)
Net operating income		**94,748**	95,119
OTHER REVENUE			
Management and advisory fees	16	**9,657**	10,150
Interest and other income		**4,483**	5,096
		14,140	15,246
EXPENSES			
Interest	17	**64,882**	62,727
Property management and corporate	15(c)	**23,331**	21,906
Amortization of hotel properties and other		**2,667**	7,510
		90,880	92,143
OTHER INCOME (EXPENSE)			
Fair value loss, net	18	**(43,535)**	(24,191)
Gain on sale of hotel properties	5	**150,587**	—
Equity income from investments	6	**1,032**	1,171
Other income (expense)	19	**(195)**	(841)
		107,889	(23,861)
Income (loss) before income taxes		**125,897**	(5,639)
Provision for (recovery of) income taxes	21		
Current		**16,667**	29
Deferred		**(7,539)**	25,682
		9,128	25,711
Net income (loss) for the period		**$116,769**	($31,350)
Net income (loss) attributable to:			
Common shareholders		**$130,446**	($34,690)
Non-controlling interest		**(13,677)**	3,340
		$116,769	($31,350)
Net income (loss) per common share attributable to:			
Common shareholders - basic and diluted	22	**$12.06**	($3.15)

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars

For the three months ended March 31	2024	2023
Net income (loss) for the period	**$116,769**	($31,350)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified subsequently to net income (loss):		
Unrealized foreign currency translation gain (loss)	**53,382**	(1,730)
Deferred income tax recovery (provision)	**(8,233)**	283
	45,149	(1,447)
Items that will not be reclassified subsequently to net income (loss):		
Actuarial gain on defined benefit pension plans	**822**	1,743
Deferred income tax provision	**(181)**	(465)
	641	1,278
Other comprehensive income (loss)	**45,790**	(169)
Total comprehensive income (loss) for the period	**$162,559**	($31,519)
Total comprehensive income (loss) attributable to:		
Common shareholders	**$173,816**	($34,788)
Non-controlling interest	**(11,257)**	3,269
	$162,559	($31,519)

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, 2023		$3,464,675	$300,340	$100,239	$3,865,254	$520,217	$4,385,471
Changes during the period:							
Net income (loss)		(34,690)	—	—	(34,690)	3,340	(31,350)
Other comprehensive loss		—	(98)	—	(98)	(71)	(169)
Dividends		(1,653)	—	—	(1,653)	—	(1,653)
Distributions		—	—	—	—	(1,784)	(1,784)
Issuance of common shares		—	—	7	7	—	7
Change in ownership of Morguard REIT		15,621	—	—	15,621	(23,540)	(7,919)
Tax impact of increase in subsidiary ownership interest		(4,056)	—	—	(4,056)	—	(4,056)
Shareholders' equity, March 31, 2023		$3,439,897	$300,242	$100,246	$3,840,385	$498,162	$4,338,547
Changes during the period:							
Net income (loss)		108,866	—	—	108,866	(19,280)	89,586
Other comprehensive loss		—	(41,719)	—	(41,719)	(2,330)	(44,049)
Dividends		(4,865)	—	—	(4,865)	—	(4,865)
Distributions		—	—	—	—	(5,066)	(5,066)
Issuance of common shares		—	—	18	18	—	18
Repurchase of common shares		(19,410)	—	(1,900)	(21,310)	—	(21,310)
Change in ownership of Morguard REIT		10,506	—	—	10,506	(15,946)	(5,440)
Tax impact of increase in subsidiary ownership interest		(4,331)	—	—	(4,331)	—	(4,331)
Shareholders' equity, December 31, 2023		$3,530,663	$258,523	$98,364	$3,887,550	$455,540	$4,343,090
Changes during the period:							
Net income (loss)		**130,446**	**—**	**—**	**130,446**	**(13,677)**	**116,769**
Other comprehensive income		**—**	**43,370**	**—**	**43,370**	**2,420**	**45,790**
Dividends	15(a)	**(1,622)**	**—**	**—**	**(1,622)**	**—**	**(1,622)**
Distributions		**—**	**—**	**—**	**—**	**(1,849)**	**(1,849)**
Issuance of common shares	15(a)	**—**	**—**	**6**	**6**	**—**	**6**
Shareholders' equity, March 31, 2024		**$3,659,487**	**$301,893**	**$98,370**	**$4,059,750**	**$442,434**	**$4,502,184**

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	2024	2023
OPERATING ACTIVITIES			
Net income (loss) for the period		**$116,769**	($31,350)
Add (deduct) items not affecting cash	23(a)	**(70,989)**	94,953
Distributions from equity-accounted and other fund investments		**321**	731
Additions to tenant incentives and leasing commissions	4	**(2,944)**	(1,731)
Net change in operating assets and liabilities	23(b)	**(9,503)**	(15,531)
Cash provided by operating activities		**33,654**	47,072
INVESTING ACTIVITIES			
Additions to real estate properties and tenant improvements	4	**(16,372)**	(126,398)
Additions to hotel properties	5	**(668)**	(1,531)
Additions to capital and intangible assets		**(684)**	(515)
Investment in properties under development	4	**(4,759)**	(6,875)
Proceeds from the sale of real estate properties, net	4	**125,512**	1,549
Proceeds from the sale of hotel properties, net	5	**405,801**	—
Decrease (increase) in mortgages and loans receivable		**518**	(185)
Investment in marketable securities		**—**	(8,194)
Investment in equity-accounted and other fund investments, net		**(1,703)**	(6,317)
Cash provided by (used in) investing activities		**507,645**	(148,466)
FINANCING ACTIVITIES			
Proceeds from new mortgages		**80,000**	85,360
Financing costs on new mortgages		**(1,635)**	(290)
Repayment of mortgages			
Principal instalment repayments		**(28,073)**	(30,360)
Repayments on maturity		**(74,782)**	(82,860)
Repayments due to mortgage extinguishments	4, 5	**(106,336)**	—
Principal payment of lease liabilities		**(401)**	(410)
Proceeds from bank indebtedness		**50,270**	131,712
Repayment of bank indebtedness		**(215,999)**	(57,613)
Proceeds from issuance of debentures payable, net of costs		**—**	48,590
Redemption of debentures payable	10	**(225,000)**	(80,500)
Proceeds from loans payable, net		**—**	27,357
Dividends paid		**(1,616)**	(1,646)
Distributions to non-controlling interest, net		**(1,399)**	(1,326)
Morguard Residential REIT units repurchased for cancellation		**(209)**	(3,478)
Investment in subsidiaries	15(b)	**—**	(7,919)
Decrease in restricted cash		**5,258**	83,450
Cash provided by (used in) financing activities		**(519,922)**	110,067
Net increase in cash during the period		**21,377**	8,673
Net effect of foreign currency translation on cash balance		**652**	57
Cash, beginning of period		**116,517**	111,808
Cash, end of period		**$138,546**	$120,538

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2024 and 2023

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

NOTE 1

NATURE AND DESCRIPTION OF COMPANY

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

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on May 7, 2024.

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:

	2024	2023
Canadian dollar to United States dollar exchange rates:		
- As at March 31	**$0.7386**	$0.7389
- As at December 31	**—**	0.7561
- Average for the three months ended March 31	**0.7414**	0.7394
United States dollar to Canadian dollar exchange rates:		
- As at March 31	**1.3540**	1.3533
- As at December 31	**—**	1.3226
- Average for the three months ended March 31	**1.3488**	1.3525

NOTE 3

SUBSIDIARIES WITH NON-CONTROLLING INTEREST

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

As at March 31, 2024, the Company owned a 46.1% (December 31, 2023 - 46.1%) 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 March 31, 2024, Morguard Residential REIT recorded distributions of $6,983, or $0.18501 per unit (2023 - $7,036, or $0.18 per unit), of which $1,502 was paid to the Company (2023 - $1,430) and $5,481 was paid to the remaining unitholders (2023 - $5,606). In addition, during the three months ended March 31, 2024, Morguard Residential REIT paid distributions to the Company on the Class B LP units of $3,186 (2023 - $3,100).

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

As at March 31, 2024, and December 31, 2023, the Company owned 41,977,862 units of Morguard REIT, which represents a 65.3% (December 31, 2023 - 65.3%) ownership interest.

During the three months ended March 31, 2024, Morguard REIT recorded distributions of $3,861, or $0.06 per unit (2023 - $3,849, or $0.06 per unit), of which $2,519 (2023 - $2,409) was paid to the Company and $1,342 was paid to the remaining unitholders (2023 - $1,440).

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, 2024		December 31, 2023	
	MRT	MRG	MRT	MRG
Non-current assets	**$2,184,333**	**$4,170,670**	$2,260,976	$4,052,763
Current assets	**60,905**	**41,563**	17,762	43,168
Total assets	**$2,245,238**	**$4,212,233**	$2,278,738	$4,095,931
Non-current liabilities	**$843,837**	**$1,931,061**	$854,965	$1,913,882
Current liabilities	**482,379**	**275,574**	464,238	222,398
Total liabilities	**$1,326,216**	**$2,206,635**	$1,319,203	$2,136,280
Equity	**$919,022**	**$2,005,598**	$959,535	$1,959,651
Non-controlling interest	**$322,408**	**$1,080,817**	$336,449	$1,056,360

The following summarizes the results of the operations and cash flows for the following years 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 March 31	2024		2023	
	MRT	MRG	MRT	MRG
Revenue	**$64,398**	**$84,756**	$64,816	$79,648
Expenses	**(50,851)**	**(91,823)**	(48,068)	(91,419)
Fair value gain (loss) on real estate properties, net	**(50,223)**	**52,166**	(21,541)	66,688
Fair value loss on Class B LP units	**—**	**(20,323)**	—	(20,668)
Net income (loss) for the period	**($36,676)**	**$24,776**	($4,793)	$34,249
Non-controlling interest	**($12,723)**	**$13,352**	($1,552)	$18,899

For the three months ended March 31	2024		2023	
	MRT	MRG	MRT	MRG
Cash provided by operating activities	**$6,226**	**$18,512**	$16,570	$17,897
Cash used in investing activities	**(8,744)**	**(5,361)**	(9,683)	(169,680)
Cash provided by (used in) financing activities	**1,501**	**(12,906)**	(7,127)	160,746
Net increase (decrease) in cash during the period	**($1,017)**	**$245**	($240)	$8,963

NOTE 4
REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	March 31, 2024	December 31, 2023
Income producing properties	**$10,437,034**	$10,348,016
Properties under development	**14,254**	12,175
Land held for development	**134,127**	133,464
Real estate properties	**$10,585,415**	$10,493,655
Real estate properties held for sale	**37,050**	125,307
Total	**$10,622,465**	$10,618,962

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, 2023	**$10,473,323**	**$12,175**	**$133,464**	**$10,618,962**
Additions:				
Capital expenditures	**13,200**	**—**	**—**	**13,200**
Development expenditures	**—**	**4,326**	**433**	**4,759**
Tenant improvements, incentives and leasing commissions	**6,116**	**—**	**—**	**6,116**
Transfers	**2,247**	**(2,247)**	**—**	**—**
Dispositions	**(125,512)**	**—**	**—**	**(125,512)**
Fair value gain (loss), net (Note 18)	**13,970**	**—**	**(88)**	**13,882**
Foreign currency translation	**92,443**	**—**	**318**	**92,761**
Other	**(1,703)**	**—**	**—**	**(1,703)**
Balance as at March 31, 2024	**$10,474,084**	**$14,254**	**$134,127**	**$10,622,465**
Real estate properties held for sale				**(37,050)**
Real estate properties				**$10,585,415**

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. As at March 31, 2024, the Company has entered into a binding agreement to sell a retail property consisting of 131,000 square feet located in Calgary, Alberta, for gross proceeds of $37,500, excluding closing costs and will repay the mortgage payable secured by the property in the amount of $16,984. The transaction is expected to close during the second quarter of 2024.

Transactions completed during the three months ended March 31, 2024

Dispositions

During the three months ended March 31, 2024, the Company sold an office property located in Ottawa, Ontario, consisting of 250,500 square feet, for net proceeds of $125,242, including closing costs, and repaid the mortgage payable secured by the property in the amount of $57,695.

During the three months ended March 31, 2024, the Company sold an industrial property consisting of 12,725 square feet, for net proceeds of $270, including closing costs.

Reconciliation of the carrying amounts for real estate properties for the year ended December 31, 2023 is set out below:

	Income Producing Properties	Properties Under Development	Land Held for Development	Total
Balance as at December 31, 2022	$10,418,017	$21,604	$111,453	$10,551,074
Additions:				
Acquisitions	223,758	—	—	223,758
Capital expenditures	97,785	—	—	97,785
Development expenditures	—	13,901	1,784	15,685
Tenant improvements, incentives and leasing commissions	33,585	—	—	33,585
Transfers	23,330	(23,330)	—	—
Dispositions	(3,069)	—	—	(3,069)
Fair value gain (loss), net	(221,148)	—	20,549	(200,599)
Foreign currency translation	(93,384)	—	(322)	(93,706)
Other	(5,551)	—	—	(5,551)
Balance as at December 31, 2023	$10,473,323	$12,175	$133,464	$10,618,962
Real estate properties held for sale				(125,307)
Real estate properties				$10,493,655

Capitalization Rates

As at March 31, 2024, and December 31, 2023, 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, 2024, using the direct capitalization approach, the multi-suite residential, retail and office properties were valued using capitalization rates in the range of 3.3% to 10.3% (December 31, 2023 - 3.3% to 10.3%), resulting in an overall weighted average capitalization rate of 5.7% (December 31, 2023 - 5.6%).

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

	March 31, 2024					December 31, 2023				
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%**	**3.3%**	**4.4%**	98.5%	92.0%	6.3%	3.3%	4.4%
Retail	**99.0%**	**85.0%**	**10.3%**	**5.0%**	**7.5%**	99.0%	85.0%	10.3%	5.0%	7.4%
Office[1]	**100.0%**	**85.0%**	**9.0%**	**5.0%**	**7.5%**	100.0%	85.0%	9.0%	4.8%	7.1%

(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	March 31, 2024			December 31, 2023		
	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%	5.0%	6.7%
Office						
Discount rate	**9.5%**	**6.0%**	**7.2%**	9.5%	5.8%	7.1%
Terminal cap rate	**8.5%**	**5.0%**	**6.5%**	8.5%	4.8%	6.4%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rates were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the income producing properties as at March 31, 2024 would decrease by $457,847 and increase by $505,902, respectively.

The sensitivity of the fair values of the Company's income producing properties as at March 31, 2024, and December 31, 2023, is set out in the table below:

As at	March 31, 2024		December 31, 2023	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($332,990)**	**$372,348**	($315,323)	$351,896
Retail	**(63,228)**	**67,631**	(63,503)	67,930
Office	**(61,629)**	**65,923**	(70,489)	75,687
	($457,847)	**$505,902**	($449,315)	$495,513

NOTE 5
HOTEL PROPERTIES

Hotel properties consist of the following:

As at March 31, 2024	Cost	Accumulated Amortization	Net Book Value
Land	**$14,577**	**$—**	**$14,577**
Buildings	**83,840**	**(12,309)**	**71,531**
Furniture, fixtures, equipment and other	**12,659**	**(11,866)**	**793**
	$111,076	**($24,175)**	**$86,901**

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

As at December 31, 2023	Cost	Accumulated Impairment Provision	Accumulated Amortization	Net Book Value
Land	$55,416	$—	$—	$55,416
Buildings	334,302	(2,165)	(58,907)	273,230
Furniture, fixtures, equipment and other	74,268	(84)	(60,726)	13,458
	$463,986	($2,249)	($119,633)	342,104
Hotel properties held for sale				(254,728)
				$87,376

Changes in the carrying amounts of hotel properties for the three months ended March 31, 2024, are summarized as follows:

As at March 31, 2024	**Opening Net Book Value**	**Additions**	**Dispositions**	**Amortization**	**Closing Net Book Value**
Land	**$55,416**	**$—**	**($40,839)**	**$—**	**$14,577**
Buildings	**273,230**	**165**	**(201,339)**	**(525)**	**71,531**
Furniture, fixtures, equipment and other	**13,458**	**503**	**(13,036)**	**(132)**	**793**
	$342,104	**$668**	**($255,214)**	**($657)**	**$86,901**

Changes in the carrying amounts of hotel properties for the year ended December 31, 2023, are summarized as follows:

As at December 31, 2023	Opening Net Book Value	Additions	Recovery of Impairment	Amortization	Closing Net Book Value
Land	$55,416	$—	$—	$—	$55,416
Buildings	267,048	2,730	10,041	(6,589)	273,230
Furniture, fixtures, equipment and other	14,775	4,730	959	(7,006)	13,458
	$337,239	$7,460	$11,000	($13,595)	$342,104

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, 2024**	December 31, 2023
Joint ventures	**$36,777**	$36,037
Associates	**237**	2,964
Equity-accounted investments	**37,014**	39,001
Other real estate fund investments	**48,165**	56,524
	$85,179	$95,525
Equity-accounted investments held for sale	**(26,033)**	—
Equity-accounted and other fund investments	**$59,146**	$95,525

Equity-accounted investments 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 for separate classification. As at March 31, 2024, the Company's two hotel 50% joint venture investments were classified as held for sale.

The following are the Company's significant equity-accounted investments as at March 31, 2024, and December 31, 2023:

				Company's Ownership		Carrying Value	
Property/Investment	Principal Place of Business	Investment Type	Asset Type	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Petroleum Plaza	Edmonton, AB	Joint Venture	Office	**50.0%**	50.0%	**$7,995**	$7,755
Quinte Courthouse	Belleville, ON	Joint Venture	Office	**50.0%**	50.0%	**2,749**	2,757
Courtyard by Marriott [(1)]	Ottawa, ON	Joint Venture	Hotel	**50.0%**	50.0%	**16,675**	16,400
Marriott Residence Inn [(1)]	London, ON	Joint Venture	Hotel	**50.0%**	50.0%	**9,358**	9,125
MIL Industrial Fund II LP [(2)(3)]	Various	Associate	Industrial	**18.8%**	18.8%	**237**	2,964
						$37,014	$39,001

(1) On April 16, 2024, the Company sold its 50% interest in two joint ventures for gross proceeds of $25,500 before working capital adjustments and closing costs.
(2) The Company accounts for its investment using the equity method since the Company has the ability to exercise significant influence as a result of its role as general partner; however, it does not control the fund.
(3) On February 28, 2024, the fund disposed of the remaining two industrial properties and distributed net proceeds in the amount of $2,698.

Equity-accounted investments

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

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	**$39,001**	$46,789
Additions	**—**	7,250
Share of net income	**1,032**	4,334
Distributions received	**(3,019)**	(19,372)
Balance, end of period	**$37,014**	$39,001

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

As at	March 31, 2024			December 31, 2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Non-current assets	**$108,939**	**$—**	**$108,939**	$156,001	$14,647	$170,648
Current assets	**57,952**	**1,308**	**59,260**	11,642	1,164	12,806
Total assets	**$166,891**	**$1,308**	**$168,199**	$167,643	$15,811	$183,454
Non-current liabilities	**$38,449**	**$—**	**$38,449**	$38,750	$—	$38,750
Current liabilities	**55,515**	**44**	**55,559**	56,940	257	57,197
Total liabilities	**$93,964**	**$44**	**$94,008**	$95,690	$257	$95,947
Net assets	**$72,927**	**$1,264**	**$74,191**	$71,953	$15,554	$87,507
Equity-accounted investments	**$36,777**	**$237**	**$37,014**	$36,037	$2,964	$39,001

For the three months ended March 31	2024			2023		
	Joint Venture	Associate	Total	Joint Venture	Associate	Total
Revenue	**$8,036**	**$117**	**$8,153**	$8,204	$2,105	$10,309
Expenses	**(5,907)**	**—**	**(5,907)**	(6,100)	(933)	(7,033)
Fair value gain (loss) on real estate properties, net	**16**	**(272)**	**(256)**	166	(61)	105
Net income (loss) for the period	**$2,145**	**($155)**	**$1,990**	$2,270	$1,111	$3,381
Income (loss) in equity-accounted investments	**$1,061**	**($29)**	**$1,032**	$963	$208	$1,171

(b) Income Recognized from Other Fund Investments:

Other Real Estate Fund Investments

For the three months ended March 31	2024	2023
Distribution income	**$—**	$96
Fair value loss for the year (Note 18)	**(14,125)**	(9,923)
Loss from other real estate fund investments	**($14,125)**	($9,827)

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

NOTE 7

OTHER ASSETS

Other assets consist of the following:

As at	March 31, 2024	December 31, 2023
Investment in marketable securities	**$92,221**	$97,881
Accrued pension benefit asset	**77,636**	76,698
Finance lease receivable	**58,984**	58,860
Mortgages receivable	**41,949**	45,331
Goodwill	**24,488**	24,488
Capital assets, net	**17,869**	17,843
Intangible assets, net	**13,391**	14,587
Receivables from related parties (Note 20(c))	**1,512**	1,508
Inventory	**1,848**	2,395
Right-of-use asset - office lease	**589**	665
Other	**20**	19
	$330,507	$340,275

As at March 31, 2024, mortgages receivable amounted to $45,140 (December 31, 2023 - $45,658), of which $3,191 (December 31, 2023 - $327) is due within one year and included in prepaid expenses and other. The mortgages receivable have a weighted average term to maturity of 2.3 years (December 31, 2023 - 2.5 years) and a weighted average effective interest rate of 7.50% (December 31, 2023 - 7.53%).

NOTE 8

AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	March 31, 2024	December 31, 2023
Tenant receivables	**$18,635**	$21,377
Unbilled other tenant receivables	**7,348**	10,300
Other receivables	**34,342**	35,614
Allowance for expected credit loss	**(6,149)**	(7,430)
	$54,176	$59,861

NOTE 9

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2024	December 31, 2023
Mortgages payable	**$4,617,173**	$4,704,260
Mark-to-market adjustments, net	**(1,240)**	(1,109)
Deferred financing costs	**(23,315)**	(23,059)
	$4,592,618	$4,680,092
Current	**$1,015,359**	$1,129,734
Non-current	**3,577,259**	3,550,358
	$4,592,618	$4,680,092
Range of interest rates	**2.03 - 7.92%**	2.03 - 8.75%
Weighted average contractual interest rate	**4.26%**	4.36%
Estimated fair value of mortgages payable	**$4,368,500**	$4,351,345

As at March 31, 2024, 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, 2024, 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
2024 (remainder of year)	$81,934	$791,711	$873,645	5.77%
2025	98,530	511,477	610,007	3.38%
2026	80,047	485,778	565,825	3.64%
2027	52,162	602,423	654,585	4.46%
2028	41,685	339,233	380,918	4.26%
Thereafter	118,058	1,414,135	1,532,193	3.85%
	$472,416	$4,144,757	$4,617,173	4.26%

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2024, mortgages payable mature between 2024 and 2058 and have a weighted average term to maturity of 4.0 years (December 31, 2023 - 4.1 years). Approximately 91% 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, 2024, and December 31, 2023, the Company was in compliance with all financial covenants.

NOTE 10

DEBENTURES PAYABLE

The Company's debentures payable consist of the following:

As at	March 31, 2024	December 31, 2023
Unsecured debentures	**$397,880**	$622,611
Convertible debentures	**141,373**	140,775
	$539,253	$763,386
Current	**$224,069**	$449,000
Non-current	**315,184**	314,386
	$539,253	$763,386

(a) Unsecured Debentures

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

As at	Maturity Date	Coupon Interest Rate	March 31, 2024	December 31, 2023
Series E senior unsecured debentures	January 25, 2024	4.715%	**$—**	$225,000
Series F senior unsecured debentures	November 27, 2024	4.204%	**225,000**	225,000
Series H senior unsecured debentures	September 26, 2026	9.500%	**175,000**	175,000
Unamortized financing costs			**(2,120)**	(2,389)
			$397,880	$622,611
Current			**$224,069**	$449,000
Non-current			**173,811**	173,611
			$397,880	$622,611

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. On January 25, 2024, the Series E senior unsecured debentures were fully repaid on maturity.

As at March 31, 2024, Paros Enterprises Limited ("Paros Enterprises") owns $nil (December 31, 2023 - $20,079) Series E senior unsecured debentures, $7,244 (December 31, 2023 - $7,244) Series F senior unsecured debentures and $25,000 (December 31, 2023 - $25,000) Series H senior unsecured debentures.

For the three months ended March 31, 2024, interest on the Unsecured Debentures of $7,230 (2023 - $6,848), 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, 2024	December 31, 2023
Morguard Residential REIT[(1)]	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$47,452**	$47,277
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**93,921**	93,498
						$141,373	$140,775
Current						**$—**	$—
Non-current						**141,373**	140,775
						$141,373	$140,775

(1) As at March 31, 2024, the liability includes the fair value of the conversion option of $1,979 (December 31, 2023 - $2,131).

As at March 31, 2024, Paros Enterprises, a related party, owns $2,000 (December 31, 2023 - $2,000) aggregate principal amount of the Morguard Residential REIT debentures.

For the three months ended March 31, 2024, interest on convertible debentures net of accretion of $2,480 (2023 - $2,479), 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, 2024, the Company valued the non-controlling interest in the Morguard Residential REIT units at $425,175 (December 31, 2023 - $393,695) 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, 2024 of $36,935 (2023 - $39,660), in the consolidated statements of income (loss) (Note 18).

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

For the three months ended March 31	2024	2023
Fair value loss on Morguard Residential REIT units	**($31,454)**	($34,054)
Distributions to external unitholders (Note 3)	**(5,481)**	(5,606)
Fair value loss on Morguard Residential REIT units	**($36,935)**	($39,660)

NOTE 12
LEASE LIABILITIES

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

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	**$170,753**	$172,517
Interest on lease liabilities (Note 17)	**2,461**	9,899
Payments	**(2,862)**	(11,521)
Additions	**—**	241
Foreign exchange loss (gain)	**377**	(383)
Balance, end of period	**$170,729**	$170,753
Current (Note 13)	**$1,602**	$1,613
Non-current	**169,127**	169,140
	$170,729	$170,753

Future minimum lease payments under lease liabilities are as follows:

As at	March 31, 2024	December 31, 2023
Within 12 months	**$11,478**	$11,445
2 to 5 years	**44,873**	44,785
Over 5 years	**349,309**	351,114
Total minimum lease payments	**405,660**	407,344
Less: future interest costs	**(234,931)**	(236,591)
Present value of minimum lease payments	**$170,729**	$170,753

NOTE 13
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2024	December 31, 2023
Accounts payable and accrued liabilities	**$196,198**	$211,128
Accrued liabilities (IFRIC 21, Levies)	**43,424**	—
Tenant deposits	**26,206**	26,537
Stock Appreciation Rights (“SARs”) liability (Note 15(c))	**5,147**	4,290
Income taxes payable	**13,532**	—
Lease liabilities (Note 12)	**1,602**	1,613
Other	**2,135**	3,267
	$288,244	$246,835

NOTE 14
BANK INDEBTEDNESS

As at March 31, 2024, the Company had borrowed $25,640 (December 31, 2023 - $191,369) on its operating lines of credit and had issued letters of credit in the amount of $2,758 (December 31, 2023 - $3,185). The Company has six revolving lines of credit of which five are subject to borrowing limitations that are based on performance metrics of the underlying security. As at March 31, 2024, the maximum amount that can be borrowed on the operating lines of credit is $322,112 (December 31, 2023 - $392,735). During three months ended March 31, 2024, the Company's operating lines of credit were reduced due to the disposition of nine hotel properties (Note 5) that were secured against one of the Company's lines of credit. As at March 31, 2024, the Company has operating lines of credit totalling $407,500 (December 31, 2023 - $486,000).

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 March 31, 2024, 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, bankers' acceptance 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 March 31, 2024, 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, 2022	11,022	$100,239
Common shares repurchased through the Company's NCIB	(209)	(1,900)
Dividend reinvestment plan	—	25
Balance, December 31, 2023	10,813	$98,364
Dividend reinvestment plan	**—**	**6**
Balance, March 31, 2024	**10,813**	**$98,370**

On September 15, 2023, the Company obtained the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 540,661 common shares, being approximately 5% of the issued and outstanding common shares, and the program expires on September 21, 2024. The daily repurchase restriction for the common shares is 1,000. During the three months ended March 31, 2024, there were no repurchases of common shares under the Company's NCIB plan.

Total dividends declared during the three months ended March 31, 2024, amounted to $1,622, or $0.15 per common share (2023 - $1,653, or $0.15 per common share). On May 7, 2024, the Company declared a common share dividend of $0.15 per common share to be paid in the second quarter of 2024.

(b) Contributed Surplus

During the three months ended March 31, 2024, the Company acquired nil units (2023 - 1,439,000 units) of Morguard REIT for cash consideration of $nil (2023 - $7,919). The difference between the cash consideration and the carrying value of the non-controlling interest acquired for the three months ended March 31, 2024, amounted to $nil (2023 - $15,621) and the amounts have been recorded within retained earnings.

(c) Stock Appreciation Rights Plan

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

As at March 31, 2024

Date of Grant	Exercise Price	Issued	Redeemed	Cancelled	Outstanding
March 20, 2008	$30.74	200,000	(113,500)	(61,500)	25,000
November 2, 2010	$43.39	55,000	(11,500)	(8,500)	35,000
May 13, 2014	$137.90	25,000	(2,000)	(23,000)	—
May 13, 2015	$153.82	10,000	—	—	10,000
January 11, 2017	$179.95	90,000	(1,500)	(23,500)	65,000
May 18, 2018	$163.59	125,000	—	(40,000)	85,000
August 8, 2018	$168.00	20,000	—	—	20,000
November 8, 2018	$184.00	10,000	—	—	10,000
Total		**535,000**	**(128,500)**	**(156,500)**	**250,000**

During the three months ended March 31, 2024, the Company recorded a fair value adjustment to increase compensation expense of $857 (2023 - reduce compensation expense of $675). The fair value adjustment is included in property management and corporate expenses in the consolidated statements of income (loss), and the liability is classified as accounts payable and accrued liabilities (Note 13).

The fair value for the SARs was calculated using the Black-Scholes option pricing model. In determining the fair value of the SARs, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions that were used in determining the fair value as at March 31, 2024: a dividend yield of 0.51% (2023 - 0.58%), expected volatility of approximately 25.51% (2023 - 27.34%) and the 10-year Bank of Canada Bond Yield of 3.74% (2023 - 3.29%).

(d) Stock Option Plan

The Company established a stock option plan (“SOP”) during 2022. The SOP entitles specified officers to receive common share options of the Company. Under the SOP, the Company may grant up to a maximum of 1,000,000 options. As at March 31, 2024, the Company has granted nil options.

(e) Accumulated Other Comprehensive Income

As at March 31, 2024, and December 31, 2023, accumulated other comprehensive income consists of the following amounts:

As at	March 31, 2024	December 31, 2023
Actuarial gain on defined benefit pension plans	**$46,476**	$45,835
Unrealized foreign currency translation gain	**255,417**	212,688
	$301,893	$258,523

NOTE 16

REVENUE

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

For the three months ended March 31	2024	2023
Rental income	**$141,878**	$135,260
Realty taxes and insurance	**43,087**	41,350
Common area maintenance recoveries	**26,025**	26,275
Property management and ancillary income	**46,099**	43,487
	$257,089	$246,372

The components of revenue from hotel properties are as follows:

For the three months ended March 31	2024	2023
Room revenue	**$8,426**	$25,710
Other hotel revenue	**2,011**	5,449
	$10,437	$31,159

The components of management and advisory fees are as follows:

For the three months ended March 31	2024	2023
Property and asset management fees	**$6,845**	$7,831
Other fees	**2,812**	2,319
	$9,657	$10,150

NOTE 17
INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2024	2023
Interest on mortgages	**$49,656**	$45,605
Interest on debentures payable, net of accretion (Note 10)	**9,710**	9,327
Interest on bank indebtedness	**970**	3,659
Interest on loans payable and other	**160**	262
Interest on lease liabilities (Note 12)	**2,461**	2,484
Amortization of mark-to-market adjustments on mortgages, net	**(131)**	(496)
Amortization of deferred financing costs	**2,176**	2,165
	65,002	63,006
Less: Interest capitalized to properties under development	**(120)**	(279)
	$64,882	$62,727

NOTE 18
FAIR VALUE LOSS, NET

The components of fair value loss are as follows:

For the three months ended March 31	2024	2023
Fair value gain on real estate properties, net (Note 4)	**$13,882**	$33,756
Financial assets (liabilities):		
Fair value gain on conversion option of MRG convertible debentures	**152**	289
Fair value loss on MRG units (Note 11)	**(36,935)**	(39,660)
Fair value loss on other real estate fund investments (Note 6(b))	**(14,125)**	(9,923)
Fair value loss on investment in marketable securities	**(6,509)**	(8,653)
Total fair value loss, net	**($43,535)**	($24,191)

NOTE 19
OTHER INCOME (EXPENSE)

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

For the three months ended March 31	2024	2023
Foreign exchange gain	**$53**	$28
Other expense	**(248)**	(869)
	($195)	($841)

NOTE 20
RELATED PARTY TRANSACTIONS

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

(a) Paros Holdings Corporation and Paros Enterprises Limited

Paros Holdings Corporation ("Paros Holdings") and Paros Enterprises are owned by the Company's Chairman and Chief Executive Officer, Mr. K. Rai Sahi. As at March 31, 2024, Paros Holdings owns a 61.9% interest in Morguard through its ownership of 6,691,000 common shares. As at March 31, 2024, and December 31, 2023, the Company has a demand loan agreement with Paros Enterprises that provides for the Company to borrow up to $50,000. As at March 31, 2024, and December 31, 2023, 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 months ended March 31, 2024, the Company received a management fee of $329 (2023 - $329), and paid rent and operating expenses of $224 (2023 - $159).

As at March 31, 2024, and December 31, 2023, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at the lender's short-term bank borrowing rate plus ten basis points. The total loan payable as at March 31, 2024 was $nil (December 31, 2023 - $nil). During the three months ended March 31, 2024, the Company paid net interest of $nil (2023 - $149).

(c) Share/unit Purchase and Other Loans

As at March 31, 2024, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $1,512 (December 31, 2023 - $1,508) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures 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, 2024, the fair market value of the common shares/units held as collateral is $3,624.

NOTE 21
INCOME TAXES

(a) Unrecognized Deductible Temporary Differences

As at March 31, 2024, the Company's Canadian subsidiaries have total net operating losses of approximately $nil (December 31, 2023 - $267,907) of which no deferred income tax assets were recognized as it is not probable that taxable income will be available against which they can be utilized. As at March 31, 2024, the Company has other Canadian temporary differences of approximately $nil (December 31, 2023 - $9,701) of which no deferred income tax asset was recognized as it is not probable that taxable income will be available against which they can be utilized.

(b) Recognized Deductible Temporary Differences

As at March 31, 2024, the Company's U.S. subsidiaries have total net operating losses of approximately US$23,478 (December 31, 2023 - US$29,753) 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.

As at March 31, 2024, the Company's U.S. subsidiaries have a total of US$76,252 (December 31, 2023 - $68,027) of unutilized interest expense deductions of which deferred income tax assets were recognized and can be carried forward indefinitely.

NOTE 22
NET INCOME (LOSS) PER COMMON SHARE

For the three months ended March 31	2024	2023
Net income (loss) attributable to common shareholders	**$130,446**	($34,690)
Weighted average number of common shares outstanding (000s) - basic and diluted	**10,813**	11,022
Net income (loss) per common share - basic and diluted	**$12.06**	($3.15)

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

For the three months ended March 31	2024	2023
Fair value loss on real estate properties, net	**$29,375**	$7,293
Fair value gain on conversion option of MRG convertible debentures (Note 18)	**(152)**	(289)
Fair value loss on MRG units (Note 11)	**31,454**	34,054
Fair value loss on other real estate investment funds (Note 18)	**14,125**	9,923
Fair value loss on investment in marketable securities (Note 18)	**6,509**	8,653
Equity income from investments	**(1,032)**	(1,171)
Amortization of hotel properties and other	**2,667**	7,510
Amortization of deferred financing costs (Note 17)	**2,176**	2,165
Amortization of mark-to-market adjustments on mortgages, net (Note 17)	**(131)**	(496)
Amortization of tenant incentives	**579**	642
Stepped rent - adjustment for straight-line method	**1,124**	787
Deferred income taxes	**(7,539)**	25,682
Accretion of convertible debentures	**443**	200
Gain on sale of hotel properties	**(150,587)**	—
	($70,989)	$94,953

(b) Net Change in Operating Assets and Liabilities

For the three months ended March 31	2024	2023
Amounts receivable	**$6,237**	$9,666
Prepaid expenses and other	**(10,297)**	(21,347)
Accounts payable and accrued liabilities	**(5,443)**	(3,850)
Net change in operating assets and liabilities	**($9,503)**	($15,531)

(c) Supplemental Cash Flow Information

For the three months ended March 31	2024	2023
Interest paid	**$68,684**	$58,361
Interest received	**2,161**	1,704
Income taxes paid (recovered)	**2,167**	(2,916)

During the three months ended March 31, 2024, the Company issued non-cash dividends under the distribution reinvestment plan of $6 (2023 - $7).

(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	$4,680,092	$622,611	$140,775	$170,753	$191,369	$5,805,600
Repayments	(28,073)	—	—	(401)	(215,999)	(244,473)
New financing, net	78,365	—	—	—	50,270	128,635
Lump-sum repayments	(181,118)	(225,000)	—	—	—	(406,118)
Non-cash changes	1,469	269	598	—	—	2,336
Foreign exchange	41,883	—	—	377	—	42,260
Balance, March 31, 2024	**$4,592,618**	**$397,880**	**$141,373**	**$170,729**	**$25,640**	**$5,328,240**

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, 2023 for an explanation of the Company's capital management policy.

The total managed capital for the Company as at March 31, 2024, and December 31, 2023, is summarized below:

As at	March 31, 2024	December 31, 2023
Mortgages payable, principal balance	**$4,617,173**	$4,704,260
Unsecured Debentures, principal balance	**400,000**	625,000
Convertible debentures, principal balance	**150,000**	150,000
Bank indebtedness	**25,640**	191,369
Lease liabilities	**170,729**	170,753
Shareholders' equity	**4,059,750**	3,887,550
	$9,423,292	$9,728,932

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 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, 2023 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, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at March 31, 2024, of the mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,368,500 (December 31, 2023 - $4,351,345), compared with the carrying value of $4,617,173 (December 31, 2023 - $4,704,260). 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, 2024, the fair value of the Unsecured Debentures has been estimated at $406,995 (December 31, 2023 - $628,660), compared with the carrying value of $400,000 (December 31, 2023 - $625,000).

The fair value of the convertible debentures liability is based on their market trading prices (Level 1). As at March 31, 2024, the fair value of the convertible debentures before deferred financing costs has been estimated at $144,184 (December 31, 2023 - $141,308), compared with the carrying value of $150,000 (December 31, 2023 - $150,000).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using March 31, 2024, market rates for debt on similar terms (Level 3). Based on these assumptions, as at March 31, 2024, the fair value of the finance lease receivable has been estimated at $58,984 (December 31, 2023 - $58,860).

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, 2024			December 31, 2023		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$10,622,465**	$—	$—	$10,618,962
Investments in marketable securities	**92,221**	**—**	**—**	97,881	—	—
Investments in real estate funds	**—**	**—**	**48,165**	—	—	56,524
Financial liabilities:						
Morguard Residential REIT units	**—**	**425,175**	**—**	—	393,695	—
Conversion option on MRG convertible debentures	**—**	**1,979**	**—**	—	2,131	—

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 March 31, 2024	**Multi-suite Residential**	**Retail**	**Office**	**Hotel**	**Total**
Revenue from real estate/hotel properties	**$126,349**	**$64,576**	**$66,164**	**$10,437**	**$267,526**
Property/hotel operating expenses	**(93,131)**	**(38,343)**	**(31,670)**	**(9,634)**	**(172,778)**
Net operating income	**$33,218**	**$26,233**	**$34,494**	**$803**	**$94,748**

For the three months ended March 31, 2023	Multi-suite Residential	Retail	Office	Hotel	Total
Revenue from real estate/hotel properties	$118,070	$64,295	$64,007	$31,159	$277,531
Property/hotel operating expenses	(89,217)	(36,598)	(31,014)	(25,583)	(182,412)
Net operating income	$28,853	$27,697	$32,993	$5,576	$95,119

	Multi-suite Residential	**Retail**	**Office**	**Hotel**	**Total**
As at March 31, 2024					
Real estate/hotel properties	**$6,463,247**	**$2,192,763**	**$1,966,455**	**$86,901**	**$10,709,366**
Mortgages payable	**$2,671,451**	**$894,353**	**$998,999**	**$27,815**	**$4,592,618**
For the three months ended March 31, 2024					
Additions to real estate/hotel properties	**$8,761**	**$5,881**	**$9,433**	**$668**	**$24,743**
Fair value gain (loss) on real estate properties	**$68,181**	**($12,589)**	**($41,710)**	**$—**	**$13,882**

	Multi-suite Residential	Retail	Office	Hotel	Total
As at December 31, 2023					
Real estate/hotel properties	$6,302,723	$2,190,586	$2,125,653	$342,104	$10,961,066
Mortgages payable	$2,645,154	$893,085	$1,065,202	$76,651	$4,680,092
For the three months ended March 31, 2023					
Additions to real estate/hotel properties	$122,002	$9,045	$3,957	$1,531	$136,535
Fair value gain (loss) on real estate properties	$79,133	$8,193	($53,570)	$—	$33,756

(b) Regional Segments

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

As at	**March 31, 2024**	December 31, 2023
Real estate and hotel properties		
Canada	**$6,686,765**	$7,061,612
United States	**4,022,601**	3,899,454
	$10,709,366	$10,961,066

For the three months ended March 31	**2024**	2023
Revenue from real estate and hotel properties		
Canada	**$173,828**	$189,760
United States	**93,698**	87,771
	$267,526	$277,531

NOTE 28

SUBSEQUENT EVENT

Subsequent to March 31, 2024, the Company entered into binding commitment letters for the Canada Mortgage and Housing Corporation ("CMHC") insured refinancing of three multi-suite residential properties located in Mississauga, Ontario, providing gross proceeds of up to $203,680. The Company expects to close the refinancing during the second quarter of 2024. The maturing mortgages amount to $90,907, and have a weighted average interest rate of 3.36%.