MORGUARD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

MARCH 31, 2026

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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, 2026. Unless otherwise noted, dollar amounts are stated in thousands of Canadian dollars, except per common share amounts.

The following Management's Discussion and Analysis ("MD&A") sets out the Company's strategies and provides an analysis of the financial performance for the three months ended March 31, 2026, and significant risks facing the business. Historical results, including trends that might appear, should not be taken as indicative of future operations or results.

This MD&A should be read in conjunction with the Company's unaudited condensed consolidated financial statements and accompanying notes for the three months ended March 31, 2026 and 2025. This MD&A is based on financial information prepared in accordance with IFRS Accounting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and is dated May 5, 2026. Disclosure contained in this document is current to that date unless otherwise noted.

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

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

SPECIFIED FINANCIAL MEASURES

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

Non-GAAP Financial Measures

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

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

Adjusted NOI

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

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

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

Comparative NOI

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

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

Funds from Operations ("FFO") and Normalized FFO

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

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

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

Non-Consolidated Measures

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

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

Non-Consolidated Basis adjustments include the following:

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

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

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

Non-Consolidated EBITDA

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

Non-Consolidated Interest Expense

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

Non-Consolidated Indebtedness

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

Non-Consolidated Aggregate Assets

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

Non-Consolidated Adjusted Shareholders' Equity

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

Non-GAAP Ratios

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

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

Non-Consolidated Interest Coverage Ratio

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

Non-Consolidated Indebtedness to Aggregate Assets Ratio

Non-consolidated indebtedness to aggregate assets ratio is a compliance measure and establishes the limit for financial leverage of the Company on a Non-Consolidated Basis. Non-consolidated indebtedness to aggregate assets ratio as well as non-consolidated indebtedness to gross book value (defined below) ratio are presented in this MD&A

because management considers these non-GAAP measures to be an important compliance measure of the Company's financial position.

Supplementary Financial Measures

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

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

Total Revenue

Total revenue is calculated as the sum of revenue from real estate properties, revenue from hotel properties, management and advisory fees and interest and other income, and is presented in this MD&A because management considers this supplementary financial measure to be an important measure in evaluating the operating performance of the Company's income generating assets and services.

Gross Book Value

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

Indebtedness

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

Indebtedness to Gross Book Value Ratio

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

Capital Management Measures

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

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

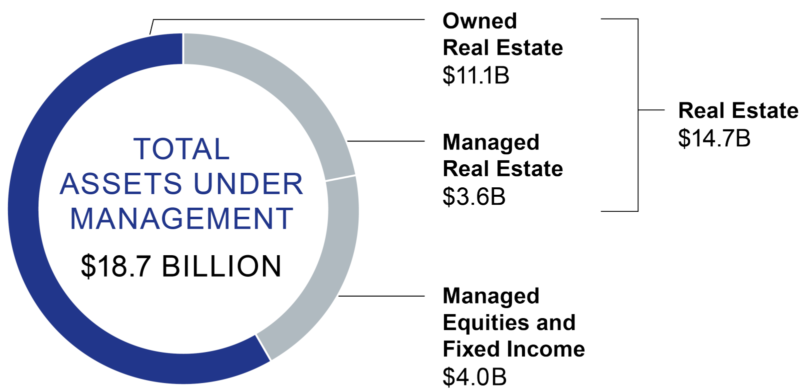
Liquidity

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

PART II

BUSINESS OVERVIEW

Morguard Corporation is a real estate investment company whose principal activities include the acquisition, development and ownership of multi-suite residential, commercial and hotel properties. Morguard is also one of Canada's premier real estate investment advisors and management companies, representing major institutional and private investors. Morguard's total assets under management (including both owned and managed assets) were valued at $18.7 billion as at March 31, 2026. The Company's common shares are publicly traded and listed on the Toronto Stock Exchange ("TSX") under the symbol "MRC." The Company's primary goal is to accumulate a portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to shareholders.



Management and Advisory Services

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

As of March 31, 2026, MIL together with Morguard Lincluden manages a portfolio (excluding Morguard's corporately owned assets and assets owned by Morguard REIT and Morguard Residential REIT) of assets having an estimated value of $7.6 billion.

BUSINESS STRATEGY

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

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

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

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at	March 31, 2026	December 31, 2025	March 31, 2025
Real estate properties	**$11,126,960**	$10,944,914	$11,162,696
Real estate properties held for sale	**148,170**	148,170	—
Hotel properties	**85,529**	85,864	85,970
Equity-accounted and other fund investments	**45,701**	48,710	62,315
Gross book value(1)	**11,871,461**	11,697,626	11,750,735
Indebtedness	**$5,321,618**	$5,287,425	$5,334,189
Indebtedness to gross book value (%)	**44.8**	45.2	45.4
Non-consolidated indebtedness to gross book value (%)(2)	**36.8**	36.8	38.0
Total equity	**$4,863,446**	$4,768,668	$4,753,911
Shareholders' equity per common share	**419.33**	410.70	406.45

(1) As at March 31, 2026, gross book value is calculated as total assets less right-of-use assets in the amount of $145,466 (December 31, 2025 - $144,752, March 31, 2025 - $144,158).
(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, 2026, non-consolidated gross book value is calculated (on a non-consolidated basis) as aggregate assets less right-of-use assets in the amount of $123,698 (December 31, 2025 - $123,236, March 31, 2025 - $122,954). This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial ratio can be found in Part I, "Specified Financial Measures."

For the three months ended March 31	2026	2025
Revenue from real estate properties	**$254,489**	$263,049
Revenue from hotel properties	**6,907**	5,374
Management and advisory fees	**9,060**	9,491
Total revenue	**275,046**	282,199
Net operating income	**86,881**	90,074
Adjusted NOI(1)	**130,452**	137,091
Fair value gain, net	**68,294**	57,705
Net income attributable to common shareholders	**58,471**	58,135
Per common share - basic and diluted	**5.48**	5.42
Funds from operations(1)	**39,639**	47,242
Per common share - basic and diluted(1)	**3.71**	4.41
Normalized FFO(1)	**46,071**	49,964
Per common share - basic and diluted(1)	**4.31**	4.66
Distributions received from Morguard REIT	**2,746**	2,584
Distributions received from Morguard Residential REIT	**5,005**	4,815
Dividends declared/paid	**(2,136)**	(2,143)

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

Total assets as at March 31, 2026 were $12,016,927, compared to $11,842,378 as at December 31, 2025. Total assets increased by $174,549, primarily due to the following:

- An increase in real estate properties (including properties held for sale) of $182,046, mainly due to an increase in capital and development expenditures of $40,843, tenant incentives and leasing commissions of $7,012, a net fair value gain of $63,194 and an increase of $69,657 due to the change in the U.S. dollar exchange rate;
- An increase in other assets and prepaid expense of $13,825;
- An increase in cash of $8,339.

- A decrease in amounts receivable of $26,317; and
- A decrease in equity-accounted and other fund investments of $3,009;

Total revenue during the three months ended March 31, 2026 decreased by $7,153 to $275,046, compared to $282,199 in 2025, primarily due to the following:

- A decrease in revenue from real estate properties in the amount of $8,560, primarily due to an increase in vacancy within the office segment and an increase in vacancy, net of higher average monthly rent ("AMR") within the multi-suite residential segment. In addition, revenue decreased from the change in foreign exchange rate;
- A decrease in management and advisory fees in the amount of $431, primarily due to lower leasing fees earned; and
- An increase in revenue from hotel properties in the amount of $1,533, from an increase in occupancy and increase in average daily rate ("ADR"), resulting in an overall increase in revenue per available room ("RevPar").

PROPERTY PROFILE

As at March 31, 2026, the Company and its subsidiaries own a diversified portfolio of 156 multi-suite residential, retail, office, industrial and hotel properties located in Canada and the United States.

Portfolio Composition By Asset Type

The composition of the Company's real estate properties by asset type as at March 31, 2026 is as follows:

Asset Type	Number of Properties	GLA Square Feet (000s)(1)	Apartment Suites/Hotel Rooms(2)	Real Estate/ Hotel Properties
Multi-suite residential	56	—	17,798	$6,841,148
Retail	36	7,929	—	2,220,975
Office(3)	61	8,426	—	1,773,083
Hotel	2	—	472	85,529
Properties and land held for and under development	—	—	—	291,754
Total real estate properties	**155**	**16,355**	**18,270**	**$11,212,489**
Assets held for sale (4)	1	328	—	148,170
Total including assets held for sale	**156**	**16,683**	**18,270**	**$11,360,659**

(1) Total GLA is shown on a proportionate basis; on a 100% basis, total GLA of the Company's commercial properties is 20.7 million square feet.
(2) Total suites include non-controlling interest. The Company on a proportionate basis has ownership of 17,353 suites.
(3) Includes industrial properties with 1,014,500 square feet of GLA and a fair value of $222,114.
(4) Includes one office property located in Ottawa.

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

The Company's retail portfolio includes two broad categories of income producing properties: (i) enclosed full-scale, regional shopping centres with 5.0 million square feet of gross leaseable area ("GLA"); and (ii) neighbourhood and community shopping centres that are primarily anchored by food retailers and discount department stores with 2.9 million square feet of GLA. The retail portfolio comprises 24 properties located in Canada and 12 properties located in Florida, Louisiana and Maryland. The combined retail portfolio represents 7.9 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 7.8 million square feet of office GLA and 1.0 million square feet of industrial GLA.

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

Average Occupancy Levels

Comparative Average Occupancy Levels

	Suites/GLA Square Feet		Mar. 2026	Dec. 2025	Sep. 2025	Jun. 2025	Mar. 2025
Multi-suite residential	17,798		91.9%	92.4%	93.5%	94.9%	96.0%
Retail	7,512,000	(1)	89.9%	89.7%	90.6%	90.0%	92.2%
Office(2)	8,706,500		80.1%	82.6%	82.7%	84.9%	86.9%

(1) Retail occupancy has been adjusted to exclude development space of 416,637 square feet of GLA.
(2) Office includes industrial properties with 1,014,500 square feet of GLA.

Multi-suite residential occupancy decreased to 91.9% at March 31, 2026, compared to 92.4% at December 31, 2025. The decline reflects the intensified competition from newly constructed rental buildings and condominium rentals, which elevated vacancy levels across major urban markets.

Retail occupancy declined in 2025 due to the insolvency of The Hudson's Bay Company ("HBC" or "Bay") and the Company's four leases being disclaimed. The Cambridge Centre lease termination reduced occupancy by 1.7% during the second quarter of 2025, while the remaining three Bay locations disclaimed during the fourth quarter of 2025 further reduced occupancy by 2.4% as at December 31, 2025 (excluding space at Centerpoint Mall taken offline for redevelopment).

Office occupancy declined in 2025 mainly due to the lease expiry of Obsidian Energy at Penn West Plaza on February 1, 2025. As at March 31, 2026, occupancy at Penn West Plaza was 76.7% compared to 100% at December 31, 2024. As at March 31, 2026, office occupancy was 80.1% and was further impacted by the non-renewal at a single tenant building located in Ottawa.

Lease Profile

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

Summary of Lease Expiries by Year (000s)		2026			2027		2028	
As at March 31, 2026	Total SF	SF		%	SF	%	SF	%
Retail(1)	7,512	1,124	(3)	15%	989	13%	910	12%
Office(2)	8,706	1,382		16%	654	8%	656	8%
Total	16,218	2,506		15%	1,643	10%	1,566	10%

(1) Retail square feet has been adjusted to exclude development space of 416,637 square feet of GLA.
(2) Includes industrial properties with 1,014,500 square feet of GLA.
(3) Includes 625,915 square feet of GLA on short-term leases.

PART III

REVIEW OF OPERATIONAL RESULTS

The Company's operational results for the three months ended March 31, 2026, and 2025 are summarized below:

For the three months ended March 31	2026	2025
Revenue from real estate properties	**$254,489**	$263,049
Revenue from hotel properties	**6,907**	5,374
Property operating expenses		
Property operating costs	**(65,051)**	(65,611)
Utilities	**(19,586)**	(19,515)
Realty taxes	**(84,083)**	(88,525)
Hotel operating expenses	**(5,795)**	(4,698)
Net operating income	**86,881**	90,074
OTHER REVENUE		
Management and advisory fees	**9,060**	9,491
Interest and other income	**4,590**	4,285
	13,650	13,776
EXPENSES		
Interest	**63,799**	62,985
Property management and corporate	**24,391**	24,925
Amortization of hotel properties and other	**1,276**	2,421
	89,466	90,331
OTHER INCOME (EXPENSE)		
Fair value gain, net	**68,294**	57,705
Equity income from investments	**722**	593
Other income (expense)	**(1,999)**	47
	67,017	58,345
Income before income taxes	**78,082**	71,864
Provision for income taxes		
Current	**212**	2,669
Deferred	**16,671**	14,434
	16,883	17,103
Net income for the period	**$61,199**	$54,761
Net income (loss) attributable to:		
Common shareholders	**$58,471**	$58,135
Non-controlling interest	**2,728**	(3,374)
	$61,199	$54,761
Net income per common share attributable to:		
Common shareholders - basic and diluted	**$5.48**	$5.42

For The Three Months Ended March 31, 2026

Net Income

Net income for the three months ended March 31, 2026 was $61,199, compared to $54,761 in 2025. The increase in net income of $6,438 for the three months ended March 31, 2026 was primarily due to the following:

- An increase in non-cash net fair value gain of $10,589, mainly due to an increase in fair value gain on Morguard Residential REIT units and an increase in fair value gain on marketable securities, partially offset by a decrease in fair value gain on real estate properties and an increase in fair value loss on other real estate investments; and
- A decrease in net operating income of $3,193, mainly due to higher vacancy within the office and multi-suite residential segments, and the change in foreign exchange rate, partly offset by a lower IFRIC 21 adjustment.

For The Three Months Ended March 31, 2026

Net Operating Income

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

NOI decreased by $3,193, or 3.5%, for the three months ended March 31, 2026 to $86,881, compared to $90,074 in 2025, and is further analyzed by asset type below.

Adjusted NOI by Asset Type

For the three months ended March 31	**2026**	2025
Multi-suite residential	**$71,956**	$74,850
Retail	**30,186**	30,858
Office[(1)]	**27,198**	30,707
Hotel	**1,112**	676
Adjusted NOI	**130,452**	137,091
IFRIC 21 adjustment - multi-suite residential	**(38,483)**	(41,151)
IFRIC 21 adjustment - retail	**(5,088)**	(5,866)
NOI	**$86,881**	$90,074

(1) Includes industrial properties with NOI for the three months ended March 31, 2026 of $2,227 (2025 - $2,804).

NOI from the multi-suite residential portfolio for the three months ended March 31, 2026, decreased by $226, or 0.7%, to $33,473, compared to $33,699 in 2025. The decrease in NOI is due to the change in Adjusted NOI described below, partially offset by a decrease in the IFRIC 21 adjustment of $2,668.

Adjusted NOI from the multi-suite residential portfolio for the three months ended March 31, 2026, decreased by $2,894, or 3.9%, to $71,956, compared to $74,850 in 2025. The decrease in Adjusted NOI is primarily due to the following:

- A decrease in Canadian multi-suite residential properties of $725 primarily resulting from:
  - Higher vacancy, net of an increase in AMR of 4.0%. Partially offsetting lower revenue was a decrease in operating costs by 2.8% mainly from a decrease in utilities, primarily due to lower gas expense from the removal of the federal carbon charge and a slight decrease in consumption, net of an increase in property

taxes. In addition, the Company's Canadian portfolio turned over 157 suites, or 1.9% of total suites, achieving AMR growth of 8.1% on suite turnover.

- A decrease in U.S. multi-suite residential properties of US$64 primarily resulting from:
  - Higher vacancy, net of an increase in AMR of 1.7% and an increase in ancillary income. The AMR growth rate is lower than historical average due to a more challenging leasing environment. In addition, operating costs decreased slightly mainly from a decrease in property taxes, insurance premiums and repairs and maintenance, net of higher salary costs, utilities, and marketing expenses. The decrease in property taxes is mainly due to tax rebates received on successful appeals at several properties located in Texas and North Carolina totalling US$330. In addition, the Company's U.S. portfolio turned over 816 suites, or 8.5% of total suites, with an AMR growth of 0.1% on suite turnover.
- A decrease of $2,105 due to the change in the U.S. dollar foreign exchange rate.

NOI from the retail portfolio for the three months ended March 31, 2026, increased by $106, or 0.4%, to $25,098, compared to $24,992 in 2025. The increase in NOI is primarily due a decrease in the IFRIC 21 adjustment of $778, partially offset by the change in Adjusted NOI described below.

Adjusted NOI from the retail portfolio for the three months ended March 31, 2026, decreased by $672, or 2.2%, to $30,186 compared to $30,858 in 2025. The decrease in Adjusted NOI is primarily due to the following:

- An increase in Canadian retail properties of $375 primarily resulting from:
  - Lower bad debt expense and repairs and maintenance, partially offset by higher vacancy.
- A decrease in U.S. retail properties of US$537.
- A decrease of $510 due to the change in the U.S. dollar foreign exchange rate.

NOI from the office portfolio for the three months ended March 31, 2026 decreased by $3,509, or 11.4%, to $27,198, compared to $30,707 in 2025, primarily due to the following:

- A decrease of $3,191 primarily due to higher vacancy and lower basic rent;
- A decrease of $318 due to lower non-recurring lease cancellation fees received compared to 2025;

NOI from the hotel portfolio for the three months ended March 31, 2026 increased by $436, or 64.5%, to $1,112, compared to $676 in 2025, primarily due to the following:

- An increase in occupancy and an increase in ADR mainly from higher government-related demand and travel, resulting in an overall increase in RevPar of $15.97 from $112.37 to $128.34. Partially offsetting the increase in RevPar was an increase in operating expenses by $1,097.

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	2026	2025
Multi-suite residential (in local currency)	**$60,129**	$60,909
Retail (in local currency)	**28,408**	28,635
Office[(1)]	**27,070**	31,043
Hotel	**1,112**	676
Exchange amount to Canadian dollars	**13,731**	16,435
Comparative NOI	**130,450**	137,698
Realty tax expense accounted for under IFRIC 21	**(43,571)**	(47,017)
Lease cancellation fees	**49**	318
Realty tax refund/reassessment	**454**	—
Other	**(501)**	(925)
NOI	**$86,881**	$90,074

(1) Includes industrial properties with Comparative NOI for the three months ended March 31, 2026 of $2,195 (2025 - $2,814).

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, 2026 decreased by $7,248, or 5.3%, to $130,450 compared to $137,698 in 2025 due to the following:

- Multi-suite residential decreased by $780 as a result of higher vacancy, net of rental rate growth and a decrease in operating expenses;
- Retail decreased by $227 mainly due to higher vacancy and lower percentage rent, partially offset by lower repairs and maintenance;
- Office decreased by $3,973 mainly due to higher vacancy and lower basic rent;
- Hotel increased by $436 mainly due to an increase in occupancy and ADR, resulting in an overall increase in RevPar, partly offset by an increase in operating expenses; and
- The change in the foreign exchange rate decreased by Comparative NOI for the U.S. properties by $2,704.

Management and Advisory Fees

Morguard's management and advisory fees revenue for the three months ended March 31, 2026 decreased by $431, or 4.5%, to $9,060, compared to $9,491 in 2025, primarily due to lower leasing fees earned.

Interest and Other Income

Interest and other income for the three months ended March 31, 2026 increased by $305, or 7.1%, to $4,590, compared to $4,285 in 2025. The increase was primarily due to higher interest income earned.

Interest Expense

Interest expense consists of the following:

For the three months ended March 31	2026	2025
Mortgages payable	**$48,615**	$49,071
Debentures payable, net of accretion	**9,684**	6,613
Bank indebtedness	**1,161**	2,785
Construction facility	**317**	—
Loans payable and other	**44**	106
Lease liabilities	**2,468**	2,485
Amortization of mark-to-market adjustments on mortgages, net	**144**	326
Amortization of deferred financing costs	**2,672**	2,208
	65,105	63,594
Less: Interest capitalized to properties under development	**(1,306)**	(609)
	$63,799	$62,985

Interest expense for the three months ended March 31, 2026 increased by $814, or 1.3%, to $63,799, compared to $62,985 in 2025, mainly due to an increase in interest on Debentures, an increase in interest on construction facility and an increase in amortization of deferred financing costs, partially offset by lower interest on bank indebtedness, lower interest on mortgages payable and higher interest capitalized to properties under development. The increase in interest on Debentures is primarily due to the issuance of Series I senior unsecured debentures on October 14, 2025. The decrease in interest on bank indebtedness is due to a lower amount borrowed on the Company's operating lines of credit. The decrease in interest on mortgages payable is largely attributable to properties financed at lower fixed and floating rates of interest and by a change in foreign exchange rates decreasing U.S. mortgage interest by $878.

Property Management and Corporate

Property management and corporate expenses for the three months ended March 31, 2026 decreased by $534, or 2.1%, to $24,391, compared to $24,925 in 2025, primarily due to a decrease in salary costs.

Amortization of Hotel Properties and Other

Amortization of hotel properties and other for the three months ended March 31, 2026 decreased by $1,145, or 47.3%, to $1,276, compared to $2,421 in 2025.

Fair Value Gain on Real Estate Properties

Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including changes in projected cash flows as a result of leasing, capitalization rates, discount rates and terminal capitalization rates. During the three months ended March 31, 2026, the Company recognized a net fair value gain on real estate properties of $63,194, compared to $71,846 in 2025.

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

For the three months ended March 31	2026	2025
Multi-suite residential	**$49,910**	$80,044
Retail	**17,239**	(6,067)
Office[(1)]	**(3,955)**	(2,131)
	$63,194	$71,846

(1) Includes industrial properties with a fair value gain for the three months ended March 31, 2026 of $335 (2025 - loss of $5,374).

For the three months ended March 31, 2026, the Company recognized the following fair value gain (loss):

- A net fair value gain of $49,910 in the residential portfolio, mainly due to an increase in stabilized NOI across the Company's Canadian and U.S. residential portfolio and an adjustment on realty taxes accounted for under IFRIC 21.
- A net fair value gain of $17,239 in the retail portfolio, primarily due to higher projected future cash flows and an adjustment on realty taxes accounted for under IFRIC 21; and
- A net fair value loss of $3,955 in the office portfolio, primarily due to a decrease in projected cash flows across several properties.

Fair Value Gain on Morguard Residential REIT Units

For the three months ended March 31, 2026, the Company recorded a fair value gain on the Morguard Residential REIT units of $8,491, which includes a mark-to-market gain of $13,787 on the units as a result of a decrease in trading price and partially offset by the distributions made to external unitholders of $5,296.

Fair Value Loss on Other Fund Investments

For the three months ended March 31, 2026, the Company recorded a fair value loss on other fund investments of $4,185, primarily from a fair value loss on the Company's real estate properties held by the funds.

Fair Value Gain on Investment in Marketable Securities

For the three months ended March 31, 2026, the Company recorded a fair value gain on investment in marketable securities of $413 resulting from an increase in trading value of the securities.

Equity Income from Investments

Equity income from investments for the three months ended March 31, 2026 increased by $129 to $722, compared to $593 in 2025, primarily due to lower interest expense recorded by the investments.

Other Income (Expense)

Other expense for the three months ended March 31, 2026, increased by $2,046 to $1,999, compared to other income of $47 in 2025, mainly due to a non-recurring expense.

Income Taxes

Provision for income taxes consists of the following:

For the three months ended March 31	2026	2025
Current	**$212**	$2,669
Deferred	**16,671**	14,434
	$16,883	$17,103

For the three months ended March 31, 2026, the Company recorded an income tax expense of $16,883, compared to $17,103 in 2025. The decrease in income tax expense of $220 comprises a decrease of $2,457 in current tax expense, partially offset by an increase of $2,237 in deferred tax expense.

The decrease in current tax expense for the three months ended March 31, 2026 is primarily the result of lower Adjusted NOI as well as due to the One Big Beautiful Bill (OB3) substantively enacted changes to section 163(j) interest deductibility limitation and the 100% bonus depreciation on fixed assets announced during the third quarter of 2025.

The increase in deferred income tax expense for the three months ended March 31, 2026 is primarily due to a higher fair value gain recorded on the Company's U.S. properties, partially offset by the lower fair value gain on the Company's Canadian properties.

Pension Plans

The Company's accounting policy under IFRS is to recognize actuarial gains/losses in the period in which they occur, and these gains/losses are reflected in the consolidated statements of comprehensive income. During the three months ended March 31, 2026, an actuarial gain of $2,007 was recorded in the consolidated statements of comprehensive income, compared to loss of $3,428 in 2025; the gains/losses are primarily due to a change in the trading price of the pension plan's underlying investments.

FUNDS FROM OPERATIONS

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

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

For the three months ended March 31	**2026**	2025
Multi-suite residential	**$71,956**	$74,850
Retail	**30,186**	30,858
Office	**27,198**	30,707
Hotel	**1,112**	676
Adjusted NOI[(1)]	**130,452**	137,091
Other Revenue		
Management and advisory fees	**9,060**	9,491
Interest and other income	**4,590**	4,285
Equity-accounted FFO[(2)]	**671**	556
	14,321	14,332
Expenses and Other		
Interest	**(63,799)**	(62,985)
Principal repayment of lease liabilities	**(451)**	(489)
Property management and corporate	**(24,391)**	(24,925)
Internal leasing costs	**630**	1,636
Amortization of capital assets	**(338)**	(288)
Current income taxes[(3)]	**(212)**	(2,637)
Non-controlling interests' share of FFO[(4)]	**(10,784)**	(11,923)
Unrealized changes in the fair value of financial instruments	**(3,772)**	(2,622)
Other income (expense)	**(2,017)**	52
FFO	**$39,639**	$47,242
FFO per common share amounts – basic and diluted	**$3.71**	$4.41
Weighted average number of common shares outstanding (in thousands):		
Basic and diluted	**10,678**	10,718

(1) For the three months ended March 31, 2026, an IFRIC 21 adjustment of $43,571 (2025 - $47,017) was deducted to the IFRS presentation of realty tax expense.
(2) Equity-accounted FFO excludes fair value adjustments on real estate properties.
(3) Current income taxes for three months ended March 31, 2026 excludes $nil (2025 - $32) of income tax relating to the disposal of properties.
(4) For the three months ended March 31, 2026, non-controlling interests' share of FFO includes Morguard Residential REIT's non-controlling interest share of FFO in the amount of $6,852 (2025 - $7,682).

For the three months ended March 31, 2026, the Company recorded FFO of $39,639 ($3.71 per common share), compared to $47,242 ($4.41 per common share) in 2025. The decrease in FFO of $7,603 is mainly due to a decrease in Adjusted NOI of $6,639, a decrease in internal leasing costs of $1,006, a decrease in unrealized changes in the fair value of financial instruments of $1,150 and an increase in other expense of $2,069, partially offset by a decrease in current income taxes of $2,425 and a decrease in non-controlling interests' share of FFO of $1,139.

The change in the foreign exchange rate had a negative impact on FFO of $861 ($0.08 per common share).

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

Normalized FFO

For the three months ended March 31	2026	2025
FFO (from above)	**$39,639**	$47,242
Add/(deduct):		
Unrealized changes in the fair value of financial instruments	**3,772**	2,622
SARs plan increase (decrease) in fair value	**(96)**	323
SOP increase in fair value	**413**	—
Lease cancellation fee and other	**2,658**	(265)
Tax effect of above adjustments	**(315)**	42
Normalized FFO	**$46,071**	$49,964
Per common share amounts – basic and diluted	**$4.31**	$4.66

Normalized FFO for the three months ended March 31, 2026 was $46,071 or $4.31 per common share, compared to $49,964, or $4.66 per common share, for the same period in 2025, which represents a decrease of $3,893, or 7.8%.

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

For the three months ended March 31	2026	2025
Net income attributable to common shareholders	**$58,471**	$58,135
Add/(deduct):		
Fair value gain on real estate properties, net(1)	**(63,245)**	(71,883)
Non-controlling interests' share of fair value gain (loss) on real estate properties, net(1)	**936**	(5,085)
Fair value loss (gain) on Morguard Residential REIT units	**(13,787)**	6,293
Distribution to Morguard Residential REIT's external unitholders	**5,296**	5,336
Non-controlling interest - Morguard Residential REIT	**(6,852)**	(7,682)
Fair value gain on conversion option of MRG convertible debentures	**(381)**	(110)
Amortization of intangible asset	**298**	1,455
Amortization of hotel properties	**640**	678
Foreign exchange loss (gain)	**(18)**	5
Deferred income taxes	**16,671**	14,434
Principal repayment of lease liabilities	**(451)**	(489)
Internal leasing costs	**630**	1,636
Realty taxes accounted for under IFRIC 21(2)	**41,431**	44,487
Current tax on disposition of properties	**—**	32
FFO	**$39,639**	$47,242
FFO per common share – basic and diluted	**$3.71**	$4.41
Weighted average number of common shares outstanding (in thousands):		
Basic and diluted	**10,678**	10,718

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

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, 2026	December 31, 2025
Real estate properties		
Multi-suite residential	**$6,841,148**	$6,715,393
Retail	**2,220,975**	2,193,540
Office(1)	**1,921,253**	1,916,957
	10,983,376	10,825,890
Properties under development	**169,533**	144,306
Land held for development	**122,221**	122,888
Real estate properties	**$11,275,130**	$11,093,084
Real estate properties	**$11,126,960**	$10,944,914
Real estate properties held for sale	**148,170**	148,170
Total	**$11,275,130**	$11,093,084

(1) As at March 31, 2026, includes industrial properties in the amount of $222,114 (December 31, 2025 - $221,611).

Real estate properties (including real estate properties held for sale) increased by $182,046 at March 31, 2026 to $11,275,130, compared to $11,093,084 at December 31, 2025. The increase is primarily a result of the following:

- Capitalization of property enhancements, including capital expenditures and tenant improvements, totalling $24,050;
- Development expenditures of $23,805;
- A fair value gain on real estate properties of $63,194; and
- An increase of $69,657 due to the change in the U.S. dollar exchange rate.

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, 2026, the Company has a commitment to sell an office property consisting of 328,500 square feet located in Ottawa, Ontario, for gross proceeds of $148,170, excluding closing costs and will repay the mortgage payable secured by the property in the amount of $28,411. The transaction is scheduled to close on August 31, 2026.

Appraisal Capitalization and Discount Rates

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

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

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

As at	**March 31, 2026**					December 31, 2025				
	Occupancy Rates		**Capitalization Rates**			Occupancy Rates		Capitalization Rates		
	Max.	**Min.**	**Max.**	**Min.**	**Weighted Average**	Max.	Min.	Max.	Min.	Weighted Average
Multi-suite residential	**98.5%**	**92.0%**	**6.3%**	**3.5%**	**4.4%**	98.5%	92.0%	6.3%	3.4%	4.4%
Retail	**99.0%**	**85.0%**	**10.3%**	**5.0%**	**7.6%**	99.0%	85.0%	10.3%	5.0%	7.5%
Office(1)	**100.0%**	**85.0%**	**9.5%**	**5.0%**	**7.7%**	100.0%	85.0%	10.0%	5.0%	7.8%

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

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

As at	**March 31, 2026**			December 31, 2025		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
Retail						
Discount rate	**11.3%**	**5.8%**	**7.7%**	11.3%	5.8%	7.7%
Terminal cap rate	**10.3%**	**5.3%**	**6.7%**	10.3%	5.3%	6.7%
Office						
Discount rate	**10.0%**	**6.0%**	**7.3%**	10.0%	6.0%	7.3%
Terminal cap rate	**9.3%**	**5.3%**	**6.6%**	9.3%	5.3%	6.6%

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

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

As at	March 31, 2026		December 31, 2025	
Change in capitalization rate:	**0.25%**	**(0.25%)**	0.25%	(0.25%)
Multi-suite residential	**($358,328)**	**$400,803**	($347,851)	$388,316
Retail	**(63,597)**	**67,952**	(63,709)	68,099
Office[(1)]	**(60,473)**	**64,553**	(60,083)	64,118
	($482,398)	**$533,308**	($471,643)	$520,533

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

Property Under Development – 725 Village Green Boulevard

The Company invests in development projects that generate accretive earnings and cash flow and that enhance the overall quality of our portfolio. During the third quarter of 2024, Morguard launched the construction of its new purpose-built rental community in the Port Credit area of Mississauga, Ontario. The development will be comprised of one nine-storey and two eight-storey mid-rise residential buildings on a 3.7-acre property and will contain 431 suites, from studios to three-bedroom units, townhomes and penthouse suites. As at March 31, 2026, the Company's cumulative investment amounted to $136,438 (December 31, 2025 - $114,744) and the project is anticipated to commence occupancies in the second half of 2027.

Hotel Properties

Hotel properties consist of the following:

As at	March 31, 2026	December 31, 2025
Cost	**$115,134**	$114,829
Accumulated amortization	**(29,605)**	(28,965)
Hotel properties	**$85,529**	$85,864

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

Equity-Accounted and Other Fund Investments

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

As at	March 31, 2026	December 31, 2025
Equity-accounted investments - Joint ventures	**$6,682**	$6,160
Other real estate fund investments	**39,019**	42,550
Equity-accounted and other fund investments	**$45,701**	$48,710

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

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

As at	March 31, 2026	December 31, 2025
Balance, beginning of period	**$48,710**	$63,064
Share of net income - joint ventures	**722**	966
Distributions received - joint ventures	**(200)**	(1,838)
Fair value loss - other fund investments	**(4,185)**	(3,854)
Distributions received - other fund investments	**—**	(7,095)
Foreign exchange gain (loss)	**654**	(2,533)
Balance, end of period	**$45,701**	$48,710

Construction Financing Payable

The Company has a non-revolving construction facility of up to $208,254 collateralized by it's multi-suite residential property under development located at 725 Village Green Boulevard. The facility bears interest at the prime rate minus 35 basis points and matures on April 28, 2028 with an option to be converted into a Canada Mortgage and Housing Corporation ("CMHC") insured mortgage with a ten-year term. As at March 31, 2026, the Company had borrowed $41,951 (December 31, 2025 - $22,754) on the facility.

Mortgages Payable

Mortgages payable totalled $4,617,822 at March 31, 2026, compared to $4,609,911 at December 31, 2025, an increase of $7,911, mainly due to net proceeds from new mortgage financing of $105,711 and a change in foreign exchange of $29,860, partially offset by mortgage repayments on maturity of $102,575 and scheduled principal repayments of $27,065.

Mortgage Continuity Schedule

As at	March 31, 2026	December 31, 2025
Opening mortgage balance	**$4,609,911**	$4,761,081
New mortgage financing	**106,242**	705,544
New mortgage financing costs	**(531)**	(9,229)
Mortgage repayments on maturity	**(102,575)**	(643,867)
Mortgage repayments on extinguishment	**—**	(10,796)
Scheduled principal repayments	**(27,065)**	(112,983)
Change in foreign exchange rate	**29,860**	(87,898)
Mortgages mark-to-market adjustment, net	**144**	1,005
Deferred financing costs (including extinguishment)	**1,836**	7,054
Closing mortgage balance	**$4,617,822**	$4,609,911

The Company's first mortgages are registered against specific real estate assets and hotel properties. As at March 31, 2026, mortgages payable bear interest at rates ranging between 2.03% and 7.75% per annum with a weighted average interest rate of 4.27% (December 31, 2025 - 4.25%), mature between 2026 and 2058 and have a weighted average term to maturity of 3.8 years (December 31, 2025 - 3.9 years). Approximately 94% of the Company's mortgages have fixed interest rates.

Mortgage Repayment Schedule

As at March 31, 2026	Principal Instalment Repayments	Balance Maturing	Total	Weighted Average Contractual Interest Rate
2026 (remainder of year)	$82,255	$720,704	$802,959	4.26%
2027	77,918	639,414	717,332	4.48%
2028	63,568	689,479	753,047	4.65%
2029	56,414	574,511	630,925	4.57%
2030	38,652	549,329	587,981	3.66%
Thereafter	127,917	1,027,380	1,155,297	4.06%
	$446,724	$4,200,817	4,647,541	4.27%
Mark-to-market adjustment, net			(307)	
Deferred financing costs			(29,412)	
			$4,617,822	

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

Mortgage Maturity Schedule

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

	2026				2027			
Asset Type	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio
Multi-suite residential	10	$407,181	4.38%	40.0%	5	$310,599	3.78%	33.8%
Retail	6	171,942	3.77%	45.2%	2	159,286	5.99%	49.7%
Office (1)	5	113,170	4.29%	63.1%	5	169,529	4.37%	43.0%
	21	**$692,293**	**4.21%**	**44.0%**	**12**	**$639,414**	**4.48%**	**39.2%**

(1) Excludes mortgages payable of $28,411 that will be repaid or intended to be repaid on the disposition of real estate properties classified as held for sale.

The following table details the new and refinancing activities completed during the three months ended March 31, 2026:

Date	Asset Type	Location	New Interest Rate	Maturing Interest Rate	Term (years)	Mortgage Proceeds	Mortgage Repayment
January 1, 2026	Office	Ottawa, ON	4.02%	3.10%	2.0	$31,687	$31,687
January 1, 2026	Office	Ottawa, ON	4.80%	3.75%	5.0	48,000	44,333
February 1, 2026	Office	Markham, ON	4.53%	3.70%	2.0	26,555	26,555
Weighted Averages and Total			**4.50%**	**3.54%**	**3.4**	**$106,242**	**$102,575**

Unsecured Debentures

The Company's Unsecured Debentures consist of the following:

As at	Maturity Date	Coupon Interest Rate	March 31, 2026	December 31, 2025
Series H senior unsecured debentures	September 26, 2026	9.50%	**$175,000**	$175,000
Series I senior unsecured debentures	October 14, 2026	5.00%	**250,000**	250,000
Unamortized financing costs			**(3,268)**	(3,752)
			$421,732	$421,248

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. Paros Enterprises Limited ("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%.

On October 14, 2025, the Company issued $250,000 (net proceeds including issuance costs - $246,592) of Series I senior unsecured debentures due on October 14, 2028. Interest on the Series I unsecured debentures is payable semi-annually, not in advance, on October 14 and April 14 of each year, commencing on April 14, 2026. Paros Enterprises acquired $10,000 aggregate principal amount of the Series I senior unsecured debentures. The Company has the option to redeem the Series I 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 0.615%.

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

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

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

Non-Consolidated Basis adjustments include the following:

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

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

Non-Consolidated Basis	**Covenant Requirements**	**March 31, 2026**	March 31, 2025
Interest coverage ratio(1)(2)	1.65	**2.27**	2.37
Indebtedness to aggregate assets ratio(2)	Less than or equal to 65%	**38.2%**	39.4%
Adjusted shareholders' equity(2)	Not less than $300,000	**$3,939,525**	$3,787,221

(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 in Part I, "Specified Financial Measures."

As at March 31, 2026, on a Non-Consolidated Basis, the Company's unencumbered assets, which include real estate, hotel properties and other investments, amounted to $743,069 (December 31, 2025 - $753,828).

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

Morguard Non-consolidated Financial Statements

Balance Sheet

As at	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Balance Sheet Indenture Adjustment	March 31, 2026 Morguard Non-Consolidated Basis	December 31, 2025 Morguard Non-Consolidated Basis
ASSETS							
Real estate properties	$11,126,960	($2,139,078)	($4,404,228)	($177,092)	$—	**$4,406,562**	$4,323,034
Real estate properties held for sale	148,170	—	—	—	—	**148,170**	148,170
Hotel properties	85,529	—	—	—	29,605	**115,134**	114,829
Equity-accounted and other fund investments	45,701	(3,943)	(74,642)	1,447,553	—	**1,414,669**	1,401,822
Other assets	417,610	(20,770)	(58,927)	103,091	(24,488)	**416,516**	428,551
Cash	192,957	(8,403)	(81,318)	(110)	—	**103,126**	62,046
Total assets	$12,016,927	($2,172,194)	($4,619,115)	$1,373,442	$5,117	**$6,604,177**	$6,478,452
LIABILITIES							
Mortgages payable	$4,617,822	($919,218)	($1,710,614)	($104,025)	$—	**$1,883,965**	$1,881,521
Construction financing payable	41,951	—	—	—	—	**41,951**	22,754
Bank indebtedness and loans	94,110	(148,243)	—	92,000	—	**37,867**	12,000
Class B LP units	—	—	(289,348)	289,348	—	**—**	—
Unsecured debentures	421,732	—	—	—	—	**421,732**	421,248
Convertible debentures	146,003	(157,105)	(53,499)	64,601	—	**—**	—
Lease liabilities	169,435	(16,384)	(17,216)	419	—	**136,254**	136,685
Morguard Residential REIT units	405,524	—	—	(405,524)	—	**—**	—
Deferred income tax liabilities	974,272	—	(305,533)	—	(668,739)	**—**	—
Accounts payable and accrued liabilities	282,632	(61,784)	(83,815)	5,850	—	**142,883**	129,358
Total liabilities	7,153,481	(1,302,734)	(2,460,025)	(57,331)	(668,739)	**2,664,652**	2,603,566
Equity/Adjusted shareholders' equity	4,863,446	(869,460)	(2,159,090)	1,430,773	673,856	**3,939,525**	3,874,886
Total liabilities and equity	$12,016,927	($2,172,194)	($4,619,115)	$1,373,442	$5,117	**$6,604,177**	$6,478,452

Computation for Interest Coverage Ratio

Twelve months ended March 31	Morguard Consolidated	Morguard REIT	Morguard Residential REIT	Equity Adjustment	Income Statement Indenture Adjustment	2026 Morguard Non-Consolidated Basis	2025 Morguard Non-Consolidated Basis
Revenue from real estate properties	$1,024,447	($239,037)	($350,840)	($16,705)	$—	**$417,865**	$417,905
Revenue from hotel properties	32,963	—	—	—	—	**32,963**	30,179
Property operating expenses	(476,017)	127,322	161,080	(9,970)	(1,330)	**(198,915)**	(194,080)
Hotel operating expenses	(22,975)	—	—	—	—	**(22,975)**	(21,062)
Net operating income	558,418	(111,715)	(189,760)	(26,675)	(1,330)	**228,938**	232,942
Management and advisory fees/distributions	40,812	—	—	47,325	—	**88,137**	86,666
Interest and other income	18,207	—	—	369	—	**18,576**	22,859
Property management and corporate(1)	(91,249)	3,902	22,860	(25,817)	636	**(89,668)**	(88,470)
Other income (expense)(2)	(2,016)	(79)	(5,676)	5,718	2,701	**648**	353
Distributions from Morguard REIT and Morguard Residential REIT	—	—	—	—	30,376	**30,376**	31,669
EBITDA	$524,172	($107,892)	($172,576)	$920	$32,383	**$277,007**	$286,019
Interest expense	$256,742	($63,072)	($92,335)	$16,594	$—	**$117,929**	$120,418
Interest capitalized to development projects	4,374	(460)	—	—	—	**3,914**	497
Interest expense for interest coverage ratio	$261,116	($63,532)	($92,335)	$16,594	$—	**$121,843**	$120,915

(1) Morguard consolidated property management and corporate expense for the year ended March 31, 2026 includes a non-cash fair value adjustment relating to the Company's stock-based compensation expense and has been adjusted to remove the net impact of an increase in stock-based compensation expense of $636 (2025 - $44).

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

Convertible Debentures

Convertible debentures consist of the following:

As at	Maturity Date	Conversion Price	Coupon Interest Rate	Principal Balance	Principal Owned by the Company	March 31, 2026	December 31, 2025
Morguard Residential REIT(1)	March 31, 2028	$24.15	6.00%	$56,000	$5,000	**$48,499**	$48,536
Morguard REIT	December 31, 2026	$7.80	5.25%	$159,000	$60,000	**97,504**	97,003
						$146,003	$145,539

(1) As at March 31, 2026, the liability includes the fair value of the conversion option of $330 (December 31, 2025 - $711).

Morguard Residential REIT

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

Morguard REIT

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

Morguard Residential REIT Units

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

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

As at March 31, 2026, the Company valued the non-controlling interest in the Morguard Residential REIT units at $405,524 (December 31, 2025 - $419,105) and classifies the units as a liability on the consolidated balance sheets. Due to the change in the market value of the units and the distributions paid to external unitholders, the Company recorded a fair value gain for the three months ended March 31, 2026 of $8,491 (2025 - loss of $11,629) in the consolidated statements of income.

Bank Indebtedness

As at March 31, 2026, the Company has borrowed $94,110 (December 31, 2025 - $87,973) on its operating lines of credit and has issued letters of credit in the amount of $3,093 (December 31, 2025 - $3,093). The Company has seven revolving lines of credit, of which six are subject to borrowing limitations that are based on the performance metrics of the underlying security. As at March 31, 2026, the maximum amount that can be borrowed on the operating lines of credit is $389,779 (December 31, 2025 - $386,340). As at March 31, 2026, the Company has operating lines of credit totalling $438,330 (December 31, 2025 - $438,330).

The Company's investments in Morguard REIT and Morguard Residential REIT, marketable securities, amounts receivable, inventory, capital assets and a fixed charge on eleven properties have been pledged as collateral on these operating lines of credit. As at March 31, 2026, the majority of the Company's lines of credit can be borrowed in either Canadian or United States dollars and are subject to floating interest rates based on the prime lending rate, Canadian Overnight Repo Rate Average ("CORRA") for amounts borrowed in Canadian dollars or the Secured Overnight Financing Rate ("SOFR") on amounts borrowed in United States dollars.

The bank credit agreements, which renew annually and are due on demand, include certain restrictive undertakings by the Company. As at March 31, 2026, the Company is in compliance with all undertakings.

Lease Liabilities

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

As at	**March 31, 2026**	December 31, 2025
Balance, beginning of period	**$169,598**	$171,463
Interest on lease liabilities	**2,468**	9,929
Payments	**(2,919)**	(11,913)
Additions	**—**	958
Foreign exchange loss (gain)	**288**	(839)
Balance, end of period	**$169,435**	$169,598

Future minimum lease payments under lease liabilities are as follows:

As at	**March 31, 2026**	December 31, 2025
Within 12 months	**$11,665**	$11,649
2 to 5 years	**54,787**	54,800
Over 5 years	**319,589**	321,973
Total minimum lease payments	**386,041**	388,422
Less: future interest costs	**(216,606)**	(218,824)
Present value of minimum lease payments	**$169,435**	$169,598

Equity

Total equity increased by $94,778 to $4,863,446 at March 31, 2026, compared to $4,768,668 at December 31, 2025 primarily due to the following:

- Net income for the three months ended March 31, 2026 of $61,199;
- Non-controlling interest distributions of $1,538;
- Dividends paid of $2,136; and
- Unrealized foreign currency translation gain of $41,843.

As at March 31, 2026 and May 5, 2026, 10,678,183 common shares are outstanding.

PART V

LIQUIDITY

Morguard uses a combination of existing cash, cash generated from operations, mortgages, bank indebtedness, project-specific financing and equity to finance its activities. For the three months ended March 31, 2026, Morguard received $7,951 in recurring distributions and dividends from subsidiaries and affiliated entities.

The Company has liquidity of $488,500, comprised of approximately $193,000 in cash and $295,500 available under its revolving credit facilities and approximately $135,000 of additional net mortgage financing proceeds expected to close in the second quarter of 2026. In addition, the Company has $1,120,000 of unencumbered income producing properties and other investments which could be utilized for financing.

The Company has approximately $1,360,000 of mortgages payable maturing during 2026 and 2027, having an aggregate loan-to-value ratio of 41%, which management expects to be able to refinance at similar or favourable terms. In addition, the Company has $175,000 of senior unsecured debentures maturing in September 2026 and $99,000 of unsecured convertible debentures maturing in December 2026. The Company expects to be able to issue new debt instruments and use current liquidity to permit the repayment of the 2026 and 2027 maturities.

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

Three Months Ended March 31, 2026

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended March 31, 2026 was $35,021, compared to $9,629 in 2025. 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 Used in Investing Activities

Cash used in investing activities during the three months ended March 31, 2026 totalled $28,257, compared to $42,154 in 2025. The cash used investing activities reflects:

- Additions to real estate properties and tenant improvements of $27,938;
- Additions to capital and intangible assets of $1,315;
- Additions to properties under development of $22,826; and
- Net decrease in mortgages and loans receivable of $24,027.

Cash Provided by (Used in) Financing Activities

Cash used in financing activities during the three months ended March 31, 2026 totalled $425, compared to cash provided by financing activities of $44,131 in 2025. The cash used in financing activities reflects:

- Proceeds from new mortgages, net of financing cost, of $105,711;
- Mortgage principal repayments of $27,065;

- Repayment of mortgages on maturity of $102,575;
- Net proceeds from bank indebtedness of $6,137;
- Proceeds from construction financing of 19,197;
- Dividends paid of $2,126;
- Distributions to non-controlling interest of $1,119; and
- Decrease in restricted cash of $1,866.

PART VI

TRANSACTIONS WITH RELATED PARTIES

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

Paros Holdings Corporation And Paros Enterprises Limited

Paros Holdings Corporation (“Paros Holdings”) and Paros Enterprises are owned by the Company’s Executive Chairman, Mr. K. Rai Sahi. As at March 31, 2026, Paros Holdings owns a 62.9% interest in Morguard through its ownership of 6,717,150 common shares. As at March 31, 2026, Paros Enterprises owns $25,000 (December 31, 2025 - $25,000) Series H senior unsecured debentures, $10,000 Series I senior unsecured debentures (December 31, 2025 - $10,000) and $2,000 (December 31, 2025 - $2,000) of Morguard Residential REIT’s 6.00% convertible unsecured subordinated debentures. As at March 31, 2026, and December 31, 2025, the Company has a demand loan agreement with Paros Enterprises that provides for the Company to borrow up to $50,000. As at March 31, 2026, and December 31, 2025, no amounts were drawn and no net interest expense was incurred.

TWC Enterprises Limited (“TWC”)

The Company provides TWC with managerial and consulting services for its business and the business of its subsidiaries. Mr. K. Rai Sahi is Chairman and Chief Executive Officer and the majority shareholder of TWC. Pursuant to contractual agreements between the Company and TWC, for the three months ended March 31, 2026, the Company received a management fee of $372 (2025 - $339) and paid rent and operating expenses of $276 (2025 - $275).

As at March 31, 2026, and December 31, 2025, the Company has a revolving demand loan agreement with TWC that provides for either party to borrow up to $50,000 at floating rates of interest consistent with the entity’s borrowing cost. The total loan payable as at March 31, 2026, and December 31, 2025, was $nil. During the three months ended March 31, 2026, the Company paid net interest of $nil (2025 - $84).

Share/Unit Purchase and Other Loans

As at March 31, 2026, share/unit purchase and other loans to officers and employees of the Company and its subsidiaries of $3,044 (December 31, 2025 - $3,042) are outstanding. The loans are collateralized by their common shares and Unsecured Debentures of the Company, units and convertible debentures of Morguard REIT, and units of Morguard Residential REIT, are interest-bearing, computed at the prescribed interest rate and are due on January 12, 2027. Other loans are secured against the underlying asset. The loans are classified as amounts receivable on the consolidated balance sheets. As at March 31, 2026, the fair market value of the common shares/units held as collateral is $3,694.

PART VII

SUMMARY OF MATERIAL ACCOUNTING POLICIES AND ESTIMATES

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

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

FINANCIAL INSTRUMENTS

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

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

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

Fair Value of Financial Assets and Financial Liabilities

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

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

The fair value of mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2026 market rates for debt of similar terms. Based on these assumptions, the fair value as at March 31, 2026 of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $4,570,438 (December 31, 2025 - $4,578,285), compared to the carrying value of $4,647,541 (December 31, 2025 - $4,640,991). The fair value of mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

The fair value of the Unsecured Debentures liability is based on their closing bid price. As at March 31, 2026, the fair value of Unsecured Debentures has been estimated at $432,359 (December 31, 2025 - $437,294), compared to the carrying value of $425,000 (December 31, 2025 - $425,000).

The fair value of the convertible debentures liability is based on their market trading price. As at March 31, 2026, the fair value of convertible debentures before deferred financing costs has been estimated at $151,644 (December 31, 2025 - $153,260), compared to the carrying value of $150,000 (December 31, 2025 - $150,000).

The fair value of the finance lease receivable is determined by discounting the cash flows of the finance lease receivable using March 31, 2026 market rates for debt of similar terms. Based on these assumptions, as at March 31, 2026, the fair value of the finance lease receivable is estimated at $59,915 (December 31, 2025 - $59,811).

RISKS AND UNCERTAINTIES

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

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

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

The Company's management has evaluated the effectiveness of the Company's disclosure controls and procedures and, based on such evaluation, has concluded that their design is adequate and effective as of and for the three months ended March 31, 2026. The Company's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design is effective as of and for the three months ended March 31, 2026.

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

PART VIII

SUMMARY OF QUARTERLY INFORMATION

(In thousands of dollars, except per common share amounts)	Total Revenue	NOI	Adjusted NOI	Normalized FFO	Net Income	Net Income Attributable to Common Shareholders	Net Income to Common Shareholders per Share - Basic/Diluted
March 31, 2026	**$275,046**	**$86,881**	**$130,452**	**$46,071**	**$61,199**	**$58,471**	**$5.48**
December 31, 2025	282,744	158,849	142,314	59,035	25,321	24,890	2.33
September 30, 2025	278,220	155,708	140,874	55,453	43,955	37,844	3.54
June 30, 2025	280,419	156,980	141,332	56,039	54,865	54,001	5.05
March 31, 2025	282,199	90,074	137,091	49,964	54,761	58,135	5.42
December 31, 2024	290,013	161,037	147,200	62,777	59,513	76,997	7.14
September 30, 2024	276,873	153,239	139,347	53,738	7,915	498	0.05
June 30, 2024	278,531	157,879	142,351	51,270	55,437	53,858	4.98

Summary of Quarterly Results

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

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

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

Year	Quarter	Asset Class	Transaction	Sq. Ft.	# of rooms/ suites
2024	Fourth	Office[1]	Acquisition	557,000	—
2024	Fourth	Industrial	Disposition	27,950	—
2024	Second	Retail	Disposition	131,000	—
2024	Second	Hotels[2]	Disposition	—	299

(1) The Company acquired a 20% interest in the property; total square feet is stated at 100% basis.
(2) The Company sold its 50% interest in two joint ventures; total number of rooms is stated at 100% basis.

Revenue and Net Operating Income

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

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

Similar to the reasons described above, NOI over the last eight quarters has followed a similar pattern from an increase in revenue and the Company's ability to control expenses as a percentage of revenue. The impact of foreign exchange rates and of acquisitions and dispositions also factor into the variance from quarter to quarter. The first quarter results (three months ended March 31) are impacted by IFRIC 21, whereby the Company records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition. As a result, the second, third and fourth quarters typically have no realty tax expense which results in higher NOI and NOI margins. Adjusted NOI which excludes IFRIC 21 is presented in the table above to illustrate a more comparable quarter-to-quarter analysis.

Net Income Attributable to Common Shareholders

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

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

SUBSEQUENT EVENTS

The Company entered into agreements for the CMHC-insured refinancing of four Canadian multi-suite residential properties, providing gross proceeds of up to $252,395 for a weighted average term of 10.8 years. The maturing mortgages amount to $117,641 and have a weighted average interest rate of 2.92%. The Company expects to close the refinancings during the second quarter of 2026.

On February 25, 2026, Morguard Corporation and Morguard Residential REIT agreed to jointly invest $1.0 billion in a Canadian multi-suite residential real estate portfolio currently owned by TD Asset Management Inc. ("TDAM"). This represents an approximate 20 percent undivided interest in a portfolio of 106 properties valued at approximately $5.0 billion. Management is currently progressing through due diligence including determining the allocation of individual property ownership interests to the Company and Morguard Residential REIT. The transaction is expected to close in one tranche during the second half of 2026, subject to completion of due diligence and customary approvals and will be financed through a combination of vendor financing, assumed mortgages, cash on hand, and the remainder through short-term borrowings. Subsequent to March 31, 2026, the Company and TDAM entered into property and asset management agreements and commenced the phased transition of management services.