

**MANAGEMENT'S DISCUSSION AND ANALYSIS
AND UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

For the three and six months ended
June 30, 2022



**Q2
REPORT.**

2022



TABLE OF CONTENTS

1	Section I — About this Management’s Discussion and Analysis	67	Mortgages, Loans and Notes Receivable
1	Presentation of Certain Terms Including Non-GAAP Measures	69	Total Return Swap Receivable
2	Non-GAAP Measures	70	Section VII — Financing and Capital Resources
8	Forward-Looking Statements	70	Capital Resources and Liquidity
10	Section II — Business Overview, Outlook and Strategic Direction	72	Maintenance of Productive Capacity
10	Creating Exceptional Places to Shop, Live and Work in Canada	73	Debt
12	Outlook	77	Interest Income and Interest Expense
16	Key Business Development, Financial and Operational Highlights for the Three Months Ended June 30, 2022	78	Financial Covenants
24	Quarterly Results and Trends	79	Unitholders’ Equity
26	Section III — Development Activities	81	Section VIII — Related Party Transactions
26	Mixed-Use Development Initiatives	85	Section IX — Accounting Policies, Risk Management and Compliance
30	Residential Development Inventory	85	Significant Accounting Estimates and Policies
30	Properties Under Development	85	Risks and Uncertainties
32	Completed and Future Earnouts and Developments on Existing Properties	85	Income Taxes and the REIT Exception
34	Section IV — Business Operations and Performance	85	Environmental, Social and Governance
34	Results of Operations - Balance Sheets, Income Statements, NOI, SPNOI, Adjusted EBITDA	86	Disclosure Controls and Procedures and Internal Control Over Financial Reporting
42	Other Measures of Performance - FFO, Weighted Average Units, ACFO, Distributions	86	Section X — Glossary of Terms
51	General and Administrative Expense	87	UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
53	Section V — Leasing Activities and Lease Expiries	88	UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
53	Leasing Activities	89	UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
54	Tenant Profile	90	UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
56	Lease Expiries	91	NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
58	Section VI — Asset Profile		
58	Investment Properties		
61	Equity Accounted Investments		
66	Amounts Receivable and Other, and Prepaid Expenses, Deposits and Deferred Financing Costs		

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

Section I — About this Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") sets out SmartCentres Real Estate Investment Trust's ("SmartCentres" or the "Trust") business overview and strategic direction, and provides an analysis of the financial performance and financial condition for the three and six months ended June 30, 2022, management's outlook and the risks facing the business.

This MD&A should be read in conjunction with the Trust's audited consolidated financial statements for the years ended December 31, 2021 and 2020, and the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, the notes contained therein, and the Trust's annual information form ("AIF"). Such interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed consolidated financial statements, and International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. The Canadian dollar is the functional and reporting currency for purposes of preparing the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

This MD&A is dated August 11, 2022, which is the date of the press release announcing the Trust's results for the three and six months ended June 30, 2022. Disclosure contained in this MD&A is current to that date, unless otherwise noted.

Presentation of Certain Terms Including Non-GAAP Measures

Readers are cautioned that certain terms used in this MD&A include non-GAAP measures and other terms. The following terms are non-GAAP measures used in this MD&A: Adjusted Cashflow From Operations ("ACFO"), ACFO with adjustments, ACFO per Unit, ACFO with adjustments per Unit, Adjusted Debt, Adjusted Debt (excluding TRS debt), Net Debt, Adjusted Debt to Adjusted EBITDA, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization Expense ("Adjusted EBITDA"), Adjusted Interest Expense including Capitalized Interest, Debt Service Expense, Aggregate Assets, Gross Book Value, Annual Run-Rate NOI, Debt – non-GAAP, Debt to Aggregate Assets, Debt to Aggregate Assets excluding TRS debt and receivable, Debt to Gross Book Value, Fixed Charge Coverage Ratio, Forecasted Annualized NOI, Funds From Operations ("FFO"), FFO with adjustments, FFO with adjustments and Transactional FFO, FFO excluding condominium profits, FFO per Unit, FFO with adjustments per Unit, FFO with adjustments and Transactional FFO per Unit, Interest Coverage Ratio, Net Operating Income ("NOI"), Investment Properties – non-GAAP, Payout Ratio to ACFO, Proportionate Share Reconciliation, Recovery Ratio, Same Properties NOI ("SPNOI"), Same Properties NOI excluding ECL, Total Proportionate Share, Transactional FFO, Unencumbered Assets, Unencumbered Assets to Unsecured Debt, Unsecured to Secured Debt Ratio. These non-GAAP measures are defined in this MD&A and non-GAAP financial measures have been reconciled to the closest IFRS measure in the unaudited interim condensed consolidated financial statements of the Trust for the three and six months ended June 30, 2022 in "Non-GAAP Measures". Readers should refer to "Non-GAAP Measures" for definitions and reconciliations of the Trust's non-GAAP financial measures.

The following are other terms used in this MD&A: "COVID-19", Net Asset Value ("NAV"), and any related measure per Variable Voting Unit of the Trust (a "Trust Unit") and per unit of the Trust's subsidiary limited partnerships (an "LP Unit") (where management discloses the combination of Trust Units and LP Units, combined units are referred to as a "Unit" or "Units").

These non-GAAP measures and other terms are used by management to measure, compare and explain the operating results and financial performance of the Trust and do not have any standardized meaning prescribed under IFRS and, therefore, should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS where applicable. Such terms do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures disclosed by other issuers. For further details of these terms, see "Other Measures of Performance", "Net Operating Income", "Debt", "Financial Covenants", and "Non-GAAP Measures".

Non-GAAP Measures

The following table details the Trust's non-GAAP measures. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable.

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Adjusted Cashflow From Operations ("ACFO")	ACFO may not be comparable to similar measures used by other real estate entities. The Trust calculates its ACFO in accordance with the Real Property Association of Canada's ("REALpac") White Paper on Adjusted Cashflow from Operations for IFRS last revised in February 2019.	Section IV — Business Operations and Performance, "Other Measures of Performance"
and		
ACFO with adjustments	ACFO is defined as cash flows from operations adjusted for such items as, but not limited to, changes in working capital, interest expense included in cash flow from financing, capital expenditures, leasing costs, tenant improvements, non-cash interest expense and income, acquisition-related gains (losses), and distributions. ACFO with adjustments is defined as ACFO less costs associated with vaccination centres and yield maintenance costs on repayment of debt and related write-off of unamortized financing costs. ACFO per Unit is defined as ACFO divided by the weighted average units outstanding. ACFO with adjustments per Unit is defined as ACFO with adjustments divided by the weighted average units outstanding.	
ACFO per Unit		
and		
ACFO with adjustments per Unit	ACFO and ACFO with adjustments are intended to be used by investors as sustainable, economic cash flow metrics. Management considers ACFO an input to determine the appropriate level of distributions to Unitholders as it adjusts cash flows from operations to better measure sustainable, economic cash flows.	
Debt – non-GAAP	Debt – non-GAAP is defined as the Trust's total proportionate share of debt, inclusive of the Trust's share of debt in equity accounted investments. Adjusted Debt is defined as Debt – non-GAAP net of mortgages and loans receivable and cash-on-hand. Adjusted Debt (excluding TRS debt) is defined as Adjusted Debt net of debt borrowed concurrent with entering the TRS agreement. Net Debt is defined as Debt – non-GAAP net of cash-on-hand. Net Debt (excluding TRS debt) is defined as Net Debt less debt borrowed concurrent with entering the TRS agreement.	Section VII — Financing and Capital Resources, "Debt", "Financial Covenants"
and		
Adjusted Debt		
and		
Adjusted Debt (excluding TRS debt)	Debt – non-GAAP, Adjusted Debt, Adjusted Debt (excluding TRS debt), Net Debt and Net Debt (excluding TRS debt) are intended to be used by investors as measures of the level of indebtedness of the Trust and its ability to meet its obligations, as liquid assets are used to reduce outstanding liabilities. Management uses Adjusted Debt, Adjusted Debt (excluding TRS debt), Net Debt and Net Debt (excluding TRS debt) to calculate certain covenant ratios, and to assess the Trust's level of indebtedness.	
and		
Net Debt		
and		
Net Debt (excluding TRS debt)		
Adjusted Debt to Adjusted EBITDA	Adjusted Debt to Adjusted EBITDA is defined as Adjusted Debt divided by Adjusted EBITDA. Adjusted Debt to Adjusted EBITDA (excluding TRS debt) is defined as Adjusted Debt (excluding TRS debt) divided by Adjusted EBITDA.	Section VII — Financing and Capital Resources, "Financial Covenants"
and		
Adjusted Debt to Adjusted EBITDA (excluding TRS debt)	The ratios are intended to be used by investors as a measure of the level of the Trust's debt versus the Trust's ability to service that debt. Management uses the ratios to assess the Trust's level of leverage and its capacity to borrow.	

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization Expense ("Adjusted EBITDA")	<p>Adjusted EBITDA is defined as the Trust's net income and comprehensive income adjusted by income taxes, interest expense, amortization expense and depreciation expense, as well as adjustments for gains and losses on disposal of investment properties including transactional gains and losses on the sale of investment properties to a joint venture that are expected to be recurring, and the fair value changes associated with investment properties and financial instruments, and excludes extraordinary items such as, but not limited to, yield maintenance on redemption of unsecured debentures and Transactional FFO – gain on sale of land to co-owners.</p> <p>The measure is intended to be used by investors to help determine the Trust's ability to service its debt, finance capital expenditures and provide for distributions to its Unitholders. Management uses this measure to assess the Trust's profitability, as it removes the non-cash impact of the fair value changes and gains and losses on investment property dispositions.</p>	Section IV — Business Operations and Performance, "Results of Operations"
Adjusted Interest Expense including Capitalized Interest and Debt Service Expense	<p>Adjusted Interest Expense including Capitalized Interest is defined as the Trust's total proportionate share of interest expense, less distributions on vested deferred units and Units classified as liabilities and interest income from mortgages and loans receivable, plus capitalized interest. Debt Service Expense is defined as the Trust's total proportionate share of interest expense, less distributions on vested deferred units and Units classified as liabilities and interest income from mortgages and loans receivable, plus capitalized interest and mortgage principal amortization payments.</p> <p>Adjusted Interest Expense including Capitalized Interest and Debt Service Expense are intended to be used by investors as measures of the interest expense on the Trust's debt. Management uses these to calculate certain covenant ratios, and to assess the Trust's ability to service its debt.</p>	Section VII — Financing and Capital Resources, "Financial Covenants"
Aggregate Assets and Aggregate Assets (excluding TRS receivable) and Gross Book Value	<p>Aggregate Assets is defined as the Trust's total proportionate share of assets, less cash-on-hand. Aggregate Assets (excluding TRS receivable) is defined as Aggregate Assets less TRS receivable. Gross Book Value is defined as the total proportionate share of debt, less cash-on-hand and fair value adjustments on investment properties net of accumulated amortization.</p> <p>Aggregate Assets, Aggregate Assets (excluding TRS receivable) and Gross Book Value are intended to be used by investors as measures of the total value of assets managed by the Trust. Management uses Aggregate Assets, Aggregate Assets (excluding TRS receivable) and Gross Book Value to calculate certain covenant ratios, and to assess the Trust's ability to continue to grow.</p>	Section VII — Financing and Capital Resources, "Financial Covenants"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Annual Run-Rate NOI	<p>Annual Run-Rate NOI is defined as an annualized measure of the current quarter's NOI, adjusted for management's estimate of the impact of straight-line rent and other extraordinary items including but not limited to bad debt provisions and termination fees.</p> <p>The measure is intended to be used by investors as an estimate of normalized and annualized profitability for future periods. Management uses this measure to assess the future profitability of the Trust based on its existing assets.</p>	Section IV — Business Operations and Performance, "Results of Operations"
Debt to Aggregate Assets and	<p>Debt to Aggregate Assets is defined as Net Debt divided by Aggregate Assets. Debt to Aggregate Assets (excluding TRS debt and receivable) is defined as Net Debt (excluding TRS debt) divided by Aggregate Assets (excluding TRS receivable).</p>	Section VII — Financing and Capital Resources, "Financial Covenants"
Debt to Aggregate Assets (excluding TRS debt and receivable)	<p>The ratios are intended to be used by investors to assess the leverage of the Trust on a consolidated basis. Management uses the ratios to assess an acceptable level of leverage for the Trust.</p>	
Debt to Gross Book Value	<p>Debt to Gross Book Value is defined as Net Debt divided by Gross Book Value.</p> <p>The ratio is intended to be used by investors to assess the leverage of the Trust on a consolidated basis, while using the Trust's cost basis for assets. Management uses this ratio to assess an acceptable level of leverage for the Trust.</p>	Section VII — Financing and Capital Resources, "Financial Covenants"
Fixed Charge Coverage Ratio	<p>Fixed Charge Coverage Ratio is defined as Adjusted EBITDA divided by Debt Service Expense.</p> <p>The ratio is intended to be used by investors to assess the Trust's ability to service its fixed charges. Management uses this ratio to manage the Trust's cash flows and fixed obligations.</p>	Section VII — Financing and Capital Resources, "Financial Covenants"
Forecasted Annualized NOI	<p>Forecasted Annualized NOI is defined as management's estimate of NOI for the next fiscal year, based on the current period's NOI.</p> <p>The measure is intended to be used by investors to project the next year's operating income of the Trust. Management uses this measure as a benchmark of the Trust's future profitability.</p>	Section VII — Financing and Capital Resources, "Debt"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Funds From Operations ("FFO")	FFO is a measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALpac, which published a White Paper describing the intended use of FFO last revised in January 2022.	Section IV — Business Operations and Performance, "Other Measures of Performance"
and		
FFO with adjustments	It is the Trust's view that IFRS net income does not necessarily provide a complete measure of the Trust's economic earnings. This is primarily because IFRS net income includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations and gains and losses on the disposal of investment properties, including associated transaction costs and taxes, which are not representative of a company's economic earnings. For these reasons, the Trust has adopted REALpac's definition of FFO, which was created by the real estate industry as a supplemental measure of economic earnings.	
and		
FFO with adjustments and Transactional FFO		
and		
FFO excluding condominium profits	FFO is defined as net income and comprehensive income attributable to Unitholders adjusted for items such as, but not limited to, unrealized changes in the fair value of investment properties and financial instruments and transaction gains and losses on the acquisition or disposal of investment properties. FFO with adjustments is defined as FFO less costs associated with vaccination centres, yield maintenance costs on repayment of debt and related write-off of unamortized financing costs, ECL, TRS gain (loss), FFO sourced from condominium and townhome closings, and FFO sourced from SmartVMC West acquisition. FFO with adjustments and Transactional FFO is defined as FFO with adjustments, further adjusted for gain/(loss) on sale of land to co-owners. FFO excluding condominium profits is defined as FFO less FFO generated from sales of condominium.	
and		
FFO per Unit		
and		
FFO with adjustments per Unit	These measures are intended to be used by investors to assess the operating performance of the Trust. Management uses these measures to assess profitability and performance of the Trust.	
and		
FFO with adjustments and Transactional FFO per Unit	FFO per Unit, FFO with adjustments per Unit, and FFO with adjustments and Transactional FFO per Unit are defined as FFO, FFO with adjustments, and FFO with adjustments and Transactional FFO divided by weighted average number of Units.	
Interest Coverage Ratio	Interest Coverage Ratio is defined as Adjusted EBITDA divided by Adjusted Interest Expense including Capitalized Interest. The ratio is intended to be used by investors to measure the Trust's ability to make interest payments on its existing debt. Management uses this ratio to measure an acceptable level of interest expense relative to available earnings.	Section VII — Financing and Capital Resources, "Financial Covenants"
Investment Properties – non-GAAP	Investment Properties – non-GAAP is defined as the Trust's total proportionate share of investment properties, inclusive of the Trust's share of investment properties in equity accounted investments. The measure is intended to be used by investors to measure the amount of the Trust's entire portfolio.	Section VI — Asset Profile, "Investment Properties"
Net Operating Income ("NOI")	NOI from continuing operations is defined as: i) rentals from investment properties and other less property operating costs and other, and ii) net profit from condominium sales. In the consolidated statements of income and comprehensive income, NOI is presented as "net rental income and other". The measure is intended to be used by investors to assess the Trust's profitability. Management uses NOI as a meaningful measure of economic performance and profitability from continuing operations, as it excludes changes in fair value of investment properties and financial instruments.	Section IV — Business Operations and Performance, "Results of Operations"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Payout Ratio to ACFO	<p>Payout Ratio to ACFO is defined as distributions declared divided by ACFO. It is the proportion of earnings paid out as dividends to Unitholders.</p> <p>The measure is intended to be used by investors to assess the distribution rate of the Trust. Management determines the Trust's Unit cash distribution rate by, among other considerations, its assessment of cash flow as determined using certain non-GAAP measures. As such, management believes the cash distributions are not an economic return of capital, but a distribution of sustainable cash flow from operations.</p>	Section IV — Business Operations and Performance, "Other Measures of Performance"
Proportionate Share Reconciliation and	References made to a "total proportionate share" or "the Trust's proportionate share of EAI" represent the Trust's proportionate interest in the financial position and operating activities of its entire portfolio, which reflect the difference in accounting treatment between joint ventures using proportionate consolidation and equity accounting.	Section IV — Business Operations and Performance, "Results of Operations"
Total Proportionate Share	The presentation is intended to be used by investors to assess the Trust's financial position and performance on a consolidated basis because it represents how the Trust and its partners manage the net assets and operating performance for each of the Trust's co-owned properties. The Trust accounts for its investments in both associates and joint ventures using the equity method of accounting.	
Recovery Ratio	<p>The Recovery Ratio is defined as property operating cost recoveries divided by recoverable costs.</p> <p>The measure is intended to be used by investors and management to assess the Trust's ability to manage recoverable operating expenses for its investment properties.</p>	Section IV — Business Operations and Performance, "Results of Operations"
Same Properties NOI ("SPNOI") and	To facilitate a more meaningful comparison of NOI between periods, SPNOI amounts are defined as the NOI attributable to those income properties that were owned by the Trust during the three and six months ended June 30, 2022 and the three and six months ended June 30, 2021. Any NOI from properties either acquired, Earnouts, developed or disposed of, outside of the periods mentioned above, are excluded from Same Properties NOI. Same Properties NOI excluding ECL is defined as SPNOI excluding the impact of provision and/or reversal of ECL.	Section IV — Business Operations and Performance, "Results of Operations"
Same Properties NOI excluding ECL	Same Properties NOI and SPNOI excluding ECL are intended to be used by investors and management as profitability growth indicators on the Trust's existing investment property portfolio.	
Transactional FFO	<p>Transactional FFO represents the net financial/economic gain resulting from a partial sale of an investment property. Transactional FFO is calculated as the difference between the actual selling price and actual costs incurred for the subject investment property.</p> <p>Because the Trust intends to establish numerous joint ventures with partners in which it plans to co-develop mixed-use development initiatives, the Trust expects such gains to be recurring and therefore represent part of the Trust's overall distributable earnings.</p> <p>The measure is intended to be used by investors to assist in assessing the profitability of the Trust. Management uses this measure to calculate FFO with adjustments and Transactional FFO, a profitability measure.</p>	Section IV — Business Operations and Performance, "Other Measures of Performance"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Unencumbered Assets	<p>Unencumbered Assets is defined as the Trust's assets that are free and clear of any encumbrances.</p> <p>The measure is intended to be used by investors and management to assess the Trust's ability to secure additional financing. Management uses this measure to calculate Unencumbered Assets to Unsecured Debt Ratio</p>	Section VII — Financing and Capital Resources, "Debt"
Unencumbered Assets to Unsecured Debt Ratio	<p>Unencumbered Assets to Unsecured Debt Ratio is defined as the Trust's Unencumbered Assets divided by the Trust's unsecured Debt.</p> <p>The ratio is intended to be used by investors to assess the Trust's ability to use investment properties to satisfy unsecured debt obligations. This ratio is a significant financial covenant pursuant to the terms of the Trust's revolving operating facilities and other credit facilities.</p>	Section VII — Financing and Capital Resources, "Financial Covenants"
Unsecured to Secured Debt Ratio	<p>Unsecured to Secured Debt Ratio is defined as the Trust's unsecured debt (including on equity accounted investments) divided by the Trust's secured debt (including on equity accounted investments).</p> <p>The ratio is intended to be used by investors to assess the Trust's composition of debt. Management uses this ratio to determine the Trust's ability to borrow additional unsecured debt.</p>	Section VII — Financing and Capital Resources, "Financial Covenants"

Forward-Looking Statements

Certain statements in this MD&A are “forward-looking statements” that reflect management’s expectations regarding the Trust’s future growth, results of operations, performance, business prospects and opportunities, including those statements outlined under the headings, “Business Overview, Outlook and Strategic Direction”, “Outlook”, “Key Business Development, Financial and Operational Highlights for the Three Months Ended June 30, 2022”, “Mixed-Use Development Initiatives”, “Residential Development Inventory”, “Properties Under Development”, “Completed and Future Earnouts and Developments on Existing Properties”, “Results of Operations”, “Other Measures of Performance”, “Leasing Activities and Lease Expiries”, “Investment Properties”, “Equity Accounted Investments”, “Amounts Receivable and Other, Deferred Financing Costs, and Prepaid Expenses and Deposits”, “Mortgages, Loans and Notes Receivable”, “Capital Resources and Liquidity”, “Maintenance of Productive Capacity”, “Debt” (which includes “Unencumbered Assets”), “Risks and Uncertainties”, and “Environmental, Social and Governance”.

More specifically, certain statements contained in this MD&A, including statements related to the impact of the COVID-19 pandemic including the Trust’s plans, expectations and intentions with respect to the collection of rent from tenants, the operation, maintenance and development of its properties and its expectations with respect to liquidity; the Trust’s future growth potential and the identification of development opportunities; future occupancy levels; the sustainability of COVID-related trends; plans to extract additional sources of FFO and NAV; expected replacement income to be generated by backfilling existing vacant space over time; the Trust’s maintenance of productive capacity, estimated future development plans and joint venture projects, including the described type, scope, costs and other financial metrics related thereto; the Trust’s expectations regarding future potential mixed-use development opportunities, the timing of construction and costs thereof and returns therefrom; the Trust’s ability to pay future distributions to Unitholders and expectations regarding monthly cash distribution levels, view of term mortgage renewals including rates and refinancing amounts, timing of future payments of obligations, intentions to obtain additional secured and unsecured financing and potential financing sources; the Trust’s potential future pipeline and uncommitted pipeline; Forecasted Annualized NOI and Annual Run-Rate NOI; vacancy and leasing assumptions; expectations surrounding the timing of additional environmental, social and governance (“ESG”) disclosure and reporting; and statements that contain words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “plan”, “potential”, “propose”, “schedule”, “estimate”, “intend”, “project”, “will”, “may”, “continue”, “forecast”, “outlook”, “direction”, “come” and similar expressions or negative variations thereof and statements relating to matters that are not historical facts, constitute “forward-looking statements”. These forward-looking statements are presented for the purpose of assisting Unitholders to understand the Trust’s operating environment, and may not be appropriate for other purposes. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management.

However, such forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks include risks associated with public health crises such as the COVID-19 pandemic; real property ownership and leasing/tenant risk; liquidity risk; capital requirements and access to capital; environmental and climate change risk; potential conflicts of interest; cyber security risk; debt financing; interest and financing risk; joint venture risk; development and construction risk; credit risk; litigation and regulatory risks; potential volatility of Unit prices; cash distributions are not guaranteed and will fluctuate with SmartCentres’ performance; availability of cash flow; significant Unitholder risk; and tax-related risks. These risks and others are more fully discussed under the heading “Risks and Uncertainties” and elsewhere in this MD&A, as well as under the heading “Risk Factors” in the Trust’s most recent AIF. The Trust has attempted to identify important factors that could cause actual results, performance or achievements to be other than as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. These factors are not intended to represent a complete list of the factors that could affect the Trust. Although the forward-looking statements contained in this MD&A are based on what management believes to be reasonable assumptions, including those discussed under the heading “Outlook” and elsewhere in this MD&A, the Trust cannot assure investors that actual results will be consistent with these forward-looking statements.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: that government restrictions, due to COVID-19, on the ability of tenants to operate their businesses at the Trust's properties will continue to ease and will not be re-imposed in any material respects; that COVID-19 will not materially change the willingness of consumers to shop at open-format retail malls of the type operated by the Trust; that there will be a return to a reasonably stable retail environment; a continuing trend toward land use intensification, including residential development in urban and suburban markets; access to equity and debt capital markets to fund, at acceptable costs, future capital requirements and to enable the refinancing of debts as they mature; the availability of investment opportunities for growth in Canada; the timing and ability of the Trust to sell certain properties; and the valuations to be realized on property sales relative to current IFRS values. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable Canadian securities laws and, as such, the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement and readers should not place undue reliance on such forward-looking statements. These forward-looking statements are made as at the date of this MD&A and the Trust assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by applicable securities legislation.

All amounts in the MD&A are expressed in millions of Canadian dollars, except where otherwise stated. Per Unit amounts are expressed on a diluted basis, except where otherwise stated. Additional information relating to the Trust, including the Trust's AIF can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com).

Section II — Business Overview, Outlook and Strategic Direction

Creating Exceptional Places to Shop, Live and Work in Canada

The Trust's Beginnings

From the Trust's inception in 2001 and prior to 2015, its growth was principally a result of the acquisition and Earnout of completed and fully leased open-format retail shopping centres, predominately with the Anchor or Shadow Anchor tenant (i.e., located within the shopping complex but not owned by the Trust) being Walmart. Even through the COVID-19 pandemic, the Trust's national open-format shopping centre portfolio continues to perform well with a current in-place occupancy rate of 97.2%.

Furthermore, the Trust and its retail tenants are adapting to the changing needs of today's customers who are incorporating online shopping with in-store visits, with tenants offering curbside pick-up services and similar e-commerce solutions.

The Trust is Evolving into a Growth-Oriented Diversified REIT

In May of 2015, a major transformative event occurred: the Trust acquired the SmartCentres platform of development expertise and the "SmartCentres" brand from Penguin. This brand has historically represented a family and value-oriented shopping experience. More significantly, this acquisition resulted in the Trust acquiring a large team of experienced professionals working in the areas of land acquisition, planning, development, leasing, construction and other complementary services. The Trust now employs a team that, over the last 25 years, was responsible for the development, leasing and construction of more than 60.0 million square feet of real estate development. Today, this team is focused on the development of the Trust's large and growing mixed-use development initiatives as outlined below.

The Trust recognized that it could do so much more with its large open-format shopping centre portfolio. As a result of the Trust's 2015 purchase of the Penguin platform of development expertise, the Trust announced the commencement of development of mixed-use initiatives principally using lands already owned by the Trust. This focus on mixed-use development provides the Trust with a foundation for growth of both NAV and FFO.

The Trust, together with Penguin, has designed and commenced the development of the Vaughan Metropolitan Centre ("SmartVMC") in Vaughan, Ontario. SmartVMC serves as a model for other city centre projects that are now in the Trust's development pipeline. SmartVMC is an approximate 105-acre master-planned community. The Trust has a 50% interest in the easterly approximately 52 acres, and in December 2021, the Trust acquired a two-thirds interest from unrelated parties in approximately 53 acres of development lands in the western part of SmartVMC. By virtue of this transaction, the Trust has become the largest landowner in SmartVMC, Vaughan's rapidly growing downtown.

SmartVMC aims to serve as an example of how to better serve urban residents with a thoughtfully designed and integrated living space amidst a major transportation hub. With the previous completion of two AAA class office buildings and the closings of the 1,763 condo and townhome units, these projects have already delivered significant FFO with future phases expected to continue to contribute to FFO, including the Transit City 4 and 5 units which is expected to close early in 2023. The Trust is now working on planning for similar city centre developments in Oakville, Scarborough, Pickering and Cambridge in Ontario, and Laval in Quebec, with more to come.

An Illustration of SmartCentres' Investment Strengths

The Trust has a formidable array of investment strengths for investors to consider. First and foremost, the Trust is now evolving into a diversified Real Estate Investment Trust ("REIT") with recurring revenue from two major sources: i) rental income from retail, office, apartments, and self-storage, and ii) development income from condominium and townhome sales. The Trust's established national shopping centre portfolio continues to provide reliable and recurring rental income from national well-known retailers such as Walmart, Canadian Tire, Home Depot, Costco and Loblaws. The Trust has continued to have a program in place to assist retailers requiring help through the COVID-19 pandemic and continues to introduce new services to help ensure its open-format retail shopping centres remain vital and connected to shoppers. This includes implementing curbside pick-up services, re-purposing space for logistics, providing for expanding or contracting premises, electric vehicle charging stations and digital signage. Professional management of the Trust's investment property portfolio is an important strength that continues to enhance the quality of shopping, working and living at its properties. As of June 30, 2022, the Trust had an in-place occupancy rate of 97.2% at its shopping centres.

As SmartCentres expands its major mixed-use real estate development, it has partnered with experienced industry experts in many real estate categories, including: rental apartments, condominiums, self-storage centres, seniors' housing and office buildings. The completed development of Transit City 1, 2 and 3 condominiums provided approximately \$45.0 million of additional FFO in 2020 and \$18.8 million of additional FFO in 2021, and provided approximately \$46.2 million of additional net profit in 2020 and \$19.5 million of additional net profit in 2021. Creating entire city centres has become a major new growth

avenue for SmartCentres. Workers around the world have discovered they can work productively away from the downtown core of major cities. Operating from their residences in urban environments, they enjoy the convenience of nearby retail shopping centres, restaurants, recreational facilities, properly planned parkland and excellent transportation services.

Executing on a Strategic Growth Plan

The Trust's retail portfolio has been well-managed through the pandemic and is continually being upgraded to meet the in-person and online shopping requirements of its tenants and their customers. Management believes the Trust continues to be well-positioned to provide reliable recurring income. But more significant is the size and growth of the Trust's mixed-use development initiatives. As the chart below illustrates: a) the Trust has 69 projects that are underway (as compared to 65 last quarter) out of a total of 282 projects that are planned, b) the Trust's share of total projected developments is estimated at 10.9 million square feet and that is expected to grow to 40.2 million square feet if all current planned projects are completed, and c) the total projected cost, at the Trust's share, is currently estimated at approximately \$5.9 billion and is expected to grow to approximately \$9.8 billion as these projects are completed (for projects with construction underway or expected to commence within the next five years).

Description	Underway	Active	Future	Total
	(Construction underway or expected to commence within next 2 years)	(Construction expected to commence within next 3–5 years)	(Construction expected to commence after 5 years)	
Residential Rental	24	20	60	104
Seniors' Housing	4	9	14	27
Self-storage	12	7	17	36
Office Buildings	—	1	7	8
Hotels	—	—	3	3
Recurring income initiatives	40	37	101	178
Condominium developments	26	22	47	95
Townhome developments	3	1	5	9
Development income initiatives	29	23	52	104
Total	69	60	153	282
Planning entitlements (#)⁽¹⁾	56	40	89	185
Total project area (in thousands of sq. ft.) – at 100% ⁽²⁾	16,450	11,850	30,000	58,300
Total Trust's share of project area (in thousands of sq. ft.)	10,900	7,400	21,900	40,200
Total estimated costs (in millions of dollars) – at 100% based on current planning budgets ⁽²⁾	8,800	6,400	— ⁽³⁾	15,200
Trust's share of such estimated costs (in millions of dollars)	5,900	3,900	—⁽³⁾	9,800

(1) Planning entitlements represent those projects whereby the official plan currently permits intended/proposed uses.

(2) Square footage and cost figures provided at 100% pertain to projects for which the Trust has an ownership interest in such projects, and do not include related party projects to which the Trust does not have an ownership interest.

(3) The Trust has not fully determined the costs attributable to future projects expected to commence after five years and as such they are not included in this table.

Outlook

Safety, security and stability. The three foundational pillars on which the Trust's portfolio of predominately Walmart-anchored shopping centres has been built, have permitted the Trust to navigate through an unprecedented pandemic period. During this 27 month period of 'stormy weather', occupancy was maintained at levels of at least 97%, over 60% of the Trust's necessity based tenants were permitted to remain open to assist Canadians, construction of over 1,934 new condominium, townhome and rental units were completed and delivered to their occupants, construction of over 2,143 new condominium, townhome and rental units were commenced, five self-storage projects were delivered on time and on budget, a 2/3 interest in the VMC West 53 acre site was purchased that will provide development opportunities for many future years, and unitholder distributions were maintained at \$1.85 per unit. These results speak to the safety, security and stability of the Trust's portfolio and its ability to generate reliable distributions. Accordingly, as the Canadian economy now begins to experience heightened levels of inflation and rising interest rates, the Trust is once again ready to manage through these new economic challenges. While the Trust's retail portfolio continues to act as the anchor to cashflow, 84.1% of the Trust's debt is fixed, with a staggered ladder of manageable maturities and strong relationships with Canada's lending community that will assure strong levels of liquidity for the future. New development initiatives will only commence when market conditions permit and when appropriate financing has been arranged. In addition, all new development projects must meet with approval of the Trust's Board prior to commencementsafe, secure and stable

Mixed-Use Development on SmartVMC

In December 2021, the Trust completed the acquisition, valued at \$513.0 million, of a two-thirds interest in approximately 53.0 acres of land representing the western portion of SmartVMC ("SmartVMC West") on which approximately 10.0 million square feet of mixed-use space is expected to be built in the coming years. This strategic acquisition permits the Trust, together with Penguin, to master-plan and develop the entire 105.0 acre SmartVMC lands, which, when complete, are expected to be comprised of mixed-use developments exceeding 20.0 million square feet. This acquisition was financed by the issuance of \$200.0 million in equity taken back by the vendors and \$300.0 million in cash was drawn from the Trust's existing credit facilities, which were subsequently repaid with the establishment of a new five-year unsecured \$300.0 million facility early in 2022.

Moreover, on the SmartVMC West lands at the north-east corner of Highway 7 and Commerce Street, the Trust has recently launched the first phase for Park Place. When complete, Park Place will feature two high-rise condominium buildings (48 and 56 stories in height), connected by a three-storey podium with 1,094 units and three levels of underground parking. To help facilitate the continued development at SmartVMC West, the City of Vaughan is undertaking the design and construction of the widening and extension of Portage Parkway from Applewood to Jane Street.

Additionally, the Trust, together with Penguin, have concluded the sales program for the ArtWalk Condominiums, the first phase of condominium development to be built on the parcel of SmartVMC formerly occupied by Walmart. To date, all 320 of the released condominium units have been sold. The remaining units in this phase of the ArtWalk have not yet been released. ArtWalk and future phases of both high-rise condominium and rental residential development are expected to be developed by the Trust's in-house team. Construction of this first phase is expected to commence later in 2022 with deliveries expected in 2026-2027. In addition, the 22 pre-sold townhomes built as part of Transit City 1 and 2 were completed and closed during Q2/22 with the Trust's share of earnings being \$1.4 million. The table below provides details on actual and expected closings for units in the various phases of condominium and rental development that have been announced at SmartVMC:

Time of Actual/ Expected Closings	Transit City 1, 2 & 3	Transit City 4 & 5	Transit City 1 & 2 Towns	Total Transit City	ArtWalk	Park Place	Total Condos	ArtWalk Rentals	Millway Rentals	Total Rentals	Total Units
2020	1,109	—	—	1,109	—	—	1,109	—	—	—	1,109
Q1 2021	1	—	—	1	—	—	1	—	—	—	1
Q2 2021	439	—	—	439	—	—	439	—	—	—	439
Q3 2021	192	—	—	192	—	—	192	—	—	—	192
Q4 2021	—	—	—	—	—	—	—	—	—	—	—
Q1 2022	—	—	—	—	—	—	—	—	—	—	—
Q2 2022	—	—	22	22	—	—	22	—	—	—	22
Subtotal	1,741	—	22	1,763	—	—	1,763	—	—	—	1,763
2023	—	1,026	—	1,026	—	—	1,026	—	454	454	1,480
2026–2027	—	—	—	—	320	—	320	307	—	307	627
2027	—	—	—	—	—	1,094	1,094	—	—	—	1,094
Total – 2020 to 2027	1,741	1,026	22	2,789	320	1,094	4,203	307	454	761	4,964

With 1,763 units having closed to date, SmartVMC has become a community with approximately 3,000 new residents in occupancy. In addition, construction of the sold out 1,026 condominium units Transit City 4 and 5 continues with closings expected early in 2023. The Trust's first purpose-built 454-unit Millway rental building at SmartVMC is expected to commence occupancy later in 2023. Upon their completion, these phases are expected to provide accommodation for over 2,000 additional residents to SmartVMC. In addition, the world-class YMCA, municipal library and community centre at SmartVMC opened in Q2/22. The Trust is now also actively designing a future phase of office development at SmartVMC which is expected to be built in conjunction with two new residential towers across from the SmartVMC Bus Terminal.

SmartVMC represents the emergence of a new city, anchored by three forms of public transit infrastructure, including a subway station linking the site directly to downtown Toronto, and a mass urban bus hub, and the site is serviced by an efficient arterial road system which is linked to two major high-speed highways. When fully complete, SmartVMC is expected to accommodate over 45,000 residents.

Mixed-Use Development on Other Initiatives

The Trust's residential development initiatives on other sites continue to progress and, subject to arranging satisfactory project financing, the Trust, together with its partners, have commenced or expect to commence construction on a variety of new mixed-use initiatives within the next six months, including:

Description	Location	Units (#)	Partner	Expected completion date
Phase 2 Residential Rental Apartment	Laval, Quebec	211	Jadco	2023
Vaughan NW Townhomes	Vaughan, Ontario	174	Fieldgate Homes	2024
Seniors' Rental and Seniors' Living Community	Ottawa, Ontario	402	Groupe Sélection	2024
Phase 1 Residential Rental Apartments (2 Buildings)	Mascouche, Quebec	238	Cogir	Partially Opened (2022)

In Laval, Quebec, approximately 98% of the rental units of the 171-unit, 15-storey first phase of the two-phase, purpose-built residential rental project have been leased. In Vaughan NW project, 100 of the planned 174 townhomes have been pre-sold and construction has commenced with initial closings expected in 2024.

In 2019, together with Revera Inc. ("Revera"), the Trust announced the execution of an overall agreement to develop and own new retirement-living residences across Canada. These retirement-living residences are very different in nature, level of care and funding than government subsidized long-term care facilities. Executed specific site agreements are now in place to proceed with the first three initiatives on properties that are currently owned by the Trust, in Vaughan (two initiatives) and Richmond Hill, Ontario which in aggregate are expected to contain 683 units. Subject to appropriate approvals and project-specific financing being arranged, construction of these three initiatives is expected to commence within the next 12 to 18 months. During the first quarter of 2020, together with Revera, the Trust announced additional Toronto-area retirement-living residences to be built in Markham and Oakville, each on properties owned by Revera. The Trust purchased a 50% interest in the Markham property in 2020 and it is currently working to obtain approvals regarding rezoning and similar entitlement requirements. In addition, together with Groupe Sélection (formerly Réseau Sélection), construction of the two-tower seniors' apartments/retirement residences project at the Trust's Laurentian Place shopping centre in Ottawa continues on schedule and on budget. This 402-unit development is expected to be completed in 2024. The Trust is continuing to work with its partners and is at various stages of identifying and moving forward with additional opportunities to develop retirement communities within its portfolio of shopping centre locations.

With its partner SmartStop, construction is now complete on the first five self-storage projects in Toronto (Leaside), Vaughan NW, Brampton, Oshawa South, and Scarborough East. Leasing in these locations continues to be ahead of original expectations. The following table provides occupancy levels of these self-storage facilities as of the end of Q2 2022.

(in thousands of dollars, excepted for # of units and square footage)	Self-storage facilities					Total
	Leaside	Bramport	Vaughan NW	Oshawa South	Scarborough East	
Net operating income (loss) for the six months ended June 30, 2022 (at the Trust's share)	299	194	201	62	(71)	685
Occupancy ratio	95.7 %	90.9 %	92.6 %	79.3 %	44.2 %	
# of units	997	1,050	875	940	970	4,832
Square footage	99,682	99,955	85,275	91,650	97,173	473,735
Completion date	Jun 20	Jan 21	Feb 21	Sep 21	Nov 21	

Construction is progressing on the next SmartStop projects in Aurora and Brampton (Kingspoint), with completions expected later in 2022. When complete, the Trust expects approximately 400,000 square feet (at its share) of self-storage space to be available. These multi-level self-storage facilities range in size up to 140,000 square feet and will each have approximately 1,000 units. Additional self-storage facilities have been approved by the Trust's Board of Trustees for development on its existing properties including locations at Whitby, Markham, and Stoney Creek, Ontario. In each case, existing lands have been or will be transferred to the partnership with SmartStop when municipal approvals are received. In addition, together with SmartStop, the Trust has purchased three properties in Toronto, on Jane Street, Gilbert Avenue and Eglinton Ave East, and one property in Burnaby, BC, on which, once zoning approvals are in place, it intends to build new self-storage facilities.

During the second quarter, the Trust completed the purchase of approximately 38 acres of industrial lands in Pickering, adjacent to Hwy 407, on which the Trust received approval to build 241,000 square feet of space for the 16-acre Phase 1 development, of which 53% has already been pre-leased. Once complete in 2023, yields from Phase 1 project are expected to be in the range of 6.0% – 6.5%.

The Trust, together with its partner, Penguin, have also commenced preliminary siteworks for the 215,000 square foot retail project on Laird Drive in Toronto, that once complete in 2024, will feature a flagship 190,000 square-foot Canadian Tire store together with 25,000 square feet of additional retail space.

Leasing

The Trust's 34.7 million square foot portfolio of predominately Walmart-anchored shopping centres continues to demonstrate strong occupancy levels. As at June 30, 2022, the overall in-place occupancy level was 97.2% (inclusive of committed deals, the occupancy level was 97.6%) as compared to 97.0% and 97.2% respectively as at March 31, 2022. The improvement was primarily due to new leases to The Hockey Shop Source for Sports and RD Furniture in two Home Outfitters' locations. During the COVID-19 pandemic, Walmart has continued to demonstrate its industry-leading ability to drive high traffic levels to the Trust's shopping centres across Canada. This is best exemplified by the Trust's core portfolio of shopping centres continuing to demonstrate strong resilience in the face of adversity and, as at June 30, 2022, the Trust has renewed 83.2% of its expiring lease maturities (June 30, 2021 – 72.6%). Leasing activity has been brisk and a substantial portion of the space vacated during the pandemic is either under contract or is expected to soon be back-filled. The Trust remains well-positioned as Canada's largest provider of retail space in Walmart-anchored open-format shopping centres. Additionally, because the pandemic has resulted in the deferral of most planned new retail expansion projects in Canada, this limitation of new supply continues to assist the Trust in backfilling its shopping centres with tenants that are seeking lower-cost, stable, open-format alternatives.

Collections

Collection levels continue to improve, reaching approximately 98% for the six months ended June 30, 2022. The challenges associated with the COVID-19 pandemic continue to impact the remaining 2%, however the Trust expects that collection levels will return to pre-pandemic levels by the fourth quarter. As a result, during the six months ended June 30, 2022, the Trust recorded reversal of bad debt expense/expected credit loss ("ECL") provisions totalling \$2.4 million principally as a result of the resolution and collection of amounts previously provided for as compared to an ECL provision of \$4.6 million for the comparable 6 month period.

Investment Properties – Valuation

The following table identifies the change in fair values of investment property for the six months ended June 30, 2022:

(in thousands of dollars)	Income Properties		Properties Under Development		Total	
	Amount	Fair value adjustments as % of carrying value	Amount	Fair value adjustments as % of carrying value	Amount	Fair value adjustments as % of carrying value
Fair value as at December 31, 2021	8,395,077		1,452,001		9,847,078	
Additional costs and other adjustments	123,400		2,320		125,720	
Fair value adjustment on revaluation of investment properties in Q1 2022	30,204	0.4 %	241,141	16.6 %	271,345	2.8 %
Fair value as at March 31, 2022	8,548,681		1,695,462		10,244,143	
Additional costs and other adjustments	5,355		26,586		31,941	
Fair value adjustment on revaluation of investment properties in Q2 2022	9,464	0.1 %	205	0.01 %	9,669	0.1 %
Fair value as at June 30, 2022	8,563,500	0.5 %	1,722,253	16.6 %	10,285,753	2.9 %

Notwithstanding recent increases in interest rate, the property market remains healthy and demand for institutional quality retail real estate continues to be strong. Accordingly, the Trust's IFRS values for its portfolio of open-format shopping centres were maintained. For Q2 2022, there was a net fair value increase of approximately \$9.5 million to income properties, and a net fair

value increase of approximately \$0.2 million to properties under development. As driven by the Trust's vast pipeline of mixed-use initiatives, the Trust expects to continue to recognize fair value increments through the planning, zoning, and development progress of its investment properties.

Financing

The Russian-Ukrainian War and related pressure on the price of oil, together with unparalleled supply chain constraints principally caused by the pandemic have resulted in an inflationary environment not experienced for almost 30 years. To combat this inflationary environment, the Bank of Canada has been active in increasing its overnight interest rate. As at January 1, 2022, the Bank of Canada's overnight rate was 0.25% and by June 30, 2022, this rate had risen to 1.5% (which was further increased to 2.5% subsequent to June 30, 2022). As a result, over the past several months, both short and long term borrowing costs have experienced significant increases. Accordingly, as at June 30, 2022, the Trust's overall weighted average interest rate has increased for the first time in at least the previous 10 years to 3.29% from 3.14% as at March 31, 2022. 15.9% of the Trust's debt is variable rate debt, most of which is linked to development projects. Accordingly, those projects that are currently under development will likely experience higher interest costs.

Economists have indicated that the Bank of Canada's current position on interest rates is intended to 'cool' the current overheated economy which in turn may permit the Bank of Canada to reduce rates later in 2023 or in 2024. The Trust is currently working on strategies to determine optimal refinancing alternative(s) that will limit any material adverse impact to FFO.

The Trust expects to continue its strategy to repay most maturing mortgages and then term out selectively with unsecured debentures or similar unsecured facilities, thus permitting the Trust's unencumbered assets to increase in value. The Trust's unencumbered assets⁽¹⁾ are currently valued at 8.4 billion (June 30, 2021 – \$5.9 billion).

Liquidity and having the ability to fund obligations during challenging periods is the principal reason that the Trust increased and extended its unsecured revolving operating line of credit to \$500.0 million in 2017, in addition to establishing a \$250.0 million accordion feature. As a result of its continued commitment to the balance sheet, late in 2019, the Trust received a credit rating upgrade to BBB(high) from DBRS Morningstar. This achievement is significant as it reduces borrowing costs on existing unsecured credit facilities and future issuances of unsecured debentures and permits a wider group of investors to invest in the Trust's bonds, which is of particular importance in periods such as those resulting from COVID-19. To assist in funding capital requirements, during 2021 the Trust established an additional \$150.0 million revolving unsecured operating line. In addition, earlier in 2022, the Trust established a \$300.0 million five-year unsecured facility to assist with the funding requirements associated with the acquisition of the SmartVMC West lands. Principally, as a result of the additional debt required to fund the acquisition of the SmartVMC West lands, in December 2021, DBRS confirmed the Trust's BBB(high) rating and changed the trend from stable to negative. The Trust is continuing to work on alternatives with the intent to further improve its credit rating.

As at June 30, 2022, the Trust's credit metrics (net of cash-on-hand) had the following attributes:

(in thousands of dollars)	June 30, 2022	December 31, 2021
Average stated interest rate (%) ⁽¹⁾	3.30	3.11
Average duration of unsecured debt (in years)	4.8	5.4
Adjusted debt to Adjusted EBITDA ⁽¹⁾	10.0X	9.2X
Debt to aggregate assets (%) ⁽¹⁾	43.0	42.9
Interest coverage ratio ⁽¹⁾	3.3X	3.4X
Maturing secured debt in 2022	80,058	294,507
Maturing unsecured debt in 2022	—	—

The Trust has continued to focus on its long-term mixed-use development initiatives, of which 69 projects are either underway or for which construction is expected to commence within the next two years, subject to arranging appropriate financing and completing zoning entitlements. As Canadians continue to return to a new level of "normalcy", the Trust will continue to follow its credo by continuing to "focus on change". Over the coming years, this continued evolution is expected to result in additional mixed-use development opportunities, which in turn are expected to contribute to substantive future growth in both FFO and NAV.

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

Key Business Development, Financial and Operational Highlights for the Three Months Ended June 30, 2022

Mixed-Use Development and Intensification at SmartVMC

- The construction of the world-class YMCA at SmartVMC was completed and the facility opened in April 2022.
- Park Place condo pre-development is underway on the 53.0-acre SmartVMC West lands strategically acquired in December 2021. Pre-sales for this development were launched in May 2022. The Trust's acquisition in December 2021 of a two-thirds interest in the SmartVMC West lands more than doubles the Trust's holdings in the 105-acre SmartVMC city centre development.
- Construction continues on the 100% pre-sold Transit City 4 (45 storeys) and 5 (50 storeys) condo towers, representing 1,026 residential units. Progress is being made with concrete and formwork complete up to the mechanical penthouse for Transit City 4 and level 47 for Transit City 5. Closings are expected to commence in early 2023.
- Construction of the purpose-built rental project, the Millway (36 storeys), continues at SmartVMC, with concrete and formwork up to the mechanical penthouse with initial occupancy expected to commence later this year.
- As part of Transit City 1 and 2 projects, closings of the 22 townhomes were completed in June 2022, generating net profit of \$1.4 million and FFO⁽²⁾ of \$1.4 million at the Trust's share.
- ArtWalk condominium sales of 320 released units in Phase 1 are sold out with construction expected to begin later in 2022.

Other Business Development

- Leasing continues on the completed first phase of the two-phase, purpose-built residential rental project in Laval, Quebec, with more than 96% of the 171 units leased. Construction continues on the next phase that commenced in October 2021, with a target completion date of Q2 2023.
- Initial occupancy in the two purpose-built residential rental towers (238 units) in Mascouche, Quebec began in July 2022. More than 110 units have been pre-leased and current lease-up expectations are in line with initial expectation.
- All of the five developed and operating self-storage facilities (Toronto (Leaside), Vaughan NW, Brampton, Oshawa South and Scarborough East) have been very well-received by their local communities, with current occupancy levels ahead of expectations.
- Two self-storage facilities in Brampton (Kingspoint) and Aurora are currently under construction. Both facilities are expected to be completed in 2022. Additional self-storage facilities have been approved by the Board of Trustees and the Trust is in the process of obtaining municipal approvals in Whitby, Markham, Stoney Creek and three locations in Toronto (Gilbert Ave., Jane St. and Eglinton Avenue East). In addition, the municipal approval process is underway on a newly acquired property in Burnaby, British Columbia.
- Construction continues on a new retirement residence and a seniors' apartment project, totalling 402 units, with joint venture partner Groupe Sélection at the Trust's Laurentian Place in Ottawa, with completion expected in Q1 2024.
- The Trust intends to commence the redevelopment of a portion of its 73-acre Cambridge retail property (which is subject to a leasehold interest with Penguin) which now allows various forms of residential, retail, office, institutional, and commercial uses providing for the creation of a vibrant urban community with the potential for over 12.0 million square feet of development.
- Completed the purchase of approximately 38 acres of industrial lands in Pickering, adjacent to Hwy 407, on which the Trust received approval to build 241,000 square feet of industrial space for the 16-acre Phase 1 development, of which 53% has already been pre-leased. Once complete in 2023, yields from Phase 1 of the project are expected to be in the range of 6.0% – 6.5%.
- The Trust, together with its partner, Penguin, have also commenced preliminary siteworks for the 215,000 square feet retail project on Laird Drive in Toronto, that is expected to feature a flagship 190,000 square-foot Canadian Tire store together with 25,000 square feet of additional retail space on completion which is currently scheduled for 2024.

Financial

- Net income and comprehensive income⁽¹⁾ was \$162.0 million as compared to \$97.0 million for the same period in 2021, representing an increase of \$65.0 million. This increase was primarily attributed to: i) \$75.6 million increase in fair value adjustments on financial instruments, ii) \$2.5 million decrease in interest expense, and was partially offset by: iii) \$7.1

million decrease in fair value adjustment on revaluation of investment properties, and iv) \$12.9 million decrease in net income from condo closings offset by a \$6.1 million increase from net rental income (see "Results of Operations" for further details).

- The Trust improved its unsecured/secured debt ratio⁽²⁾⁽³⁾ to 77%/23% (December 31, 2021 – 71%/29%).
- The Trust continues to add to its unencumbered pool of high-quality assets. As at June 30, 2022, this unencumbered portfolio consisted of investment properties valued at \$8.4 billion (June 30, 2021 – \$5.9 billion).
- The Trust's fixed rate/variable rate debt ratio⁽²⁾⁽³⁾ was 84%/16% as at June 30, 2022 (December 31, 2021 – 89%/11%).
- FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition⁽²⁾ was \$94.8 million as compared to \$89.9 million in the same period last year, representing an increase of \$4.9 million or 5.5%.
- During the quarter, 2,043,500 additional notional Units were added at average price of \$27.85 per Unit to the TRS.
- Net income and comprehensive income per Unit⁽¹⁾ increased by \$0.34 or 61% to \$0.90 as compared to the same period in 2021, primarily due to the reasons noted above that pertain to net income and comprehensive income.
- FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition per Unit⁽²⁾ increased by \$0.03 or 5.8% to \$0.55 as compared to the same period in 2021.
- Cash flows provided by operating activities⁽¹⁾ decreased by \$18.2 million or 29.3% to \$44.0 million as compared to the same period in 2021. Shortfall of cash flows provided by operating activities⁽¹⁾ over distributions declared amounted to \$38.5 million (three months ended June 30, 2021 – shortfall of \$17.5 million).
- The Payout Ratio relating to cash flows provided by operating activities for the rolling 12 months ended June 30, 2022 was 86.0%, as compared to 102.1% for the same period ended June 30, 2021. The Payout Ratio relating to cash flows provided by operating activities for the rolling 24 months ended June 30, 2022 was 93.3%, as compared to 97.7% for the same period ended June 30, 2021.
- For the three months ended June 30, 2022, ACFO⁽²⁾ decreased by \$13.4 million or 14.2% to \$80.9 million as compared to the same period in 2021.
- For the three months ended June 30, 2022, ACFO⁽²⁾ is less than distributions declared by \$1.6 million (three months ended June 30, 2021 – surplus of \$14.6 million).
- The Payout Ratio to ACFO⁽²⁾ for the rolling 12 months ended June 30, 2022 was 95.4%, as compared to 87.3% for the same period ended June 30, 2021. Excluding SmartVMC West LP Class D distributions, the Payout Ratio to ACFO⁽²⁾ for the rolling 12 months ended June 30, 2022 was 94.0%, as compared to 87.3% for the same period ended June 30, 2021.
- The Payout Ratio to ACFO⁽²⁾ for the rolling 24 months ended June 30, 2022 was 91.2%, as compared to 90.9% for the same period ended June 30, 2021. Excluding SmartVMC West LP Class D distributions, the Payout Ratio to ACFO⁽²⁾ for the rolling 24 months ended June 30, 2022 was 90.5%, as compared to 90.9% for the same period ended June 30, 2021.

Operational

- Rentals from investment properties and other⁽¹⁾ was \$198.3 million, as compared to \$193.9 million for the same period in 2021, representing an increase of \$4.4 million or 2.2%, primarily due to higher rental income from Premium Outlets locations in both Toronto and Montreal, additional self-storage facility and parking rental revenue, and higher miscellaneous revenue.
- In-place and committed occupancy rates were 97.2% and 97.6%, respectively, as at June 30, 2022 (March 31, 2022 – 97.0% and 97.2%, respectively).
- Same Properties NOI inclusive of ECL⁽²⁾ increased by \$6.1 million or 5.0% as compared to the same period in 2021. Same Properties NOI excluding ECL⁽²⁾ increased by \$2.6 million or 2.1% as compared to the same period in 2021.

(1) Represents a GAAP measure.

(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(3) Net of cash-on-hand of \$133.2 million as at June 30, 2022 for the purposes of calculating the applicable ratios.

Selected Consolidated Operational, Mixed-Use Development and Financial Information

Key consolidated operational, mixed-use development and financial information shown in the table below includes the Trust's proportionate share of equity accounted investments:

(in thousands of dollars, except per Unit and other non-financial data)	June 30, 2022	December 31, 2021	June 30, 2021
Portfolio Information			
Number of retail properties	155	155	156
Number of office properties	4	4	4
Number of self-storage properties	6	6	4
Number of residential properties	1	1	1
Number of properties under development	19	17	15
Total number of properties with an ownership interest	185	183	180
Leasing and Operational Information⁽¹⁾			
Gross leasable retail and office area (in thousands of sq. ft.)	34,661	34,119	34,186
Occupied retail and office area (in thousands of sq. ft.)	33,707	33,219	33,180
Vacant retail and office area (in thousands of sq. ft.)	954	900	1,006
In-place occupancy rate (%)	97.2	97.4	97.1
Committed occupancy rate (%)	97.6	97.6	97.3
Average lease term to maturity (in years)	4.4	4.4	4.6
Net retail rental rate (per occupied sq. ft.) (\$)	15.54	15.44	15.43
Net retail rental rate excluding Anchors (per occupied sq. ft.) (\$)	22.26	22.07	22.04
Mixed-Use Development Information			
Trust's share of future development area (in thousands of sq. ft.)	40,200	40,600	32,400
Trust's share of estimated costs of future projects currently under construction, or for which construction is expected to commence within the next five years (in millions of dollars)	9,800	9,800	7,800
Total number of residential rental projects	104	104	96
Total number of seniors' housing projects	27	27	40
Total number of self-storage projects	36	36	50
Total number of office building projects	8	8	7
Total number of hotel projects	3	3	4
Total number of condominium developments	95	95	72
Total number of townhome developments	9	10	15
Total number of estimated future projects currently in development planning stage	282	283	284

(in thousands of dollars, except per Unit and other non-financial data)	June 30, 2022	December 31, 2021	June 30, 2021
Financial Information			
Total assets – GAAP ⁽²⁾	11,905,066	11,293,248	10,036,672
Total assets – non-GAAP ⁽³⁾⁽⁴⁾	12,200,890	11,494,377	10,221,599
Investment properties – GAAP ⁽²⁾	10,285,753	9,847,078	8,883,634
Investment properties – non-GAAP ⁽³⁾⁽⁴⁾	11,191,069	10,684,529	9,490,636
Total unencumbered assets ⁽³⁾	8,413,000	6,640,600	5,937,900
Debt – GAAP ⁽²⁾	5,128,604	4,854,527	4,492,948
Debt – non-GAAP ⁽³⁾⁽⁴⁾	5,325,630	4,983,078	4,591,889
Debt to Aggregate Assets (%) ⁽³⁾⁽⁴⁾⁽⁵⁾	43.0	42.9	44.6
Debt to Gross Book Value (%) ⁽³⁾⁽⁴⁾⁽⁵⁾	51.9	50.8	50.1
Unsecured to Secured Debt Ratio ⁽³⁾⁽⁴⁾⁽⁵⁾	77%/23%	71%/29%	70%/30%
Unencumbered assets to unsecured debt ⁽³⁾⁽⁴⁾⁽⁵⁾	2.1X	1.9X	1.9X
Weighted average interest rate (%) ⁽³⁾⁽⁴⁾	3.30	3.11	3.27
Weighted average term of debt (in years)	4.4	4.8	5.3
Interest coverage ratio ⁽³⁾⁽⁴⁾⁽⁵⁾	3.3X	3.4X	3.4X
Adjusted Debt to Adjusted EBITDA (net of cash) ⁽³⁾⁽⁴⁾⁽⁵⁾	10.0X	9.2X	8.2X
Adjusted Debt to Adjusted EBITDA (net of cash and TRS) ⁽³⁾⁽⁴⁾⁽⁵⁾	9.8X	9.1X	8.1X
Fixed Rate to Variable Rate Debt Ratio ⁽³⁾⁽⁴⁾⁽⁵⁾	84%/16%	89%/11%	96%/4%
Equity (book value) ⁽²⁾	6,216,395	5,841,315	5,168,610
Weighted average number of units outstanding – diluted	179,626,838	173,748,819	173,480,822

(1) Excluding residential and self-storage area.

(2) Represents a GAAP measure.

(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(4) Includes the Trust's proportionate share of equity accounted investments.

(5) As at June 30, 2022, cash-on-hand of \$133.2 million was excluded for the purposes of calculating the applicable ratios (December 31, 2021 – \$80.0 million, June 30, 2021 – \$55.7 million).

Quarterly Comparison to Prior Year

The following table presents key financial, per Unit, and payout ratio information for the three months ended June 30, 2022 and June 30, 2021:

(in thousands of dollars, except per Unit information)	June 30, 2022	June 30, 2021	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other ⁽¹⁾	198,296	193,937	4,359
Net base rent ⁽¹⁾	127,232	123,500	3,732
Total recoveries ⁽¹⁾	65,119	63,995	1,124
Miscellaneous revenue ⁽¹⁾	3,416	2,998	418
Service and other revenues ⁽¹⁾	2,529	3,444	(915)
Net income and comprehensive income ⁽¹⁾	161,997	96,985	65,012
Net income and comprehensive income excluding fair value adjustments ⁽²⁾⁽³⁾	89,646	93,156	(3,510)
Cash flows provided by operating activities ⁽¹⁾	43,970	62,168	(18,198)
Net rental income and other ⁽¹⁾	124,964	119,132	5,832
NOI from condominium and townhome closings ⁽²⁾	1,100	14,028	(12,928)
NOI ⁽²⁾	130,034	136,091	(6,057)
Change in net rental income and other ⁽²⁾	4.9 %	12.8 %	(7.9)%
Change in SPNOI ⁽²⁾	5.0 %	9.6 %	(4.6)%
Change in SPNOI excluding ECL ⁽²⁾	2.1 %	(2.0)%	4.1 %
FFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	88,464	100,455	(11,991)
Other adjustments	982	625	357
FFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	89,446	101,080	(11,634)
Adjusted for:			
ECL	(1,214)	2,274	(3,488)
Loss (gain) on derivative – TRS	7,843	(557)	8,400
FFO sourced from condominium and townhome closings	(1,100)	(12,891)	11,791
FFO sourced from SmartVMC West acquisition	(207)	—	(207)
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽²⁾⁽³⁾⁽⁴⁾	94,768	89,906	4,862
ACFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	80,871	94,246	(13,375)
Other adjustments	982	625	357
ACFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	81,853	94,871	(13,018)
Adjusted for:			
Loss (gain) on derivative – TRS	7,843	(557)	8,400
ACFO sourced from condominium and townhome closings	(1,100)	(14,028)	12,928
ACFO sourced from SmartVMC West acquisition	(207)	—	(207)
ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽²⁾⁽³⁾⁽⁴⁾	88,389	80,286	8,103
Distributions declared	82,422	79,685	2,737
Shortfall of cash provided by operating activities over distributions declared ⁽²⁾	(38,452)	(17,517)	(20,935)
(Shortfall) surplus of ACFO over distributions declared ⁽²⁾	(1,551)	14,563	(16,114)
Surplus of ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition over distributions declared ⁽²⁾	5,967	601	5,366
Units outstanding ⁽⁶⁾	178,122,655	172,280,187	5,842,468
Weighted average – basic	178,122,655	172,275,798	5,846,857
Weighted average – diluted ⁽⁷⁾	179,662,689	173,543,923	6,118,766

(in thousands of dollars, except per Unit information)	June 30, 2022	June 30, 2021	Variance
	(A)	(B)	(A-B)
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income ⁽¹⁾	\$0.91/\$0.90	\$0.56/\$0.56	\$0.35/\$0.34
Net income and comprehensive income excluding fair value adjustments ⁽²⁾⁽³⁾	\$0.50/\$0.50	\$0.54/\$0.54	\$-0.04/\$-0.04
FFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	\$0.50/\$0.49	\$0.58/\$0.58	\$-0.08/\$-0.09
Other adjustments	\$0.00/\$0.01	\$0.01/\$0.00	\$-0.01/\$0.01
FFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	\$0.50/\$0.50	\$0.59/\$0.58	\$-0.09/\$-0.08
Adjusted for:			
ECL	\$-0.01/\$-0.01	\$0.01/\$0.01	\$-0.02/\$-0.02
Loss (gain) on derivative – TRS	\$0.04/\$0.04	\$0.00/\$0.00	\$0.04/\$0.04
FFO sourced from condominium and townhome closings	\$-0.01/\$-0.01	\$-0.08/\$-0.07	\$0.07/\$0.06
FFO units impact from SmartVMC West LP Class D units	\$0.03/\$0.03	\$0.00/\$0.00	\$0.03/\$0.03
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽²⁾⁽³⁾⁽⁴⁾	\$0.55/\$0.55	\$0.52/\$0.52	\$0.03/\$0.03
Distributions declared	\$0.463	\$0.463	\$—
Payout Ratio Information			
Payout Ratio to cash flows provided by operating activities	187.5 %	128.2 %	59.3 %
Payout Ratio to ACFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	101.9 %	84.6 %	17.3 %
Payout Ratio to ACFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	100.7 %	84.0 %	16.7 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome sales, and SmartVMC West acquisition ⁽²⁾⁽³⁾⁽⁴⁾	90.2 %	99.3 %	(9.1)%

(1) Represents a GAAP measure.

(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(3) Includes the Trust's proportionate share of equity accounted investments.

(4) See "Other Measures of Performance" for a reconciliation of these measures to the nearest consolidated financial statement measure.

(5) The calculation of the Trust's FFO and ACFO and related payout ratios, including comparative amounts, are financial metrics that were determined based on the REALpac White Paper on FFO issued in January 2022 and REALpac White Paper on ACFO issued in February 2019, respectively. Comparison with other reporting issuers may not be appropriate. The payout ratio to FFO and the payout ratio to ACFO are calculated as declared distributions divided by FFO and ACFO, respectively.

(6) Total Units outstanding include Trust Units and LP Units, including Units classified as liabilities. LP Units classified as equity in the consolidated financial statements are presented as non-controlling interests.

(7) The diluted weighted average includes the vested portion of the deferred units issued pursuant to the deferred unit plan.

Year-to-Date Comparison to Prior Year

The following table presents key financial, per Unit, and payout ratio information for the six months ended June 30, 2022 and June 30, 2021:

(in thousands of dollars, except per Unit information)	June 30, 2022	June 30, 2021	Variance
	(A)	(B)	(A-B)
Financial Information			
Rentals from investment properties and other ⁽¹⁾	400,819	392,775	8,044
Net base rent ⁽¹⁾	252,506	244,830	7,676
Total recoveries ⁽¹⁾	137,505	135,777	1,728
Miscellaneous revenue ⁽¹⁾	5,731	5,839	(108)
Service and other revenues ⁽¹⁾	5,077	6,329	(1,252)
Net income and comprehensive income ⁽¹⁾	532,107	157,544	374,563
Net income and comprehensive income excluding fair value adjustments ⁽²⁾⁽³⁾	169,983	169,709	274
Cash flows provided by operating activities ⁽¹⁾	146,789	141,652	5,137
Net rental income and other ⁽¹⁾	245,378	235,269	10,109
NOI from condominium and townhome closings ⁽²⁾	1,076	14,094	(13,018)
NOI ⁽²⁾	253,902	255,072	(1,170)
Change in net rental income and other ⁽²⁾	4.3 %	2.5 %	1.8 %
Change in SPNOI ⁽²⁾	3.5 %	1.8 %	1.7 %
Change in SPNOI excluding ECL ⁽²⁾	0.6 %	(2.6)%	3.2 %
FFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	180,699	184,733	(4,034)
Other adjustments	1,897	861	1,036
FFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	182,596	185,594	(2,998)
Adjusted for:			
ECL	(2,276)	4,581	(6,857)
Loss (gain) on derivative – TRS	6,238	(1,070)	7,308
FFO sourced from condominium and townhome closings	(1,076)	(12,891)	11,815
FFO sourced from SmartVMC West acquisition	(459)	—	(459)
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽²⁾⁽³⁾⁽⁴⁾	185,023	176,214	8,809
FFO with adjustments and Transactional FFO ⁽²⁾⁽³⁾⁽⁴⁾	182,596	187,181	(4,585)
ACFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	166,025	179,401	(13,376)
Other adjustments	1,897	861	1,036
ACFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	167,922	180,262	(12,340)
Adjusted for:			
Loss (gain) on derivative – TRS	6,238	(1,070)	7,308
ACFO sourced from condominium and townhome closings	(1,076)	(14,094)	13,018
ACFO sourced from SmartVMC West acquisition	(459)	—	(459)
ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽²⁾⁽³⁾⁽⁴⁾	172,625	165,098	7,527
Distributions declared	164,761	159,345	5,416
Shortfall of cash flows provided by operating activities over distributions declared ⁽²⁾	(17,972)	(17,693)	(279)
Surplus of ACFO over distributions declared ⁽²⁾	1,264	20,056	(18,792)
Surplus of ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition over distributions declared ⁽²⁾	7,864	5,753	2,111
Units outstanding ⁽⁶⁾	178,122,655	172,280,187	5,842,468
Weighted average – basic	178,115,751	172,256,994	5,858,757
Weighted average – diluted ⁽⁷⁾	179,626,838	173,480,822	6,146,016

(in thousands of dollars, except per Unit information)	June 30, 2022	June 30, 2021	Variance
	(A)	(B)	(A-B)
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income ⁽¹⁾	\$2.99/\$2.96	\$0.91/\$0.91	\$2.08/\$2.05
Net income and comprehensive income excluding fair value adjustments ⁽²⁾⁽³⁾	\$0.95/\$0.95	\$0.99/\$0.98	\$-0.04/\$-0.03
FFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	\$1.01/\$1.01	\$1.07/\$1.06	\$-0.06/\$-0.05
Other adjustments	\$0.02/\$0.01	\$0.01/\$0.01	\$0.01/\$0.00
FFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	\$1.03/\$1.02	\$1.08/\$1.07	\$-0.05/\$-0.05
Adjusted for:			
ECL	\$-0.01/\$-0.01	\$0.03/\$0.03	\$-0.04/\$-0.04
Loss (gain) on derivative – TRS	\$0.04/\$0.03	\$-0.01/\$-0.01	\$0.05/\$0.04
FFO sourced from condominium and townhome closings	\$-0.01/\$-0.01	\$-0.08/\$-0.07	\$0.07/\$0.06
FFO units impact from SmartVMC West LP Class D units	\$0.02/\$0.03	\$0.00/\$0.00	\$0.02/\$0.03
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽²⁾⁽³⁾⁽⁴⁾	\$1.07/\$1.06	\$1.02/\$1.02	\$0.05/\$0.04
FFO with adjustments and Transactional FFO ⁽²⁾⁽³⁾⁽⁴⁾	\$1.03/\$1.02	\$1.08/\$1.07	\$-0.05/\$-0.05
Distributions declared	\$0.925	\$0.925	\$—
Payout Ratio Information			
Payout Ratio to cash flows provided by operating activities	112.2 %	112.5 %	(0.3)%
Payout Ratio to ACFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	99.2 %	88.8 %	10.4 %
Payout Ratio to ACFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	98.1 %	88.4 %	9.7 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome sales, and SmartVMC West acquisition ⁽²⁾⁽³⁾⁽⁴⁾	92.3 %	96.5 %	(4.2)%

(1) Represents a GAAP measure.

(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(3) Includes the Trust's proportionate share of equity accounted investments.

(4) See "Other Measures of Performance" for a reconciliation of these measures to the nearest consolidated financial statement measure.

(5) The calculation of the Trust's FFO and ACFO and related payout ratios, including comparative amounts, are financial metrics that were determined based on the REALpac White Paper on FFO issued in January 2022 and REALpac White Paper on ACFO issued in February 2019, respectively. Comparison with other reporting issuers may not be appropriate. The payout ratio to FFO and the payout ratio to ACFO are calculated as declared distributions divided by FFO and ACFO, respectively.

(6) Total Units outstanding include Trust Units and LP Units, including Units classified as liabilities. LP Units classified as equity in the consolidated financial statements are presented as non-controlling interests.

(7) The diluted weighted average includes the vested portion of the deferred units issued pursuant to the deferred unit plan.

Quarterly Results and Trends

(in thousands of dollars, except percentage, square footage, Unit and per Unit amounts)

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Results of operations								
Net income and comprehensive income	161,997	370,110	652,081	178,051	96,985	60,559	48,380	111,033
Per Unit								
Basic	\$0.91	\$2.08	\$3.77	\$1.03	\$0.56	\$0.35	\$0.28	\$0.65
Diluted ⁽³⁾	\$0.90	\$2.06	\$3.74	\$1.03	\$0.56	\$0.35	\$0.28	\$0.64
Net base rent ⁽¹⁾⁽²⁾	131,543	129,354	128,571	128,487	126,658	124,374	126,663	126,045
Rentals from investment properties ⁽¹⁾⁽²⁾	202,785	206,467	195,180	195,749	195,532	200,984	199,609	188,981
Rentals from investment properties and other	198,296	202,523	192,812	195,171	193,937	198,838	197,897	186,344
NOI ⁽¹⁾⁽²⁾	130,034	123,868	129,679	133,333	136,091	118,981	137,002	147,612
Other measures of performance								
FFO ⁽²⁾	88,464	92,235	97,452	97,887	100,457	84,275	86,697	110,107
Per Unit								
Basic ⁽²⁾	\$0.50	\$0.52	\$0.56	\$0.57	\$0.58	\$0.49	\$0.50	\$0.64
Diluted ⁽²⁾⁽³⁾	\$0.49	\$0.51	\$0.56	\$0.56	\$0.58	\$0.49	\$0.50	\$0.64
FFO with adjustments ⁽²⁾	89,446	93,150	98,112	99,593	101,082	84,511	98,651	110,107
Per Unit								
Basic ⁽²⁾	\$0.50	\$0.52	\$0.57	\$0.58	\$0.59	\$0.49	\$0.57	\$0.64
Diluted ⁽²⁾⁽³⁾	\$0.50	\$0.52	\$0.56	\$0.57	\$0.58	\$0.49	\$0.57	\$0.64
FFO with adjustments and Transactional FFO ⁽²⁾	89,446	93,150	98,448	99,593	101,082	86,098	98,651	110,851
Per Unit								
Basic ⁽²⁾	\$0.50	\$0.52	\$0.57	\$0.58	\$0.59	\$0.50	\$0.57	\$0.64
Diluted ⁽²⁾⁽³⁾	\$0.50	\$0.52	\$0.56	\$0.57	\$0.58	\$0.50	\$0.57	\$0.64
Cash flows provided by operating activities	43,970	102,819	133,673	96,298	62,168	79,485	91,371	79,100
Per Unit								
Basic	\$0.25	\$0.58	\$0.77	\$0.56	\$0.36	\$0.46	\$0.53	\$0.46
Diluted ⁽³⁾	\$0.24	\$0.57	\$0.77	\$0.55	\$0.36	\$0.46	\$0.53	\$0.46
ACFO ⁽²⁾	80,871	85,154	83,313	90,342	94,248	85,153	83,943	101,752
Per Unit								
Basic ⁽²⁾	\$0.45	\$0.48	\$0.48	\$0.52	\$0.55	\$0.49	\$0.49	\$0.59
Diluted ⁽²⁾⁽³⁾	\$0.45	\$0.47	\$0.48	\$0.52	\$0.54	\$0.49	\$0.48	\$0.59
ACFO with adjustments ⁽²⁾	81,853	86,069	83,973	92,048	94,873	85,389	95,897	101,752
Per Unit								
Basic ⁽²⁾	\$0.46	\$0.48	\$0.49	\$0.53	\$0.55	\$0.50	\$0.56	\$0.59
Diluted ⁽²⁾⁽³⁾	\$0.46	\$0.48	\$0.48	\$0.53	\$0.55	\$0.49	\$0.55	\$0.59
Distributions declared	82,422	82,339	79,725	79,683	79,685	79,660	79,657	79,621
Units outstanding⁽⁴⁾	178,122,655	178,122,655	178,091,581	172,287,950	172,280,187	172,267,483	172,221,212	172,220,387
Weighted average Units outstanding								
Basic	178,122,655	178,108,771	172,983,636	172,285,503	172,275,798	172,237,982	172,220,907	172,112,821
Diluted ⁽³⁾	179,662,689	179,590,588	174,380,800	173,644,091	173,543,923	173,417,020	173,264,654	173,120,316
Total assets	11,905,066	11,721,953	11,293,248	10,191,592	10,036,672	10,321,117	10,724,492	10,365,651
Total unencumbered assets ⁽²⁾	8,413,000	8,364,500	6,640,600	6,002,800	5,937,900	5,910,900	5,835,600	5,763,400
Debt	5,128,604	4,951,171	4,854,527	4,539,594	4,492,948	4,810,106	5,210,123	4,821,695
Total leasable area (sq. ft.)	34,660,693	34,663,687	34,118,613	34,225,087	34,185,729	34,036,704	34,056,064	34,051,210
In-place occupancy rate (%)	97.2	97.0	97.4	97.3	97.1	97.0	97.0	97.1
Occupancy rate with committed deals (%)	97.6	97.2	97.6	97.6	97.3	97.3	97.3	97.4

(1) Includes the Trust's proportionate share of equity accounted investments.

(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(3) Diluted metrics are adjusted for the dilutive effect of the vested Earnout options and vested portion of deferred units, unless they are anti-dilutive.

(4) Total Units outstanding include Trust Units and LP Units, including Units classified as financial liabilities.

Results of Operations

Net income and comprehensive income, net base rent, rentals from investment properties, NOI, FFO, and related financial and operational metrics noted above are typically not materially impacted by seasonal factors. However, macroeconomic and market trends, as described under "Outlook" in this MD&A, acquisition, Earnout, development and disposition activities and the impacts of the COVID-19 pandemic do have an adverse impact on the demand for space, occupancy and collection levels and, consequently, impact net base rent, common area maintenance ("CAM") and realty tax recoveries, property valuations and ultimately operating performance. Overall, quarterly fluctuations in revenue and operating results are mainly attributable to ECL provisions, occupancy levels, Same Properties NOI growth, acquisitions, Earnouts, developments and dispositions. In addition, the COVID-19 pandemic has had an adverse effect on results of operations for Q3 of 2020 through Q2 of 2022.

Net income and comprehensive income decreased by \$208.1 million in Q2 2022 from Q1 2022. The decrease was mainly attributable to the \$260.9 lower investment property revaluation gains and \$2.1 million higher supplemental costs, partially offset by the higher fair value gains of \$43.5 million on revaluation of financial instruments and higher NOI of \$6.2 million during the current quarter. Net income and comprehensive income decreased in Q1 2022 from Q4 2021 and increased in Q4 2021 and Q3 2021, mainly attributable to fair value adjustment on revaluation of investment properties. Net income and comprehensive income increased in Q1 2021 from Q4 2020 primarily due to higher interest costs accrued in Q4 2020 related to the redemption of Series M and Series Q unsecured debentures and decrease in fair value loss on revaluation of investment properties. Net income and comprehensive income declined in Q4 2020 from Q3 2020, primarily due to fair value loss on revaluation of properties under development, fair value loss on financial instruments attributed to the increase in the Trust's Unit price, and an increase in interest expense.

Other Measures of Performance

FFO decreased by \$3.8 million in Q2 2022 from Q1 2022, mainly attributable to the higher TRS loss of \$9.4 million. FFO decreased in Q1 2022 from Q4 2021, mainly attributable to the decrease in NOI and lower TRS gains, partially offset by lower general and administrative expense (net). FFO declined in Q4 2021 from Q3 2021 primarily due to less condominium sales profit, partially offset by TRS fair value gains and higher net rental income. FFO was higher in Q3 and Q2 of 2021 principally due to the Transit City 3 condominium closings in those quarters. FFO decreased in Q1 2021 from Q4 2020, primarily attributed to the recognition of condominium sales profits in Q4 2020 and partially offset by lower interest expenses in Q1 2021 due to the higher interest costs accrued in Q4 2020 related to the redemption of the Series M and Series Q unsecured debentures. FFO decreased in Q4 2020 from Q3 2020, primarily due to a decrease in earnings from equity accounted investments as a result of fewer residential units remaining to close at Transit City 1 and 2 in Q4 2020 as compared to Q3 2020, and an increase in yield maintenance costs associated with the early repayment of debt.

Units Outstanding

Quarterly increases in Units outstanding and weighted average Units outstanding (basic and diluted) can be attributed to Units issued pursuant to: i) Earnouts; ii) deferred units exchanged for Trust Units; and iii) unit issuances associated with the acquisition of SmartVMC West lands in Q4 2021.

Total Assets and Debt

Total assets increased by \$183.1 million in Q2 2022 from Q1 2022, which was mainly due to: i) increase in other financial assets of \$114.2 million which was driven by a \$50.3 million increase in cash held as collateral in connection with the TRS agreement, a \$48.4 million increase in TRS receivable, and a \$15.5 million increase in the value of interest rate swap agreements; and ii) increase in investment properties of \$41.6 million which was mainly driven by fair value gains of \$9.7 million and acquisition and development activities during the current quarter. Total debt increased by \$177.4 million in Q2 2022 from Q1 2022 as a result of new borrowings. Total assets increased in Q1 2022 from Q4 2021 mainly due to investment properties acquisition and Earnout, and fair value gains on revaluation of investment properties. Total debt increased in Q1 2022 from Q4 2021 as a result of new borrowings. Total assets increased in Q4 2021 from Q3 2021, mainly attributable to the increase in fair value adjustment on revaluation of investment properties and acquisition of SmartVMC West lands. Total debt increased in Q4 2021 from Q3 2021 as a result of operating facilities drawn in Q4 2021 to finance the acquisition of SmartVMC West lands. Total assets increased in Q3 2021 from Q2 2021, mainly resulting from investment properties revaluation gains and increase in equity accounted investments as a result of Q3 2021 earnings. Total debt increased in Q3 2021 from Q2 2021 primarily due to new borrowings. Total assets and debt declined in Q2 2021 from Q1 2021 and in Q1 2021 from Q4 2020, primarily due to the use of cash to redeem unsecured debentures. Total assets and debt increased in Q4 2020 from Q3 2020, principally due to the proceeds from issuance of unsecured debentures, net of repayments. The Trust continues to repay mortgages as they come due to further unencumber its retail properties.

Leasing

The Trust's occupancy rate (inclusive of committed deals) was 97.6% at the end of Q2 2022, representing a 40 basis points increase as compared to Q1 2022, principally due to demand for new locations in all markets and for all store sizes as a result of an increase in customer traffic. The Trust's occupancy rate (inclusive of committed deals) was 97.2% in Q1 2022, which was primarily due to the closure of four Home Outfitters locations. The Trust has released two of these locations subsequently and expects to have the remaining two released by the next quarter given the strong leasing demand. Occupancy rate (inclusive of committed deals) of 97.6% in Q4 2021 was consistent with Q3 2021. Strengthening retail leasing is being experienced across all provinces and improved NOI and occupancy are expected throughout the year.

Section III — Development Activities

Mixed-Use Development Initiatives

The following table summarizes the 282 identified mixed-use, recurring rental income and development income initiatives, which are included in the Trust's large development pipeline:

Description	Underway (Construction underway or expected to commence within next 2 years)	Active (Construction expected to commence within next 3–5 years)	Future (Construction expected to commence after 5 years)	Total
Section A				
Number of projects in which the Trust has an ownership interest				
Residential Rental	24	20	60	104
Seniors' Housing	4	9	14	27
Self-storage	12	7	17	36
Office Buildings	—	1	7	8
Hotels	—	—	3	3
Subtotal – Recurring rental income initiatives	40	37	101	178
Condominium developments	26	22	47	95
Townhome developments	3	1	5	9
Subtotal – Development income initiatives	29	23	52	104
Total	69	60	153	282
Section B				
Planning entitlements (#) ⁽¹⁾	56	40	89	185
Section C				
Project area (in thousands of sq. ft.) – at 100% ⁽²⁾				
Recurring rental income initiatives	7,550	6,350	18,100	32,000
Development income initiatives	8,900	5,500	11,900	26,300
Total project area (in thousands of sq. ft.) – at 100%	16,450	11,850	30,000	58,300
Trust's share of project area (in thousands of sq. ft.)				
Recurring rental income initiatives	4,600	3,900	12,000	20,500
Development income initiatives	6,300	3,500	9,900	19,700
Total Trust's share of project area (in thousands of sq. ft.)	10,900	7,400	21,900	40,200
Section D				
Total estimated costs (in millions of dollars) – at 100% based on current planning budgets ⁽²⁾				
	8,800	6,400	– ⁽³⁾	15,200
Trust's share of such estimated costs (in millions of dollars)				
	5,900	3,900	– ⁽³⁾	9,800

(1) Planning entitlements represent those projects whereby the official plan currently permits intended/proposed uses.

(2) Square footage and cost figures provided at 100% pertain to projects for which the Trust has an ownership interest in such projects, and do not include related party projects to which the Trust does not have an ownership interest.

(3) The Trust has not fully determined the costs attributable to future projects expected to commence after five years and as such they are not included in this table.

Status of Current Development Initiatives

This section contains forward-looking statements related to expected milestones and completion dates of various development initiatives. Completion, milestone or occupancy dates of each of the projects described below may be delayed or adversely impacted as a result of, among other things, restrictions or delays related to the COVID-19 pandemic. Please refer to the "Forward-Looking Statements" section for more information.

The Trust's mixed-use development initiatives have resulted in the Trust participating in various construction development projects. This includes construction at: i) SmartVMC; ii) mid- and high-rise rental residential projects in Laval and Mascouche, Quebec; iii) seniors' apartments and retirement residences in the Greater Toronto Area and Ottawa, Ontario; iv) self-storage locations throughout Ontario; and v) a townhome project in Vaughan, Ontario. In addition, the Trust is currently working on development initiatives for many other properties that will primarily consist of residential developments located in Ontario and Quebec.

SmartVMC Development Initiatives

In December 2021, the Trust acquired a two-thirds interest in approximately 53.0 acres in SmartVMC valued at \$513.0 million. Existing permissions on the property include multi-residential, condominium, seniors' housing, office, retail, schools, recreational, entertainment and other uses; although further entitlements or permissions may be required as specific developments are planned. The Trust now has an ownership interest in approximately 105.0 acres in the Vaughan Metropolitan Centre. When completed, SmartVMC is planned to consist of approximately 20.0 million square feet (11.5 million square feet at the Trust's share) of mixed-use development, anchored by public transit infrastructure spending by the various levels of government of over \$3.0 billion including the VMC subway station. SmartVMC currently includes:

- i) the 360,000 square-foot KPMG tower, with 98% of the office space leased;
- ii) the 225,000 square-foot PwC-YMCA office and community-use complex which is fully leased, with fully occupied office space and community-use space, including a new world-class YMCA facility and municipal library, both of which opened in April 2022;
- iii) the new 140,000 square-foot Walmart store which opened in October 2020; and
- iv) the development of high-rise residential, with details of each previously announced residential phase discussed below.

The Trust is actively pursuing additional initiatives at SmartVMC, which include:

- i) the development of more than 4.0 million square feet (4,600 units) of residential density on the land at SmartVMC previously occupied by a Walmart store, with zoning and site plan applications submitted in 2020 for approval of Phase 1 of 550,000 square feet. Zoning was approved by the City of Vaughan in September 2021. Pre-sale of the first phase condo, ArtWalk, was launched in November 2021 and all of the 320 released units are sold;
- ii) the development of 1.2 million square feet of mixed-use density – office, retail and residential – on the SmartVMC lands immediately south of the Transit City 4 and 5 towers, with the rezoning and site plan applications submitted in September 2020; and
- iii) Park Place condominiums launched in May 2022 on SmartVMC West lands.

The following table summarizes the associated mixed-use initiatives completed, under construction or currently being planned at SmartVMC:

Project	Storeys	Type	Estimated Total Building Area (sq. ft./units)	Expected Completion Year	Trust's Share (%)
KPMG Tower	15	Office	330,000 sq. ft.	Completed	50.0
KPMG Tower	N/A	Retail	30,000 sq. ft.	Completed	50.0
PwC-YMCA Complex/Tower	9	Office	225,000 sq. ft. ⁽¹⁾	Completed	50.0
Office Tower #3 – Proposed	TBD ⁽²⁾	Office	500,000 sq. ft.	2028	50.0
Office Tower #4 – Proposed	TBD ⁽²⁾	Office	500,000 sq. ft.	2029	50.0
			1,585,000 sq. ft.		
The Millway	36	Apartments	454 units ⁽³⁾	2023	50.0
Transit City 1	55	Condo	551 units	Completed (2020)	25.0
Transit City 2	55	Condo	559 units	Completed (2020)	25.0
Transit City 1 and 2 Townhomes	N/A	Townhomes	22 units	Completed (2022)	25.0
Transit City 3	55	Condo	631 units	Completed (2021)	25.0
Transit City 4 and 5	45 and 50	Condo	1,026 units ⁽³⁾	2023	25.0
ArtWalk Condominiums	38,18 and 6	Condos and Apartments	627 units	2026–2027	50.0
Park Place Condominiums	48 and 56	Condo	1,094 units	2027	66.7
Apple Mill Road and Jane Street	TBD ⁽²⁾	Condo	798 units	TBD	50.0
			5,762 units		

(1) Includes 112,000 square feet of YMCA, library and community-use space.

(2) The number of storeys for this project has not been finalized.

(3) 92 of the 454 units attributable to the purpose-built residential rental apartment, The Millway, will be located in a podium connecting the Transit City 4 and 5 phases. These 92 units are anticipated to be completed commensurate with Transit City 4 and 5.

Residential and Other Mixed-Use Development Initiatives

In addition, the Trust has recently completed or is in the process of completing the following development initiatives:

#	Project	Type	Estimated Total Building Area (sq. ft./units)	Expected Year of Construction /Completion ⁽¹⁾	Trust's Share (%)
1	Laval Phase 1 (QC)	Residential rental	171 units	Completed (2020)	50.0
2	Mascouche N Phase 1 (QC)	Residential rental	238 units	Partially Opened (2022)	80.0
3	Laval Phase 2 (QC)	Residential rental	211 units	2023	50.0
4	Laurentian Place – Ottawa (ON)	Seniors' apartment	174 units	2024	50.0
5	Laurentian Place – Ottawa (ON)	Retirement residence	228 units	2024	50.0
6	Vaughan NW (ON)	Residential townhomes	174 units	2024	50.0
7	Leaside SmartStop (ON)	Self-storage facility	133,714 sq. ft. (998 units)	Completed (2020)	50.0
8	Vaughan NW SmartStop (ON)	Self-storage facility	118,067 sq. ft. (875 units)	Completed (2021)	50.0
9	Brampton SmartStop (ON)	Self-storage facility	134,687 sq. ft. (1,052 units)	Completed (2021)	50.0
10	Oshawa S SmartStop (ON)	Self-storage facility	132,812 sq. ft. (948 units)	Completed (2021)	50.0
11	Scarborough E SmartStop (ON)	Self-storage facility	136,969 sq. ft. (974 units)	Completed (2021)	50.0
12	Brampton (Kingspoint) SmartStop (ON)	Self-storage facility	133,000 sq. ft. (969 units)	2022	50.0
13	Aurora SmartStop (ON)	Self-storage facility	140,000 sq. ft. (926 units)	2022	50.0
14	Pickering Seaton Lands	Industrial	241,000 sq. ft.	2023	100.0
15	Leaside (ON) (Canadian Tire)	Retail	215,000 sq. ft.	2024	50.0

(1) Economic stabilization is achieved at 92% to 98% occupancy which varies by asset class and unique project-based factors. Residential rental and seniors' housing projects are generally expected to achieve economic stabilization in 2-3 years after construction completion. Self-storage projects are generally expected to achieve economic stabilization in 4-5 years after construction completion.

As described below, the Trust is currently working on initiatives for the development of many properties, for which final municipal approvals have been obtained or are being actively pursued. Completion, milestone or occupancy dates of each of the projects described below may be delayed or adversely impacted as a result of, among other things, restrictions or delays related to the COVID-19 pandemic.

- i. the development of up to 5.3 million square feet of predominately residential space, in various forms, at Highway 400 & Highway 7, in Vaughan, Ontario, with a rezoning application submitted in December 2019 and a site plan application for the first four residential buildings totalling 1,742 units submitted in October 2020. Currently working with the City of Vaughan on advancement of Weston & Highway 7 Secondary Plan;
- ii. the development of up to 5.0 million square feet of predominately residential space, in various forms over the long term, in Pickering, Ontario, with the zoning for five towers with a gross floor area of approximately 1,400,000 square feet and site plan application for a three-tower mixed-use phase, approximating 700,000 square feet, approved by Council in June 2022;
- iii. the development of up to 5.5 million square feet of predominately residential space, in various forms, at Oakville North in Oakville, Ontario, with the rezoning application for an initial two-tower 585-unit residential phase submitted in April 2021;
- iv. the development of up to 2.6 million square feet of predominately residential space, in various forms, at the Westside Mall in Toronto, Ontario, with an application for the first 35-storey mixed-use tower submitted in Q1 2021;
- v. the development of up to 1.5 million square feet of residential space in various forms on the Trust's undeveloped lands at the Vaughan NW property in Vaughan, Ontario. Approximately 60% of the 174 draft plan approved townhomes have been pre-sold and construction is soon expected to commence. Rezoning application for a seniors' apartment building and separate retirement residence, both of which are to be developed in partnership with Revera, along with three other residential buildings, was recently approved by Council;
- vi. the development of up to 1.5 million square feet of residential space, in various forms, in Pointe-Claire, Quebec, with the first phase, a two-tower rental project, being actively pursued;
- vii. the development of up to 200,000 square feet of residential townhomes at Oakville South in Oakville, Ontario, with a third-party homebuilder;

- viii. the intensification of the Toronto StudioCentre ("StudioCentre") in Toronto, Ontario (zoning allows for up to 1.2 million square feet);
- ix. the development of four high-rise purpose-built residential rental buildings comprising approximately 1,700 units with Greenwin, in Barrie, Ontario, for which a zoning application was approved by Barrie City Council in January 2021 with the site plan approved for Phase 1 by Barrie City Council in June 2021. An application for a building permit was submitted in July 2021. Environmental Risk Assessment was approved for the entire site in September 2021 and the application of Certificate of Property Use was submitted in February 2022;
- x. the development of a 35-storey high-rise purpose-built residential rental tower containing 439 units, on Balliol Street in midtown Toronto, Ontario, with zoning and site plan applications submitted in September 2020. A second submission of these applications was made in July 2021. A third submission of these applications was made in March 2022, with approvals expected in Q3 2022;
- xi. the development of up to 1,600 residential units, in various forms, in Mascouche, Quebec, with the first phase consisting of 238 units in two 10-storey rental towers approved by municipal council in August 2020. Construction began in April 2021, and the first four floors opened in July 2022. Construction of a second phase is expected to commence in Q1 2023;
- xii. the development of residential density at the Trust's shopping centre at 1900 Eglinton Avenue East in Scarborough, Ontario with rezoning applications for the first two residential towers (38 and 40 storeys) submitted in January 2021. Site plan application for both buildings was submitted in December 2021;
- xiii. the development of the first phase, 46-unit rental building, which is part of a multi-phase master plan in Alliston, Ontario, with a rezoning application approved by Council in December 2020 and a site plan application submitted in May 2020. The site plan application was resubmitted in March 2021 and again in July 2021 with approvals expected in 2022. The building permit application was submitted in October 2021;
- xiv. besides the seven self-storage projects completed or under construction, there are seven additional self-storage facilities in Ontario and British Columbia with the Trust's partner, SmartStop, in Markham, Stoney Creek, Toronto (3), Whitby, and Burnaby with zoning and/or site plan approval obtained or applications well underway. Project agreements for another four locations are being finalized;
- xv. the Q4 2020 acquisition of an additional 33.33% interest (new ownership structure of 66.66% held by the Trust and 33.33% held by Penguin) in 50 acres of adjacent land to the Trust's Premium Outlets Montreal in Mirabel, Quebec, for the ultimate development of residential density of up to 4,500 units. Site plan applications for the first phase rental building with 168 units expected to be submitted in Q3 2022. Master plan of development is subject to approval;
- xvi. the development of a new residential block consisting of a 155-unit condo building in Phase 1 and approximately 345 rental units in Phases 2 and 3 at Laval Centre in Quebec. Application for architecture approval was submitted for the Phase 1 condo and another 155 units in the Phase 2 rental building in Q4 2021 and approval is expected in Q3 2022;
- xvii. the Trust has commenced the redevelopment of a portion of its 73-acre Cambridge retail property (subject to a leasehold interest with Penguin) which now allows various forms of residential, retail, office, institutional and commercial uses providing for the creation of a vibrant urban community with the potential for over 12.0 million square feet of development;
- xviii. the development of a retirement living residence at the Trust's shopping centre at Bayview and Major Mackenzie in Richmond Hill, Ontario, with a rezoning application for a 9-storey retirement residences building submitted in Q1 2021 and a site plan application submitted in Q4 2021, to be developed in partnership with the existing partner and Revera;
- xix. the development of 1.5 million square feet of residential density adjacent to the new South Keys light rail train station at the Trust's Ottawa South Keys Centre, consistent with current zoning permissions. Site plan application for the first phase rental complex with 446 units was submitted and deemed complete in Q4 2021 and work is ongoing on a second submission to respond to agency comments on the application;
- xx. the development of up to 720,000 square feet of predominately residential space on Yonge St. in Aurora, Ontario, with rezoning applications for the entire site and site plan submitted for Phase 1 for 498,000 square feet in July 2021;
- xxi. the Q4 2020 acquisition of a 50% interest in a property in downtown Markham for the development of a 243,000 square foot retirement residence with Revera. The rezoning application was submitted in December 2020;

xxii. the development of approximately 900,000 square feet of residential density on the Trust's Parkway Plaza Centre in Stoney Creek, Ontario, with an application for a Phase 1 development for a two-tower (20 and 15 storeys), 400,000 square foot, 520-unit condo project submitted in Q4 2021;

xxiii. During the second quarter, the Trust completed the purchase of approximately 38 acres of industrial lands in Pickering, adjacent to Hwy 407, on which the Trust received approval to build 241,000 square feet of space for the 16-acre Phase 1 development, of which 53% has already been pre-leased. Yields from Phase 1 project are expected to be in the range of 6.0% – 6.5% on completion which is currently scheduled for 2023; and

xxiv. The Trust, together with its partner, Penguin, have also commenced preliminary siteworks for the 215,000 square feet retail project on Laird Drive in Toronto, that is expected to feature a flagship 190,000 square-foot Canadian Tire store together with 25,000 square feet of additional retail space on completion which is currently scheduled for 2024.

Residential Development Inventory

Vaughan NW Residential Development

As reflected in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, residential development inventory consists of development lands, co-owned with Fieldgate, located at Vaughan NW, Ontario, for the purpose of developing and selling residential townhome units. The phased sales program for the Vaughan NW Townhomes was launched in December 2021. As of June 30, 2022, 100 of the planned 174 townhomes have been pre-sold within the initial three phases of the sales program and closings are now expected in 2024.

The following table summarizes the activity in residential development inventory (at the Trust's share):

(in thousands of dollars)	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Balance – beginning of period	27,399	25,795
Development costs	1,853	646
Capitalized interest for the period	497	958
Balance – end of period	29,749	27,399

Properties Under Development

As at June 30, 2022, the fair value of properties under development including properties under development recorded in equity accounted investments totalled \$2,307.3 million as compared to \$1,970.4 million at December 31, 2021, resulting in a net increase of \$336.9 million presented in the following table. The net increase of \$336.9 million was primarily due to the \$237.7 million adjustment attributed to changes in the market and the progress made on planning entitlements recorded in Q1 2022. For additional details on the factors influencing this change, see "Investment Properties".

(in thousands of dollars)	June 30, 2022	December 31, 2021	Variance (\$)
Developments	1,672,446	1,391,301	281,145
Earnouts subject to option agreements ⁽¹⁾	49,807	60,700	(10,893)
Total	1,722,253	1,452,001	270,252
Equity accounted investments	585,053	518,427	66,626
Total including equity accounted investments⁽²⁾	2,307,306	1,970,428	336,878

(1) Earnout development costs during the development period are paid by the Trust and funded through interest-bearing secured debt provided by the vendors to the Trust. On completion of the development and the commencement of lease payments by a tenant, the Earnouts will be acquired from the vendors based on predetermined or formula-based capitalization rates ranging from 6.00% to 7.40%, net of land and development costs incurred. Penguin has contractual options to acquire Trust Units and LP Units on completion of Earnouts as shown in Note 11(b) of the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022. Effective December 9, 2020, pursuant to the Omnibus Agreement between the Trust and Penguin (see also "Related Party Transactions"), Penguin has the option to extend all Earnouts by two years from the previous expiry date, and the Trust has been given a right of first offer in connection with the sale of the economic and financial benefits and rights of any such development parcel during any extended period. For further details, see the Trust's management information circular dated November 6, 2020, filed on SEDAR.

(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

Future Retail Developments, Earnouts and Mezzanine Financing

Total future Retail Developments, Earnouts and Mezzanine Financing could increase the existing Trust portfolio by an additional 2.2 million square feet. With respect to the future pipeline, commitments have been negotiated on 0.2 million square feet. The Trust continues to revise its estimates and adjust its plans towards mixed-use developments.

The following table summarizes the expected potential future retail pipeline in properties under development as at June 30, 2022:

(in thousands of square feet)	Committed	Years 0–2	Years 3–5	Beyond Year 5	Total ⁽¹⁾
Developments	220	782	320	241	1,563
Earnouts	6	86	50	—	142
	226	868	370	241	1,705
Mezzanine Financing	—	—	—	488	488
	226	868	370	729	2,193

(1) The estimated timing of development is based on management's best estimates and can be adjusted based on changes in business conditions.

During the three months ended June 30, 2022, the future retail properties under development pipeline increased by 0.01 million square feet to a total of 1.7 million square feet. The change is summarized in the following table:

(in thousands of square feet)	Total Area
Future retail properties under development pipeline – March 31, 2022	1,694
Add:	
Properties transferred from investment properties to properties under development	14
Less:	
Net adjustment to project densities	6
Completion of Earnouts and Developments	(9)
Net change	11
Future retail properties under development pipeline – June 30, 2022	1,705

Committed Retail Pipeline

The following table summarizes the committed investment by the Trust in retail properties under development as at June 30, 2022:

(in thousands of dollars)	Square Feet (in thousands)	Total Estimated Costs	Costs Incurred	Estimated Future Development Costs
Developments	220	101,134	26,655	74,479
Earnouts	6	2,857	3,862	(1,005)
	226	103,991	30,517	73,474

The completion of these committed Earnouts and Developments as currently scheduled is expected to have an average estimated yield of 5.5% in 2022 and 6.1% in 2023.

Uncommitted Retail Pipeline

The following table summarizes the estimated future investment by the Trust in retail properties under development. It is expected the future development costs will be spent over the next five years and beyond:

(in thousands of dollars)	Years 0–2	Years 3–5	Beyond Year 5	Total Estimated Costs	Costs Incurred	Future Development Costs
Developments	257,676	139,334	79,509	476,519	164,710	311,809
Earnouts	28,232	13,344	—	41,576	6,201	35,375
	285,908	152,678	79,509	518,095	170,911	347,184

Approximately 7.1% of the retail properties under development, representing a proportion of gross investment cost (committed and uncommitted) relating to Earnouts (\$44.4 million, divided by total estimated costs of \$622.1 million), representing 142,000 square feet are lands that are under contract by vendors to develop and lease for additional proceeds when developed. In certain events, the developer may sell the portion of undeveloped land to accommodate the construction plan that provides the best use of the property. It is management's intention to finance the costs of construction through interim financing or operating facilities and, once rental revenue is stabilized, long-term financing will be arranged. With respect to the remaining gross leasable area, it is expected that 1.6 million square feet of future space will be developed as the Trust leases space and finances the related construction costs.

Completed and Future Earnouts and Developments on Existing Properties

For the three months ended June 30, 2022, \$4.4 million of Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, as compared to \$42.2 million in the same period in 2021.

	Three Months Ended June 30, 2022		Three Months Ended June 30, 2021	
	Area (sq. ft.)	Investment (\$ millions)	Area (sq. ft.)	Investment (\$ millions)
Earnouts	—	—	22,203	8.0
Retail Developments	—	—	4,055	1.6
Redevelopment – transfers from properties under development to income properties	9,305	4.4	109,160	25.1
Developments – equity accounted investments	—	—	12,032	7.5
	9,305	4.4	147,450	42.2

For the six months ended June 30, 2022, \$31.1 million of Earnouts and Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, as compared to \$68.2 million in the same period in 2021.

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
	Area (sq. ft.)	Investment (\$ millions)	Area (sq. ft.)	Investment (\$ millions)
Earnouts ⁽¹⁾	1,224	0.6	24,619	8.8
Retail Developments	3,839	4.3	5,379	2.0
Redevelopment – transfers from properties under development to income properties	85,712	26.2	115,900	27.3
Developments – equity accounted investments	—	—	12,032	13.0
Self-storage facilities – equity accounted investments	—	—	91,319	17.1
	90,775	31.1	249,249	68.2

(1) The Earnouts for the six months ended June 30, 2022 excluded one land parcel sale totalling \$5.6 million of investment and the area for this parcel sale is not reflected in the table above (for the six months ended June 30, 2021: one land parcel sale totalling \$4.7 million of investment was excluded).

The following table summarizes future retail Developments, Earnouts and Mezzanine Financing as at June 30, 2022:

	Area (sq. ft.)	Total Area (%)	Income (\$000s)	Gross Commitment (\$000s)	Invested To Date (\$000s)	Net Commitment (\$000s)	Yield / Cap Rate (%)
Developments							
Committed Developments							
2022	46,655	2.7	1,118	20,572 ⁽²⁾	8,871 ⁽²⁾	11,701	5.4 ⁽³⁾
2023 and beyond	173,263	10.2	4,630	80,563 ⁽²⁾	17,785 ⁽²⁾	62,778	5.7 ⁽³⁾
Total Committed Developments	219,918	12.9	5,748	101,135	26,656	74,479	5.7
Uncommitted Developments							
2022	41,069	2.4	519	14,800 ⁽²⁾	9,904 ⁽²⁾	4,896	3.5 ⁽³⁾
2023 and beyond	1,302,456	76.4	24,289	461,719 ⁽²⁾	154,806 ⁽²⁾	306,913	5.3 ⁽³⁾
Total Uncommitted Developments	1,343,525	78.8	24,808	476,519	164,710	311,809	5.2
Total Developments	1,563,443	91.7	30,556	577,654	191,366 ⁽¹⁾	386,288	5.3
Earnouts							
Committed Earnouts							
2022	5,042	0.3	157	2,500	3,548	(1,048)	6.3
2023 and beyond	747	—	23	357	314	43	6.4
Total Committed Earnouts	5,789	0.3	180	2,857	3,862	(1,005)	6.3
Uncommitted Earnouts							
2022	—	—	—	—	—	—	—
2023 and beyond	135,929	8.0	2,814	41,576	6,201	35,375	6.8
Total Uncommitted Earnouts	135,929	8.0	2,814	41,576	6,201	35,375	6.8
Total Earnouts	141,718	8.3	2,994	44,433	10,063 ⁽¹⁾	34,370	6.7
Total Before Non-cash Development Cost	1,705,161	100.0	33,550	622,087	201,429	420,658	5.4
Non-cash development cost ⁽⁴⁾					169,438 ⁽¹⁾		
Land / Intensification projects					1,351,386 ⁽¹⁾		
Equity accounted investments					585,053 ⁽¹⁾		
Total	1,705,161	100.0	33,550	622,087	2,307,306 ⁽¹⁾	420,658	5.4
Options through Mezzanine Financing	488,440						
Total Potential Pipeline	2,193,601						

(1) Under "Completed and Future Earnouts and Developments on Existing Properties" in the MD&A for the three and six months ended June 30, 2022, Earnouts of \$49.8 million, Developments of \$1,672.4 million and Equity Accounted Investments of \$585.1 million comprise the total amount of \$2,307.3 million. The amounts in the table above have been adjusted for Earnouts that are expected to be completed after the expiry of the Earnout options being reclassified as Developments.

(2) Includes fair value adjustment for land.

(3) On a cost basis, the yield would be 5.1%, 5.6%, 2.9%, and 4.7%, respectively.

(4) Represents net liability currently recorded.

Section IV — Business Operations and Performance

Results of Operations

Below is a summary of selected financial information concerning the Trust's operations for the six months ended June 30, 2022. This information should be read in conjunction with the Trust's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2022.

Proportionately Consolidated Balance Sheets (including the Trust's interests in equity accounted investments)

The following table presents the proportionately consolidated balance sheets, which includes a reconciliation of the Trust's proportionate share of equity accounted investments:

(in thousands of dollars)	June 30, 2022			December 31, 2021		
	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share ⁽¹⁾	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share ⁽¹⁾
Assets						
Non-current assets						
Investment properties	10,285,753	905,316	11,191,069	9,847,078	837,451	10,684,529
Equity accounted investments	650,487	(650,487)	—	654,442	(654,442)	—
Mortgages, loans and notes receivable	352,921	(93,702)	259,219	345,089	(69,576)	275,513
Other financial assets	228,707	—	228,707	97,148	—	97,148
Other assets	82,814	7,643	90,457	80,940	7,465	88,405
Intangible assets	44,473	—	44,473	45,139	—	45,139
	11,645,155	168,770	11,813,925	11,069,836	120,898	11,190,734
Current assets						
Residential development inventory	29,749	81,670	111,419	27,399	67,828	95,227
Current portion of mortgages, loans and notes receivable	95,254	—	95,254	71,947	—	71,947
Amounts receivable and other	55,829	(8,564)	47,265	49,542	(8,637)	40,905
Prepaid expenses, deposits and deferred financing costs	44,393	15,220	59,613	12,289	13,118	25,407
Cash and cash equivalents	34,686	38,728	73,414	62,235	7,922	70,157
	259,911	127,054	386,965	223,412	80,231	303,643
Total assets	11,905,066	295,824	12,200,890	11,293,248	201,129	11,494,377
Liabilities						
Non-current liabilities						
Debt	4,750,365	179,737	4,930,102	4,176,121	93,465	4,269,586
Other financial liabilities	278,944	—	278,944	326,085	—	326,085
Other payables	17,732	46	17,778	18,243	—	18,243
	5,047,041	179,783	5,226,824	4,520,449	93,465	4,613,914
Current liabilities						
Current portion of debt	378,239	17,289	395,528	678,406	35,086	713,492
Accounts payable and current portion of other payables	263,391	98,752	362,143	253,078	72,578	325,656
	641,630	116,041	757,671	931,484	107,664	1,039,148
Total liabilities	5,688,671	295,824	5,984,495	5,451,933	201,129	5,653,062
Equity						
Trust Unit equity	5,175,826	—	5,175,826	4,877,961	—	4,877,961
Non-controlling interests	1,040,569	—	1,040,569	963,354	—	963,354
	6,216,395	—	6,216,395	5,841,315	—	5,841,315
Total liabilities and equity	11,905,066	295,824	12,200,890	11,293,248	201,129	11,494,377

(1) This column contains non-GAAP measures because it includes figures that are recorded in equity accounted investments. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

Proportionately Consolidated Statements of Income and Comprehensive Income (including the Trust's Interests in Equity Accounted Investments)

The following tables present the proportionately consolidated statements of income and comprehensive income, which include a reconciliation of the Trust's proportionate share of equity accounted investments:

Quarterly Comparison to Prior Year

(in thousands of dollars)	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021			Variance of Total Proportionate Share ⁽¹⁾
	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share ⁽¹⁾	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share ⁽¹⁾	
Net rental income and other							
Rentals from investment properties and other	198,296	7,018	205,314	193,937	5,039	198,976	6,338
Property operating costs and other	(73,332)	(3,108)	(76,440)	(74,805)	(2,108)	(76,913)	473
	124,964	3,910	128,874	119,132	2,931	122,063	6,811
Condo and townhome closings revenue and other ⁽²⁾	—	4,511	4,511	—	52,768	52,768	(48,257)
Condo and townhome cost of sales and other	—	(3,351)	(3,351)	—	(38,740)	(38,740)	35,389
	—	1,160	1,160	—	14,028	14,028	(12,868)
NOI	124,964	5,070	130,034	119,132	16,959	136,091	(6,057)
Other income and expenses							
General and administrative expense, net	(7,916)	18	(7,898)	(7,304)	(5)	(7,309)	(589)
Earnings from equity accounted investments	3,785	(3,785)	—	21,751	(21,751)	—	—
Earnings from other ⁽³⁾	289	(289)	—	—	—	—	—
Fair value adjustment on revaluation of investment properties	9,669	1,185	10,854	10,854	7,097	17,951	(7,097)
Gain (loss) on sale of investment properties	18	—	18	(68)	—	(68)	86
Interest expense	(33,852)	(1,637)	(35,489)	(36,653)	(1,354)	(38,007)	2,518
Interest income	3,866	41	3,907	3,395	20	3,415	492
Supplemental costs	—	(603)	(603)	—	(966)	(966)	363
Fair value adjustment on financial instruments	61,497	—	61,497	(14,122)	—	(14,122)	75,619
Acquisition-related costs	(323)	—	(323)	—	—	—	(323)
Net income and comprehensive income	161,997	—	161,997	96,985	—	96,985	65,012

(1) This column contains non-GAAP measures because it includes figures that are recorded in equity accounted investments. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(2) Includes additional partnership profit and other revenues.

(3) Represents SmartVMC West's operating results.

For the three months ended June 30, 2022, net income and comprehensive income (as noted in the table above) increased by \$65.0 million as compared to the same period in 2021. This increase was primarily attributed to the following:

- \$75.6 million increase in fair value adjustment on financial instruments primarily due to: i) \$47.5 million higher fair value gains on Units classified as liabilities due to fluctuation in the Trust's unit price, ii) \$19.8 million increase in fair value of interest rate swap agreements (see further details in the "Debt" subsection), iii) \$16.7 million higher fair value gains relating to unit based incentive programs due to fluctuation in the Trust's unit price, and partially offset by: iv) \$8.4 million higher fair value loss of TRS due to fluctuation in the Trust's unit price;
- \$2.5 million decrease in interest expense (see further details in the "Interest Income and Interest Expense" subsection);
- \$0.5 million increase in interest income; and
- \$0.4 million decrease in supplemental costs;

Partially offset by the following:

- \$7.1 million decrease in fair value adjustments on revaluation of investment properties;
- \$6.1 million decrease in NOI (see further details in the "Net Operating Income" subsection);
- \$0.6 million increase in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section); and
- \$0.3 million increase in acquisition-related costs.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021			Variance of Total Proportionate Share ⁽¹⁾
	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share ⁽¹⁾	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share ⁽¹⁾	
Net rental income and other							
Rentals from investment properties and other	400,819	13,510	414,329	392,775	10,070	402,845	11,484
Property operating costs and other	(155,441)	(6,121)	(161,562)	(157,506)	(4,361)	(161,867)	305
	245,378	7,389	252,767	235,269	5,709	240,978	11,789
Condo and townhome closings revenue and other ⁽²⁾	—	4,517	4,517	—	52,933	52,933	(48,416)
Condo and townhome cost of sales and other	—	(3,382)	(3,382)	—	(38,839)	(38,839)	35,457
	—	1,135	1,135	—	14,094	14,094	(12,959)
NOI	245,378	8,524	253,902	235,269	19,803	255,072	(1,170)
Other income and expenses							
General and administrative expense, net	(14,783)	(104)	(14,887)	(14,784)	(5)	(14,789)	(98)
Earnings from equity accounted investments	3,211	(3,211)	—	37,069	(37,069)	—	—
Earnings from other ⁽³⁾	594	(594)	—	—	—	—	—
Fair value adjustment on revaluation of investment properties	281,014	1,631	282,645	(7,905)	20,930	13,025	269,620
Loss on sale of investment properties	(104)	—	(104)	(58)	—	(58)	(46)
Interest expense	(69,185)	(3,028)	(72,213)	(73,854)	(2,734)	(76,588)	4,375
Interest income	6,826	49	6,875	6,997	42	7,039	(164)
Supplemental costs	—	(3,267)	(3,267)	—	(967)	(967)	(2,300)
Fair value adjustment on financial instruments	79,479	—	79,479	(25,190)	—	(25,190)	104,669
Acquisition-related costs	(323)	—	(323)	—	—	—	(323)
Net income and comprehensive income	532,107	—	532,107	157,544	—	157,544	374,563

(1) This column contains non-GAAP measures because it includes figures that are recorded in equity accounted investments. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(2) Includes additional partnership profit and other revenues.

(3) Represents SmartVMC West's operating results.

For the six months ended June 30, 2022, net income and comprehensive income (as noted in the table above) increased by \$374.6 million as compared to the same period in 2021. This increase was primarily attributed to the following:

- \$269.6 million increase in fair value adjustments on revaluation of investment properties, of which: i) \$237.7 million relates to the fair value adjustment associated with certain properties under development, ii) \$31.9 million relates to the revaluation of investment properties, principally driven by leasing assumption updates (see details in the "Investment Property" section);
- \$104.7 million increase in fair value adjustment on financial instruments primarily due to: i) \$50.3 million higher fair value gains on Units classified as liabilities due to fluctuation in the Trust's unit price, ii) \$42.1 million increase in fair value of interest rate swap agreements (see further details in the "Debt" subsection), iii) \$19.6 million higher fair value gains relating to unit based incentive programs also due to fluctuation in the Trust's unit price, and partially offset by: iv) \$7.3 million higher fair value loss of TRS due to fluctuation in the Trust's unit price; and
- \$4.4 million decrease in interest expense (see further details in the "Interest Income and Interest Expense" subsection);

Partially offset by the following:

- \$2.3 million increase in supplemental costs;
- \$1.2 million decrease in NOI (see further details in the "Net Operating Income" subsection);
- \$0.3 million increase in acquisition-related costs;
- \$0.2 million decrease in interest income; and
- \$0.1 million increase in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section).

Net Operating Income

The following tables summarize NOI, related ratios and recovery ratios, provide additional information, and reflect the Trust's proportionate share of equity accounted investments, the sum of which represent a non-GAAP measure:

Quarterly Comparison to Prior Year

(in thousands of dollars)	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021			Variance ⁽¹⁾
	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share ⁽¹⁾	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share ⁽¹⁾	
	(A)	(B)	(A-B)				
Net base rent	127,232	4,311	131,543	123,500	3,158	126,658	4,885
Property tax and insurance recoveries	44,788	734	45,522	45,370	565	45,935	(413)
Property operating cost recoveries	20,331	1,036	21,367	18,625	735	19,360	2,007
Miscellaneous revenue	3,416	937	4,353	2,998	581	3,579	774
Rentals from investment properties	195,767	7,018	202,785	190,493	5,039	195,532	7,253
Service and other revenues	2,529	—	2,529	3,444	—	3,444	(915)
Rentals from investment properties and other ⁽²⁾	198,296	7,018	205,314	193,937	5,039	198,976	6,338
Recoverable tax and insurance costs	(46,055)	(775)	(46,830)	(47,668)	(578)	(48,246)	1,416
Recoverable CAM costs	(22,299)	(991)	(23,290)	(19,736)	(682)	(20,418)	(2,872)
Property management fees and costs	(882)	(243)	(1,125)	(172)	(157)	(329)	(796)
Non-recoverable operating costs	(2,435)	(1,076)	(3,511)	(1,508)	(679)	(2,187)	(1,324)
ECL	1,237	(23)	1,214	(2,262)	(12)	(2,274)	3,488
Property operating costs	(70,434)	(3,108)	(73,542)	(71,346)	(2,108)	(73,454)	(88)
Other expenses	(2,529)	—	(2,529)	(3,459)	—	(3,459)	930
Property operating costs and other ⁽²⁾	(72,963)	(3,108)	(76,071)	(74,805)	(2,108)	(76,913)	842
Net rental income and other	125,333	3,910	129,243	119,132	2,931	122,063	7,180
Condo and townhome closings revenue	—	4,511	4,511	—	52,768	52,768	(48,257)
Condo and townhome cost of sales	—	(3,106)	(3,106)	—	(38,705)	(38,705)	35,599
Marketing and selling costs	(369)	(245)	(614)	—	(35)	(35)	(579)
Net profit on condo and townhome closings	(369)	1,160	791	—	14,028	14,028	(13,237)
NOI⁽³⁾	124,964	5,070	130,034	119,132	16,959	136,091	(6,057)
Net rental income and other as a percentage of net base rent (%)	98.5	90.7	98.3	96.5	92.8	96.4	1.9
Net rental income and other as a percentage of rentals from investment properties (%)	64.0	55.7	63.7	62.5	58.2	62.4	1.3
Net rental income and other as a percentage of rentals from investment properties and other (%)	63.2	55.7	62.9	61.4	58.2	61.3	1.6
Recovery Ratio (including prior year adjustments) (%)	95.3	100.2	95.4	94.9	103.2	95.1	0.3
Recovery Ratio (excluding prior year adjustments) (%)	94.8	99.9	94.9	95.4	113.0	95.7	(0.8)

(1) This column contains non-GAAP measures because it includes figures that are recorded in equity accounted investments – that are not explicitly disclosed and/or presented in the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and June 30, 2021. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures".

(2) As reflected under the column "Trust portion excluding EAI" in the table above, this amount represents a GAAP measure.

(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

NOI for the three months ended June 30, 2022 decreased by \$6.1 million or 4.5% as compared to the same period in 2021. This decrease was primarily attributed to the following:

- \$13.2 million decrease in net profit on condo and townhome unit closings; and
- \$2.1 million increase in property management fees and costs and non-recoverable operating costs related to vaccination centres and vacant spaces;

Partially offset by the following:

- \$4.9 million net increase in base rent, of which: i) \$2.2 million relates to the properties from acquisition, ii) \$0.7 million relates to self-storage properties, iii) \$0.7 million relates to the Premium Outlet locations in both Toronto and Montreal, and iv) \$1.3 million relates to other properties with lease-up, higher short-term and parking revenue;
- \$3.5 million decrease in bad debt and expected credit losses; and
- \$0.8 million increase in miscellaneous revenue mainly due to percentage rent.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021			
	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share ⁽¹⁾	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share ⁽¹⁾	Variance of Total Proportionate Share ⁽¹⁾
			(A)			(B)	(A-B)
Net base rent	252,506	8,391	260,897	244,830	6,202	251,032	9,865
Property tax and insurance recoveries	89,850	1,504	91,354	92,744	1,221	93,965	(2,611)
Property operating cost recoveries	47,655	1,957	49,612	43,033	1,603	44,636	4,976
Miscellaneous revenue	5,731	1,658	7,389	5,839	1,044	6,883	506
Rentals from investment properties	395,742	13,510	409,252	386,446	10,070	396,516	12,736
Service and other revenues	5,077	—	5,077	6,329	—	6,329	(1,252)
Rentals from investment properties and other ⁽²⁾	400,819	13,510	414,329	392,775	10,070	402,845	11,484
Recoverable tax and insurance costs	(93,148)	(1,558)	(94,706)	(97,024)	(1,231)	(98,255)	3,549
Recoverable CAM costs	(52,292)	(1,941)	(54,233)	(46,124)	(1,489)	(47,613)	(6,620)
Property management fees and costs	(1,940)	(453)	(2,393)	(461)	(300)	(761)	(1,632)
Non-recoverable operating costs	(4,939)	(2,095)	(7,034)	(2,982)	(1,331)	(4,313)	(2,721)
ECL	2,350	(74)	2,276	(4,571)	(10)	(4,581)	6,857
Property operating costs	(149,969)	(6,121)	(156,090)	(151,162)	(4,361)	(155,523)	(567)
Other expenses	(5,077)	—	(5,077)	(6,344)	—	(6,344)	1,267
Property operating costs and other ⁽²⁾	(155,046)	(6,121)	(161,167)	(157,506)	(4,361)	(161,867)	700
Net rental income and other	245,773	7,389	253,162	235,269	5,709	240,978	12,184
Condo and townhome closings revenue	—	4,517	4,517	—	52,933	52,933	(48,416)
Condo and townhome cost of sales	—	(3,110)	(3,110)	—	(38,804)	(38,804)	35,694
Marketing and selling costs	(395)	(272)	(667)	—	(35)	(35)	(632)
Net profit on condo and townhome closings	(395)	1,135	740	—	14,094	14,094	(13,354)
NOI⁽³⁾	245,378	8,524	253,902	235,269	19,803	255,072	(1,170)
Net rental income and other as a percentage of net base rent (%)	97.3	88.1	97.0	96.1	92.1	96.0	1.0
Net rental income and other as a percentage of rentals from investment properties (%)	62.1	54.7	61.9	60.9	56.7	60.8	1.1
Net rental income and other as a percentage of rentals from investment properties and other (%)	61.3	54.7	61.1	59.9	56.7	59.8	1.3
Recovery Ratio (including prior year adjustments) (%)	94.5	98.9	94.6	94.9	103.8	95.0	(0.4)
Recovery Ratio (excluding prior year adjustments) (%)	94.3	97.7	94.3	95.2	108.6	95.5	(1.2)

(1) This column contains non-GAAP measures because it includes figures that are recorded in equity accounted investments – that are not explicitly disclosed and/or presented in the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and June 30, 2021. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures".

(2) As reflected under the column "Trust portion excluding EAI" in the table above, this amount represents a GAAP measure.

(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

NOI for the six months ended June 30, 2022 decreased by \$1.2 million or 0.5% as compared to the same period in 2021. This decrease was primarily attributed to the following:

- \$13.4 million decrease in net profit on condo and townhome unit closings;
- \$2.7 million increase in other non-recoverable operating costs related to vaccination centres, and vacant space;
- \$1.6 million increase in property management fees and costs; and
- \$0.7 million increase in net CAM and realty tax recovery shortfall;

Partially offset by the following:

- \$9.8 million net increase in base rent, of which: i) \$3.6 million relates to the properties from acquisition, ii) \$1.4 million relates to self-storage properties, iii) \$1.0 million relates to the Premium Outlet locations in both Toronto and Montreal, and iv) \$3.8 million relates to other properties with lease-up, higher short-term and parking revenue, and lower rent abatements provided in the comparable period;
- \$6.9 million decrease in bad debt and expected credit losses principally due to settlement of certain tenant receivables; and
- \$0.5 million increase in miscellaneous revenue mainly due to percentage rent.

Same Properties NOI

NOI (a non-GAAP financial measure) from continuing operations represents: i) rentals from investment properties and other revenues less property operating costs and other expenses, and ii) net profit from condominium sales. Disclosing the NOI contribution from each of same properties, acquisitions, dispositions, Earnouts and Development activities highlights the impact each component has on aggregate NOI. Straight-line rent, lease terminations and other adjustments, and amortization of tenant incentives have been excluded from Same Properties NOI, as have NOI from acquisitions, dispositions, Earnouts and Development activities, and ECL. This has been done in order to more directly highlight the impact of changes in occupancy, rent uplift and productivity.

Quarterly Comparison to Prior Year

(in thousands of dollars)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Variance (\$)	Variance (%)
Net rental income	124,964	119,147	5,817	4.9
Service and other revenues	2,529	3,444	(915)	(26.6)
Other expenses	(2,529)	(3,459)	930	(26.9)
NOI ⁽¹⁾	124,964	119,132	5,832	4.9
NOI from equity accounted investments ⁽¹⁾	5,070	16,959	(11,889)	(70.1)
Total portfolio NOI before adjustments ⁽¹⁾	130,034	136,091	(6,057)	(4.5)
Adjustments:				
Royalties	276	208	68	32.7
Straight-line rent	(304)	(553)	249	(45.0)
Lease termination and other adjustments	97	(496)	593	N/R ⁽²⁾
Net profit on condo and townhome closings ⁽³⁾	(791)	(14,028)	13,237	N/R ⁽²⁾
Amortization of tenant incentives	1,725	1,600	125	7.8
Total portfolio NOI after adjustments ⁽¹⁾	131,037	122,822	8,215	6.7
NOI sourced from:				
Acquisitions	(1,699)	25	(1,724)	N/R ⁽²⁾
Dispositions	(19)	(469)	450	(95.9)
Earnouts and Developments	(863)	(43)	(820)	N/R ⁽²⁾
Same Properties NOI⁽¹⁾	128,456	122,335	6,121	5.0
Add back: Bad debt expense/ECL	(1,230)	2,300	(3,530)	N/R ⁽²⁾
Same Properties NOI excluding ECL⁽¹⁾	127,226	124,635	2,591	2.1

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(2) N/R – Not representative.

(3) Includes marketing costs.

"Same Properties" in the table above refers to those income properties that were owned by the Trust from April 1, 2021 to June 30, 2021 and from April 1, 2022 to June 30, 2022.

The Same Properties NOI for the three months ended June 30, 2022 increased by \$6.1 million or 5.0% as compared to the same period in 2021, which was primarily due to the following:

- \$4.4 million increase in rental revenue mainly attributable to: i) \$1.6 million higher retail rental revenue and percentage rent principally due to the Premium Outlet locations in both Toronto and Montreal, ii) \$2.3 million increase in other properties due to lease-up, higher short-term and parking revenue, and iii) \$0.5 million higher self-storage facility rental revenue; and
- \$3.5 million decrease in bad debt and expected credit losses, which was higher in the comparative period to reflect the impact of the COVID-19 pandemic;

Partially offset by the following:

- \$1.7 million increase in non-recoverable operating costs primarily due to non-recoverable management fees, additional vacancy and costs related to vaccination centres.

Excluding the impact of ECL, Same Properties NOI would have been \$127.2 million representing an increase of \$2.6 million or 2.1% as compared to the same period in 2021.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Variance (\$)	Variance (%)
Net rental income	245,378	235,284	10,094	4.3
Service and other revenues	5,077	6,329	(1,252)	(19.8)
Other expenses	(5,077)	(6,344)	1,267	20.0
NOI ⁽¹⁾	245,378	235,269	10,109	4.3
NOI from equity accounted investments ⁽¹⁾	8,524	19,803	(11,279)	(57.0)
Total portfolio NOI before adjustments ⁽¹⁾	253,902	255,072	(1,170)	(0.5)
Adjustments:				
Royalties	512	409	103	25.2
Straight-line rent	(381)	(89)	(292)	N/R ⁽²⁾
Lease termination and other adjustments	(145)	(940)	795	(84.6)
Net profit on condo and townhome closings ⁽³⁾	(740)	(14,094)	13,354	N/R ⁽²⁾
Amortization of tenant incentives	3,534	4,074	(540)	(13.3)
Total portfolio NOI after adjustments ⁽¹⁾	256,682	244,432	12,250	5.0
Less NOI sourced from:				
Acquisitions	(3,015)	125	(3,140)	N/R ⁽²⁾
Dispositions	(13)	(1,038)	1,025	N/R ⁽²⁾
Earnouts and Developments	(1,808)	(191)	(1,617)	N/R ⁽²⁾
Same Properties NOI⁽¹⁾	251,846	243,328	8,518	3.5
Add back: ECL	(2,275)	4,636	(6,911)	N/R ⁽²⁾
Same Properties NOI excluding ECL⁽¹⁾	249,571	247,964	1,607	0.6

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(2) N/R – Not representative.

(3) Includes marketing costs.

"Same Properties" in the table above refers to those income properties that were owned by the Trust from January 1, 2021 to June 30, 2021 and from January 1, 2022 to June 30, 2022.

The Same Properties NOI for the six months ended June 30, 2022 increased by \$8.5 million or 3.5% as compared to the same period in 2021, which was primarily due to the following:

- \$6.9 million decrease in bad debt and expected credit losses, which was higher in the comparative period to reflect the continued impact of the COVID-19 pandemic; and
- \$5.8 million increase in rental revenue mainly attributable to: i) \$2.3 million higher retail rental revenue and percentage rent due principally to the Premium Outlet locations in both Toronto and Montreal, ii) \$2.8 million increase in other properties due to lease-up, higher short-term and parking revenue, and iii) \$0.7 million higher self-storage facility rental revenue;

Partially offset by the following:

- \$3.1 million increase in non-recoverable operating costs primarily due to non-recoverable management fees, additional vacancy and costs related to vaccination centres; and
- \$1.0 million increase in net CAM recoveries shortfall.

Excluding the impact of ECL, Same Properties NOI would have been \$249.6 million representing an increase of \$1.6 million or 0.6% as compared to the same period in 2021.

Due to the various uncertainties pertaining to the COVID-19 pandemic, management is unable to reliably and accurately predict the impact it will have on certain aspects of results of operations, including Annual Run-Rate NOI and the related sensitivity analysis at this time.

Adjusted EBITDA

The following table presents a reconciliation of net income and comprehensive income to Adjusted EBITDA:

(in thousands of dollars)	Rolling 12 Months Ended		
	June 30, 2022	June 30, 2021	Variance (\$)
Net income and comprehensive income	1,362,238	316,959	1,045,279
Add (deduct) the following items:			
Interest expense	147,566	156,129	(8,563)
Interest income	(12,169)	(15,167)	2,998
Yield maintenance costs	—	11,954	(11,954)
Amortization of equipment and intangible assets	3,741	4,540	(799)
Amortization of tenant improvements	6,964	8,166	(1,202)
Fair value adjustments on revaluation of investment properties	(948,875)	(2,904)	(945,971)
Fair value adjustments on revaluation of financial instruments	(72,401)	40,715	(113,116)
Fair value adjustment on TRS	(1,666)	1,070	(2,736)
Adjustment for supplemental costs	4,919	2,094	2,825
Loss (gain) on sale of investment properties	20	(388)	408
Gain on sale of land to co-owners (Transactional FFO)	336	2,332	(1,996)
Acquisition-related costs	3,114	166	2,948
Adjusted EBITDA⁽¹⁾	493,787	525,666	(31,879)
Adjusted EBITDA ⁽¹⁾	493,787	525,666	(31,879)
Less: Condo and townhome closings	(7,080)	(61,912)	54,832
Add: ECL	(3,109)	19,760	(22,869)
Adjusted EBITDA excluding condo and townhome closings and ECL ⁽¹⁾	483,598	483,514	84

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

Other Measures of Performance

The following measures of performance are sometimes used by Canadian REITs and other reporting entities as indicators of financial performance. Because these measures are not standardized as prescribed by IFRS, they may not be comparable to similar measures presented by other reporting entities. Management uses these measures to analyze operating performance. Because one of the factors that may be considered relevant by prospective investors is the cash distributed by the Trust relative to the price of the Units, management believes these measures are useful supplemental measures that may assist prospective investors in assessing an investment in Units. The Trust analyzes its cash distributions against these measures to assess the stability of the monthly cash distributions to Unitholders. These measures are not intended to represent operating profits for the year; nor should they be viewed as an alternative to net income and comprehensive income, cash flows from operating activities or other measures of financial performance calculated in accordance with IFRS. The calculations are derived from the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and June 30, 2021, unless otherwise stated, do not include any assumptions, do not include any forward-looking information and are consistent with prior reporting years.

Funds From Operations

FFO is a non-GAAP financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALpac, which published a White Paper describing the intended use of FFO, last revised in January 2022. It is the Trust's view that IFRS net income does not necessarily provide a complete measure of the Trust's recurring operating performance. This is primarily because IFRS net income includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations and gains and losses on the disposal of investment properties, including associated transaction costs and taxes, which management believes are not representative of a company's economic earnings. For these reasons, the Trust has adopted REALpac's definition of FFO, which was created by the real estate industry as a supplemental measure of operating performance. FFO is computed as IFRS consolidated net income and comprehensive income attributable to Unitholders adjusted for items such as, but not limited to, unrealized changes in the fair value of investment properties and financial instruments and transaction gains and losses on the acquisition or disposal of investment properties calculated on a basis consistent with IFRS.

FFO should not be construed as an alternative to net income and comprehensive income or cash flows provided by or used in operating activities determined in accordance with IFRS. The Trust's method of calculating FFO is in accordance with REALpac's recommendations, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO reported by other issuers.

The tables and analyses below illustrate a reconciliation of the Trust's net income and comprehensive income (GAAP measures) to FFO (non-GAAP measures).

Quarterly Comparison to Prior Year

(in thousands of dollars, except per Unit amounts)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Variance (\$)	Variance (%)
Net income and comprehensive income	161,997	96,985	65,012	N/R ⁽⁷⁾
Add (deduct):				
Fair value adjustment on revaluation of investment properties ⁽¹⁾	(9,669)	(10,854)	1,185	N/R ⁽⁷⁾
Fair value adjustment on financial instruments ⁽²⁾	(61,497)	14,122	(75,619)	N/R ⁽⁷⁾
(Loss) Gain on derivative – TRS	(7,843)	557	(8,400)	N/R ⁽⁷⁾
(Loss) Gain on sale of investment properties	(18)	68	(86)	N/R ⁽⁷⁾
Amortization of intangible assets	333	333	—	—
Amortization of tenant improvement allowance and other	1,578	1,447	131	9.1
Distributions on Units classified as liabilities recorded as interest expense	1,083	970	113	11.6
Distributions on vested deferred units recorded as interest expense	728	416	312	75.0
Adjustment on debt modification	(1,960)	—	(1,960)	N/R ⁽⁷⁾
Salaries and related costs attributed to leasing activities ⁽³⁾	1,952	1,199	753	62.8
Acquisition-related costs	323	—	323	N/R ⁽⁷⁾
Adjustments relating to equity accounted investments:				
Rental revenue adjustment – tenant improvement amortization	96	101	(5)	(5.0)
Indirect interest with respect to the development portion ⁽⁴⁾	1,943	1,712	231	13.5
Adjustment to indirect interest with respect to Transit City condo closings ⁽⁴⁾	—	(470)	470	N/R ⁽⁷⁾
Fair value adjustment on revaluation of investment properties	(1,185)	(7,097)	5,912	N/R ⁽⁷⁾
Adjustment for supplemental costs	603	966	(363)	(37.6)
FFO⁽⁵⁾	88,464	100,455	(11,991)	(11.9)
Adjustments:				
Other adjustments ⁽⁶⁾	982	625	357	57.1
FFO with adjustments⁽⁵⁾	89,446	101,080	(11,634)	(11.5)

(1) Fair value adjustment on revaluation of investment properties is described in "Investment Properties".

(2) Fair value adjustment on financial instruments comprises the following financial instruments: units classified as liabilities, Earnout options, DUP, EIP, LTIP, TRS, interest rate swap agreement(s), and loans receivable and Earnout options recorded in the same period in 2021. The significant assumptions made in determining the fair value and fair value adjustments for these financial instruments are more thoroughly described in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022. For details please see discussion in "Results of Operations" above.

(3) Salaries and related costs attributed to leasing activities of \$2.0 million were incurred in the three months ended June 30, 2022 (three months ended June 30, 2021 – \$1.2 million) and were eligible to be added back to FFO based on the definition of FFO, in the REALpac White Paper published in January 2022, which provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO results in more comparability between Canadian publicly traded real estate entities that expensed their internal leasing departments and those that capitalized external leasing expenses.

(4) Indirect interest is not capitalized to properties under development and residential development inventory of equity accounted investments under IFRS but is a permitted adjustment under REALpac's definition of FFO. The amount is based on the total cost incurred with respect to the development portion of equity accounted investments multiplied by the Trust's weighted average cost of debt.

(5) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(6) Represents adjustments relating to \$1.0 million of costs associated with COVID-19 vaccination centres (three months ended June 30, 2021 – \$0.6 million).

(7) N/R – Not representative.

For the three months ended June 30, 2022, FFO decreased by \$12.0 million or 11.9% to \$88.5 million. This decrease was primarily attributed to:

- \$8.4 million decrease in gain on TRS resulting from fluctuations in the Trust's Unit price; and
- \$6.1 million decrease in NOI (see details in the "Net Operating Income" subsection);

Partially offset by:

- \$0.8 million increase in FFO add back for both salaries and related costs attributed to leasing activities;
- \$0.5 million net decrease in interest expense net of adjustment on debt modification;
- \$0.5 million increase in interest income;
- \$0.5 million decrease in adjustment of indirect interest relating to condominium unit closings in the same period in 2021; and
- \$0.2 million increase in FFO add back for tenant incentives amortization.

For the three months ended June 30, 2022, FFO with adjustments decreased by \$11.6 million or 11.5% to \$89.4 million as compared to the same period in 2021, which was primarily due to the items previously identified partially offset by the \$0.4 million increase in vaccination centres costs.

The following table presents per unit FFO and per unit FFO with certain adjustments (non-GAAP measure):

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Variance (\$)	Variance (%)
Per Unit – basic/diluted ⁽¹⁾ :				
FFO ⁽²⁾	\$0.50/\$0.49	\$0.58/\$0.58	-0.08/-0.09	-13.8/-15.5
FFO with adjustments ⁽²⁾	\$0.50/\$0.50	\$0.59/\$0.58	-0.09/-0.08	-15.3/-13.8
FFO with adjustments and Transactional FFO ⁽²⁾	\$0.50/\$0.50	\$0.59/\$0.58	-0.09/-0.08	-15.3/-13.8
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽²⁾⁽³⁾	\$0.55/\$0.55	\$0.52/\$0.52	0.03/0.03	5.8/5.8

(1) Diluted FFO is adjusted for the dilutive effect of vested deferred units, which are not dilutive for net income purposes. The calculation of diluted FFO is a non-GAAP measure and does not consider the impact of unvested deferred units. To calculate diluted FFO for the three months ended June 30, 2022, 1,540,034 vested deferred units are added back to the weighted average Units outstanding (three months ended June 30, 2021 – 1,268,125 vested deferred units).

(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(3) For the three months ended June 30, 2022, FFO with adjustments excludes the earnings from SmartVMC West of \$0.2 million, and the per Unit calculation excludes the corresponding 5,797,101 SmartVMC West LP Class D Units (three months ended June 30, 2021 – nil).

Year-to-Date Comparison to Prior Year

(in thousands of dollars, except per Unit amounts)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Variance (\$)	Variance (%)
Net income and comprehensive income	532,107	157,544	374,563	N/R ⁽⁷⁾
Add (deduct):				
Fair value adjustment on revaluation of investment properties ⁽¹⁾	(281,014)	7,905	(288,919)	N/R ⁽⁷⁾
Fair value adjustment on financial instruments ⁽²⁾	(79,479)	25,190	(104,669)	N/R ⁽⁷⁾
(Loss) gain on derivative – TRS	(6,238)	1,070	(7,308)	N/R ⁽⁷⁾
Gain (loss) on sale of investment properties	104	(186)	290	N/R ⁽⁷⁾
Amortization of intangible assets	666	666	—	—
Amortization of tenant improvement allowance and other	3,237	3,768	(531)	(14.1)
Distributions on Units classified as liabilities recorded as interest expense	2,127	1,941	186	9.6
Distributions on vested deferred units recorded as interest expense	1,405	948	457	48.2
Adjustment on debt modification	(1,960)	—	(1,960)	N/R ⁽⁷⁾
Salaries and related costs attributed to leasing activities ⁽³⁾	3,778	2,702	1,076	39.8
Acquisition-related costs	323	—	323	N/R ⁽⁷⁾
Adjustments relating to equity accounted investments:				
Rental revenue adjustment – tenant improvement amortization	191	200	(9)	(4.5)
Indirect interest with respect to the development portion ⁽⁴⁾	3,816	3,418	398	11.6
Adjustment to indirect interest with respect to Transit City condo closings ⁽⁴⁾	—	(470)	470	N/R ⁽⁷⁾
Fair value adjustment on revaluation of investment properties	(1,631)	(20,930)	19,299	(92.2)
Adjustment for supplemental costs	3,267	967	2,300	N/R ⁽⁷⁾
FFO⁽⁵⁾	180,699	184,733	(4,034)	(2.2)
Adjustments:				
Other adjustments ⁽⁶⁾	1,897	861	1,036	N/R ⁽⁷⁾
FFO with adjustments⁽⁵⁾	182,596	185,594	(2,998)	(1.6)
Transactional FFO – gain on sale of land to co-owners	—	1,587	(1,587)	N/R ⁽⁷⁾
FFO with adjustments and Transactional FFO⁽⁵⁾	182,596	187,181	(4,585)	(2.4)

(1) Fair value adjustment on revaluation of investment properties is described in "Investment Properties".

(2) Fair value adjustment on financial instruments comprises the following financial instruments: units classified as liabilities, Earnout options, DUP, EIP, LTIP, TRS, interest rate swap agreement(s), and loans receivable and Earnout options recorded in the same period in 2021. The significant assumptions made in determining the fair value and fair value adjustments for these financial instruments are more thoroughly described in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022. For details please see discussion in "Results of Operations" above.

(3) Salaries and related costs attributed to leasing activities of \$3.8 million were incurred in the six months ended June 30, 2022 (six months ended June 30, 2021 – \$2.7 million) and were eligible to be added back to FFO based on the definition of FFO, in the REALpac White Paper published in January 2022, which provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO results in more comparability between Canadian publicly traded real estate entities that expensed their internal leasing departments and those that capitalized external leasing expenses.

(4) Indirect interest is not capitalized to properties under development and residential development inventory of equity accounted investments under IFRS but is a permitted adjustment under REALpac's definition of FFO. The amount is based on the total cost incurred with respect to the development portion of equity accounted investments multiplied by the Trust's weighted average cost of debt.

(5) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

- (6) Represents adjustments relating to \$1.9 million of costs associated with COVID-19 vaccination centres (six months ended June 30, 2021 – \$0.9 million).
 (7) N/R – Not representative.

For the six months ended June 30, 2022, FFO decreased by \$4.0 million or 2.2% to \$180.7 million. This decrease was primarily attributed to:

- \$7.3 million decrease in gain on TRS resulting from fluctuations in the Trust's Unit price;
- \$1.2 million decrease in NOI (see details in the "Net Operating Income" subsection, including impact of ECL); and
- \$0.2 million decrease in interest income;

Partially offset by:

- \$2.4 million net decrease in interest expense net of adjustment on debt modification; and
- \$2.3 million increase in adjustment for supplemental costs.

For the six months ended June 30, 2022, FFO with adjustments decreased by \$3.0 million or 1.6% to \$182.6 million as compared to the same period in 2021, which was primarily due to the items previously identified partially offset by \$1.0 million increase in vaccination centres costs.

The following table presents per unit FFO and per unit FFO with certain adjustments (non-GAAP measure):

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Variance (\$)	Variance (%)
Per Unit – basic/diluted ⁽¹⁾ :				
FFO ⁽²⁾	\$1.01/\$1.01	\$1.07/\$1.06	-0.06/-0.05	-5.6/-4.7
FFO with adjustments ⁽²⁾	\$1.03/\$1.02	\$1.08/\$1.07	-0.05/-0.05	-4.6/-4.7
FFO with adjustments and Transactional FFO ⁽²⁾	\$1.03/\$1.02	\$1.08/\$1.07	-0.05/-0.05	-4.6/-4.7
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽²⁾⁽³⁾	\$1.07/\$1.06	\$1.02/\$1.02	0.05/0.04	4.9/3.9

- (1) Diluted FFO is adjusted for the dilutive effect of vested deferred units, which are not dilutive for net income purposes. The calculation of diluted FFO is a non-GAAP measure and does not consider the impact of unvested deferred units. To calculate diluted FFO for the six months ended June 30, 2022, 1,511,087 vested deferred units are added back to the weighted average Units outstanding (six months ended June 30, 2021 – 1,223,828 vested deferred units).
 (2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
 (3) For the six months ended June 30, 2022, FFO with adjustments excludes the earnings from SmartVMC West of \$0.5 million, and the per Unit calculation excludes the corresponding 5,797,101 SmartVMC West LP Class D Units (six months ended June 30, 2021 – nil).

The following table presents FFO excluding anomalous transactions for the three and six months ended June 30, 2022:

(in thousands of dollars)	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	Variance (\$)	2022	2021	Variance (\$)
FFO with adjustments ⁽¹⁾	89,446	101,080	(11,634)	182,596	185,594	(2,998)
Adjusted for:						
ECL	(1,214)	2,274	(3,488)	(2,276)	4,581	(6,857)
Loss (gain) on derivative – TRS	7,843	(557)	8,400	6,238	(1,070)	7,308
FFO sourced from condominium and townhome closings	(1,100)	(12,891)	11,791	(1,076)	(12,891)	11,815
FFO sourced from SmartVMC West acquisition	(207)	—	(207)	(459)	—	(459)
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽¹⁾	94,768	89,906	4,862	185,023	176,214	8,809

- (1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

Weighted Average Number of Units

The weighted average number of Trust Units and exchangeable LP Units is used in calculating the Trust's net income and comprehensive income per Unit, net income and comprehensive income excluding fair value adjustments per Unit, and FFO per Unit. The corresponding diluted per Unit amounts are adjusted for the dilutive effect of the vested portion of deferred units granted under the Trust's DUP unless they are anti-dilutive. To calculate diluted FFO per Unit for the three and six months ended June 30, 2022 and June 30, 2021, vested deferred units are added back to the weighted average Units outstanding because they are dilutive.

The following table sets forth the weighted average number of Units outstanding including and excluding SmartVMC West LP Class D Units for the purposes of FFO per Unit and net income and comprehensive income per Unit calculations in this MD&A:

(number of Units)	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	Variance	2022	2021	Variance
Trust Units	144,625,322	144,618,352	6,970	144,625,322	144,618,689	6,633
Class B LP Units	16,424,430	16,416,667	7,763	16,424,430	16,416,667	7,763
Class D LP Units	311,022	311,022	—	311,022	311,022	—
Class F LP Units	8,708	8,708	—	8,708	8,708	—
Class B LP II Units	756,525	756,525	—	756,525	756,525	—
Class B LP III Units	4,051,603	4,034,866	16,737	4,050,368	4,028,889	21,479
Class B LP IV Units	3,112,565	3,093,910	18,655	3,106,896	3,081,115	25,781
Class B Oshawa South LP Units	710,416	710,416	—	710,416	710,416	—
Class D Oshawa South LP Units	260,417	260,417	—	260,417	260,417	—
Class B Oshawa Taunton LP Units	374,223	374,223	—	374,223	374,223	—
Class D Series 1 VMC West LP Units	3,623,188	—	3,623,188	3,623,188	—	3,623,188
Class D Series 2 VMC West LP Units	2,173,913	—	2,173,913	2,173,913	—	2,173,913
Class B Boxgrove LP Units	170,000	170,000	—	170,000	170,000	—
Class B Series ONR LP Units	1,248,140	1,248,140	—	1,248,140	1,248,140	—
Class B Series 1 ONR LP I Units	132,881	132,881	—	132,881	132,881	—
Class B Series 2 ONR LP I Units	139,302	139,302	—	139,302	139,302	—
Total Exchangeable LP Units	33,497,333	27,657,077	5,840,256	33,490,429	27,638,305	5,852,124
Total Units – Basic	178,122,655	172,275,798	5,846,857	178,115,751	172,256,994	5,858,757
Vested deferred units	1,540,034	1,268,125	271,909	1,511,087	1,223,828	287,259
Total Units and vested deferred units – Diluted	179,662,689	173,543,923	6,118,766	179,626,838	173,480,822	6,146,016
Total Units excluding SmartVMC West LP Class D Units – Basic	172,325,554	172,275,798	49,756	172,318,650	172,256,994	61,656
Total Units and vested deferred units excluding SmartVMC West LP Class D Units – Diluted	173,865,588	173,543,923	321,665	173,829,737	173,480,822	348,915

Adjusted Cashflow From Operations

ACFO is a non-GAAP financial measure of operating performance and may not be comparable to similar measures used by other real estate entities. The Trust calculates its ACFO in accordance with REALpac's "White Paper on Adjusted Cashflow From Operations (ACFO)" for IFRS last revised in February 2019. The purpose of the White Paper is to provide reporting issuers and stakeholders with greater guidance on the definitions of ACFO and to help promote more consistent disclosure from reporting issuers. ACFO is intended to be used as a sustainable and economic cash flow metric. The Trust considers ACFO an input to determine the appropriate level of distributions to Unitholders as it adjusts cash flows from operations to better measure sustainable, economic cash flows. Prior to the initial issuance of the February 2017 White Paper on ACFO, there was no industry standard to calculate a sustainable, economic cash flow metric. While the Trust calculates ACFO in accordance with the White Paper, other issuers may not. Accordingly, the Trust's method of calculating ACFO may differ from the methods used by other issuers.

The tables and analyses below illustrate a reconciliation of the Trust's cash flows provided by operating activities (GAAP measure) to ACFO (non-GAAP measure).

Quarterly Comparison to Prior Year

(in thousands of dollars)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Variance (\$/ (%)
Cash flows provided by operating activities	43,970	62,168	(18,198)
Adjustments to working capital items that are not indicative of sustainable cash available for distribution ⁽¹⁾	25,261	5,462	19,799
Distributions on Units classified as liabilities recorded as interest expense	1,083	970	113
Distributions on vested deferred units recorded as interest expense	728	416	312
Expenditures on direct leasing costs and tenant incentives	1,922	1,583	339
Expenditures on tenant incentives for properties under development	596	458	138
Actual sustaining capital expenditures	(2,847)	(1,569)	(1,278)
Actual sustaining leasing commissions	(419)	(1,251)	832
Actual sustaining tenant improvements	(1,506)	(790)	(716)
Non-cash interest expense, net of other financing costs	7,252	12,782	(5,530)
Non-cash interest income	1,572	(961)	2,533
Acquisition-related costs, net	323	—	323
Distributions from equity accounted investments	(1,533)	(962)	(571)
Adjustments relating to equity accounted investments:			
Cash flows from operating activities including working capital adjustments	2,674	14,653	(11,979)
Notional interest capitalization ⁽²⁾	1,943	1,712	231
Adjustment to indirect interest with respect to Transit City condo closings ⁽³⁾	—	(470)	470
Actual sustaining capital and leasing expenditures	(179)	(14)	(165)
Non-cash interest expense	31	59	(28)
ACFO⁽³⁾	80,871	94,246	(13,375)
Other adjustments ⁽⁴⁾	982	625	357
ACFO with adjustments⁽³⁾	81,853	94,871	(13,018)
ACFO ⁽³⁾	80,871	94,246	(13,375)
Distributions declared	82,422	79,685	2,737
Surplus of ACFO over distributions declared	(1,551)	14,561	(16,112)
Payout Ratio Information:			
Payout Ratio to ACFO ⁽³⁾	101.9 %	84.6 %	17.3 %
Payout Ratio to ACFO with adjustments ⁽³⁾	100.7 %	84.0 %	16.7 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽³⁾⁽⁵⁾	90.2 %	99.3 %	(9.1)%

(1) Adjustments to working capital items include, but are not limited to, changes in prepaid expenses and deposits, accounts receivables, accounts payables and other working capital items that are not indicative of sustainable cash available for distribution.

(2) See the "Indirect interest with respect to the development portion" as presented in the "Funds From Operations" subsection above for more information.

(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(4) Represents adjustments relating to \$1.0 million of costs associated with COVID-19 vaccination centres (three months ended June 30, 2021 – \$0.6 million).

(5) For the three months ended June 30, 2022, excludes \$2.7 million of distributions declared in connection with SmartVMC West LP Class D units (three months ended June 30, 2021 – \$nil).

For the three months ended June 30, 2022, ACFO was \$80.9 million as further described in "Results of Operations" section.

The Payout Ratio relating to ACFO for the three months ended June 30, 2022 increased by 17.3% to 101.9% as compared to the same period in 2021, which was primarily due to the items previously identified. The Payout Ratio relating to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition for the three months ended June 30, 2022 decreased by 9.1% to 90.2% as compared to the same period in 2021.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Variance (\$/ %)
Cash flows provided by operating activities	146,789	141,652	5,137
Adjustments to working capital items that are not indicative of sustainable cash available for distribution ⁽¹⁾	20,872	7,461	13,411
Distributions on Units classified as liabilities recorded as interest expense	2,127	1,941	186
Distributions on vested deferred units recorded as interest expense	1,405	948	457
Expenditures on direct leasing costs and tenant incentives	4,361	2,644	1,717
Expenditures on tenant incentives for properties under development	2,276	730	1,546
Actual sustaining capital expenditures	(5,022)	(2,930)	(2,092)
Actual sustaining leasing commissions	(929)	(1,855)	926
Actual sustaining tenant improvements	(3,454)	(1,247)	(2,207)
Non-cash interest expense, net of other financing costs	(8,953)	11,189	(20,142)
Non-cash interest income	733	(239)	972
Acquisition-related costs, net	323	—	323
Gain on sale of land to co-owners	—	1,587	(1,587)
Distributions from equity accounted investments	(1,959)	(1,570)	(389)
Adjustments relating to equity accounted investments:			
Cash flows from operating activities including working capital adjustments	3,796	16,204	(12,408)
Notional interest capitalization ⁽²⁾	3,816	3,418	398
Adjustment to indirect interest with respect to Transit City condo closings ⁽²⁾	—	(470)	470
Actual sustaining capital and leasing expenditures	(272)	(88)	(184)
Non-cash interest expense	116	26	90
ACFO⁽³⁾	166,025	179,401	(13,376)
Other adjustments ⁽⁴⁾	1,897	861	1,036
ACFO with adjustments⁽³⁾	167,922	180,262	(12,340)
ACFO ⁽³⁾	166,025	179,401	(13,376)
Distributions declared	164,761	159,345	5,416
Surplus of ACFO over distributions declared	1,264	20,056	(18,792)
Payout Ratio Information:			
Payout Ratio to ACFO ⁽³⁾	99.2 %	88.8 %	10.4 %
Payout Ratio to ACFO with adjustments ⁽³⁾	98.1 %	88.4 %	9.7 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽³⁾⁽⁵⁾	92.3 %	96.5 %	(4.2)%

(1) Adjustments to working capital items include, but are not limited to, changes in prepaid expenses and deposits, accounts receivables, accounts payables and other working capital items that are not indicative of sustainable cash available for distribution.

(2) See the "Indirect interest with respect to the development portion" as presented in the "Funds From Operations" subsection above for more information.

(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(4) Represents adjustments relating to \$1.9 million of costs associated with COVID-19 vaccination centres (six months ended June 30, 2021 – \$0.9 million).

(5) For the six months ended June 30, 2022, excludes \$5.4 million of distributions declared in connection with SmartVMC West LP Class D units (six months ended June 30, 2021 – \$nil).

For the six months ended June 30, 2022, ACFO was \$166.0 million as further described in "Results of Operations" section.

The Payout Ratio relating to ACFO for the six months ended June 30, 2022 increased by 10.4% to 99.2% as compared to the same period in 2021, which was primarily due to the items previously identified. The Payout Ratio relating to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition for the six months ended June 30, 2022 decreased by 4.2% to 92.3% as compared to the same period in 2021.

The following table presents ACFO excluding anomalous transactions for the three and six months ended June 30, 2022:

(in thousands of dollars)	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	Variance (\$)	2022	2021	Variance (\$)
ACFO with adjustments ⁽¹⁾	81,853	94,871	(13,018)	167,922	180,262	(12,340)
Adjusted for:						
Loss (gain) on derivative – TRS	7,843	(557)	8,400	6,238	(1,070)	7,308
ACFO sourced from condominium and townhome closings	(1,100)	(14,028)	12,928	(1,076)	(14,094)	13,018
ACFO sourced from SmartVMC West acquisition	(207)	—	(207)	(459)	—	(459)
ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition ⁽¹⁾	88,389	80,286	8,103	172,625	165,098	7,527

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

Determination of Distributions

Pursuant to the Trust's declaration of trust (the "Declaration of Trust") the Trust endeavours to distribute annually such amount as is necessary to ensure the Trust will not be subject to tax on its net income under Part I of the *Income Tax Act* (Canada).

The Board of Trustees determines the Trust's Unit cash distribution rate by, among other considerations, its assessment of cash flow as determined using certain non-GAAP measures. As such, management believes the cash distributions are not an economic return of capital, but a distribution of sustainable cash flow from operations. Given both existing ACFO and distribution levels, and current facts and assumptions, including any potential impact from the COVID-19 pandemic, the Board of Trustees has indicated that barring any unexpected events, the Trust currently intends to maintain its monthly cash distribution levels.

In any given period, the distributions declared may differ from cash provided by operating activities, primarily due to seasonal fluctuations in non-cash operating items (amounts receivable, prepaid expenses, deposits, accounts payable and accrued liabilities). These seasonal or short-term fluctuations are funded, if necessary, by the Trust's revolving operating facility. In addition, the distributions declared previously included a component funded by the DRIP which was suspended by the Board of Trustees effective April 13, 2020. The Board of Trustees anticipates that distributions declared will, in the foreseeable future, continue to vary from net income and comprehensive income because net income and comprehensive income include fair value adjustments to investment properties, fair value changes in financial instruments, and other adjustments, and also because distributions are determined based on non-GAAP cash flow measures, which include consideration of the maintenance of productive capacity. Accordingly, the Trust does not use IFRS net income and comprehensive income as a proxy for distributions.

Distributions and ACFO Highlights

(in thousands of dollars)	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	Variance (\$)	2022	2021	Variance (\$)
Cash flows provided by operating activities	43,970	62,168	(18,198)	146,789	141,652	5,137
Distributions declared	82,422	79,685	2,737	164,761	159,345	5,416
ACFO ⁽¹⁾	80,871	94,248	(13,377)	166,025	179,401	(13,376)
Shortfall of cash flows provided by operating activities over distributions declared ⁽²⁾	(38,452)	(17,517)	(20,935)	(17,972)	(17,693)	(279)
(Shortfall) surplus of ACFO over distributions declared ⁽²⁾	(1,551)	14,563	(16,114)	1,264	20,056	(18,792)
Cash flows provided by operating activities excluding impact of SmartVMC West LP	43,763	62,168	(18,405)	146,330	141,652	4,678
Distributions declared excluding impact of SmartVMC West LP Class D distributions	79,703	79,685	18	159,399	159,345	54
ACFO excluding impact of SmartVMC West LP ⁽¹⁾	80,664	94,248	(13,584)	165,566	179,401	(13,835)
Shortfall of cash flows provided by operating activities over distributions declared excluding impact of SmartVMC West LP Class D distributions ⁽²⁾	(35,940)	(17,517)	(18,423)	(13,069)	(17,693)	4,624
Surplus of ACFO over distributions declared excluding impact of SmartVMC West LP Class D distributions	961	14,563	(13,602)	6,167	20,056	(13,889)

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(2) Notwithstanding the shortfalls noted above, the Trust does not believe that this will have any impact on the Trust's ability to make cash distributions in the foreseeable future.

For the three and six months ended June 30, 2022 and June 30, 2021, the \$38.5 million and \$18.0 million shortfall of cash flows provided by operating activities over distributions declared was primarily due to higher prepaid operating costs including, but not limited to, \$34.2 million increase in prepaid expenses, deposits and deferred financing costs and other, principally due to an increase in prepaid realty taxes.

For the three months ended June 30, 2022, the \$1.6 million shortfall of ACFO over distributions declared was primarily due to \$2.4 million net increase in both tenant improvements and leasing and related costs. The shortfall was funded by proceeds from dispositions of investment properties, proceeds from the revolving unsecured debt facilities, and cash-on-hand.

The following tables illustrate: i) the annualized surplus of cash flows provided by operating activities over distributions declared, ii) ACFO, and iii) ACFO-related payout ratios, for the 12 and 24 months ended June 30, 2022 and June 30, 2021:

(in thousands of dollars)		Rolling 12 Months Ended	
		June 30, 2022	June 30, 2021
Cash flows provided by operating activities	(A)	376,760	312,124
Distributions declared	(B)	324,169	318,623
ACFO ⁽¹⁾	(C)	339,680	365,096
Surplus (shortfall) of cash provided by operating activities over distributions declared	(A – B)	52,591	(6,499)
Surplus of ACFO over distributions declared	(C – B)	15,511	46,473
Payout Ratio to Cash flows provided by operating activities		86.0 %	102.1 %
Payout Ratio to ACFO ⁽¹⁾		95.4 %	87.3 %
Cash flows provided by operating activities excluding impact of SmartVMC West LP	(D)	376,301	312,124
Distributions declared excluding impact of SmartVMC West LP Class D distributions	(E)	318,807	318,623
ACFO excluding impact of SmartVMC West LP ⁽¹⁾	(F)	339,221	365,096
Surplus (shortfall) of cash provided by operating activities over distributions declared excluding impact of SmartVMC West LP Class D distributions	(D – E)	57,494	(6,499)
Surplus of ACFO over distributions declared excluding impact of SmartVMC West LP Class D distributions	(F – E)	20,414	46,473
Payout Ratio to Cash flows provided by operating activities excluding impact of SmartVMC West LP Class D units		84.7 %	102.1 %
Payout Ratio to ACFO excluding impact of SmartVMC West LP Class D units ⁽¹⁾		94.0 %	87.3 %

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(in thousands of dollars)		Rolling 24 Months Ended	
		June 30, 2022	June 30, 2021
Cash flows provided by operating activities	(A)	688,884	649,897
Distributions declared	(B)	642,792	635,049
ACFO ⁽¹⁾	(C)	704,776	698,773
Surplus of cash provided by operating activities over distributions declared	(A – B)	46,092	14,848
Surplus of ACFO over distributions declared	(C – B)	61,984	63,724
Payout Ratio to Cash flows provided by operating activities		93.3 %	97.7 %
Payout Ratio to ACFO ⁽¹⁾		91.2 %	90.9 %
Cash flows provided by operating activities excluding impact of SmartVMC West LP	(D)	688,425	649,897
Distributions declared excluding impact of SmartVMC West LP Class D distributions	(E)	637,430	635,049
ACFO excluding impact of SmartVMC West LP ⁽¹⁾	(F)	704,317	698,773
Surplus of cash provided by operating activities over distributions declared excluding impact of SmartVMC West LP Class D distributions	(D – E)	50,995	14,848
Surplus of ACFO over distributions declared excluding impact of SmartVMC West LP Class D distributions	(F – E)	66,887	63,724
Payout Ratio to Cash flows provided by operating activities excluding impact of SmartVMC West LP Class D units		92.6 %	97.7 %
Payout Ratio to ACFO excluding impact of SmartVMC West LP Class D units ⁽¹⁾		90.5 %	90.9 %

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

General and Administrative Expense

The following tables summarize general and administrative expense before allocation, and general and administrative expense, net (as presented in the unaudited interim condensed consolidated statements of income and comprehensive income for the three and six months ended June 30, 2022):

Quarterly Comparison to Prior Year

(in thousands of dollars)	Note ⁽¹⁾	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Variance (\$)
Salaries and benefits		15,112	12,851	2,261
Performance compensation (EIP, LTIP)		1,811	1,679	132
DUP		848	1,004	(156)
Services fee – by Penguin	18	1,818	1,625	193
Professional fees		1,724	1,522	202
Public company costs		525	613	(88)
Amortization of intangible assets		333	333	—
Office rent, information technology, marketing, communications and other employee expenses		2,541	2,241	300
Other costs ⁽²⁾		311	427	(116)
Subtotal		25,023	22,295	2,728
Previously capitalized general and administrative costs – Transit City phases		60	733	(673)
Previously capitalized general and administrative expenses on sale of real estate assets		332	—	332
Total general and administrative expense before allocation	(A)	25,415	23,028	2,387
Less:				
Allocated to property operating costs		(4,479)	(3,674)	(805)
Capitalized to properties under development and other assets		(10,492)	(8,605)	(1,887)
Total amounts allocated and capitalized	(B)	(14,971)	(12,279)	(2,692)
Time billings, leasing, management fees, development fees and other fees	18	(2,262)	(3,095)	833
Shared service costs charged to Penguin	18	(267)	(350)	83
Total amounts charged	(C)	(2,529)	(3,445)	916
Total amounts allocated, capitalized and charged	(D = B + C)	(17,500)	(15,724)	(1,776)
General and administrative expense, net	(E = A + D)	7,916	7,304	612

(1) The Note reference relates to the corresponding Note disclosure in the unaudited interim condensed consolidated financial statements for the three months ended June 30, 2022.

(2) Other costs represent previously capitalized G&A costs for development projects that have been discontinued.

Total general and administrative expense before allocation

For the three months ended June 30, 2022, total general and administrative expense before allocation was \$25.4 million, representing an increase of \$2.4 million or 10.4% as compared to the same period in 2021. This increase can be attributed primarily to an increase in salaries and related costs.

Total amounts allocated, capitalized and charged

For the three months ended June 30, 2022, total amounts allocated, capitalized and charged to Penguin and others was \$17.5 million, representing an increase of \$1.8 million or 11.3% as compared to the same period in 2021. This increase can be attributed primarily to an increase in the amounts capitalized to properties under development and other assets.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	Note ⁽¹⁾	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Variance (\$)
Salaries and benefits		30,400	26,933	3,467
Performance compensation (EIP, LTIP)		4,080	2,990	1,090
DUP		1,576	1,806	(230)
Services fee – by Penguin	18	3,641	3,416	225
Professional fees		2,964	2,906	58
Public company costs		688	765	(77)
Amortization of intangible assets		666	666	—
Office rent, information technology, marketing, communications and other employee expenses		5,152	4,449	703
Other costs ⁽²⁾		427	1,531	(1,104)
Subtotal		49,594	45,462	4,132
Previously capitalized general and administrative costs – Transit City phases		60	733	(673)
Previously capitalized general and administrative expenses on sale of real estate assets		332	—	332
Total general and administrative expense before allocation	(A)	49,986	46,195	3,791
Less:				
Allocated to property operating costs		(9,136)	(7,611)	(1,525)
Capitalized to properties under development and other assets		(21,092)	(17,791)	(3,301)
Total amounts allocated and capitalized	(B)	(30,228)	(25,402)	(4,826)
Time billings, leasing, management fees, development fees and other fees	18	(4,443)	(5,396)	953
Shared service costs charged to Penguin	18	(533)	(613)	80
Total amounts charged	(C)	(4,976)	(6,009)	1,033
Total amounts allocated, capitalized and charged	(D = B + C)	(35,204)	(31,411)	(3,793)
General and administrative expense, net	(E = A + D)	14,782	14,784	(2)

(1) The Note reference relates to the corresponding Note disclosure in the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

(2) Other costs represent previously capitalized G&A costs for development projects that have been discontinued.

Total general and administrative expense before allocation

For the six months ended June 30, 2022, total general and administrative expense before allocation was \$50.0 million, representing an increase of \$3.8 million or 8.2% as compared to the same period in 2021. This increase can be attributed primarily to:

- \$3.5 million increase in salaries and related costs; and
- \$1.3 million increase in EIP expense principally resulting from the inclusion of additional participants in this program;

Partially offset by:

- \$0.5 million decrease in DUP and LTIP expense;
- \$0.3 million net decrease in other costs; and
- \$0.2 million net decrease in previously capitalized expense on completed condo developments relating to VMC Residences (equity accounted investments) and other real estate assets sold.

Total amounts allocated, capitalized and charged

For the six months ended June 30, 2022, total amounts allocated, capitalized and charged to Penguin and others was \$35.2 million, representing an increase of \$3.8 million or 12.1% as compared to the same period in 2021. This increase can be attributed primarily to:

- \$3.3 million increase in the amounts capitalized to properties under development and other assets; and
- \$1.5 million increase in allocation of non-recoverable property operating costs;

Partially offset by:

- \$1.0 million decrease in fees charged to Penguin principally resulting from lower disposition activity in the current year.

Section V — Leasing Activities and Lease Expiries

Leasing Activities

Occupancy

The Trust's value-oriented portfolio continued to provide an attractive place to shop as tenants found new ways to enhance their customers' experience. Notwithstanding that most if not all COVID-19 related measures have now been lifted, tenants retained the strategic changes established during the pandemic including flexible hours, reconfigured store layouts, click and collect, and convenient delivery. Tenant confidence grew with the improving customer traffic resulting in demand for new locations in all markets and for all store sizes. In addition to the regular staple of value-oriented tenants continuing to seek more space in Walmart-anchored sites, new uses are also enhancing each centre offering with medical, daycare, health foods, furniture, entertainment/experiential, pet supplies, takeout food, specialty foods and more all growing their store counts. As at June 30, 2022, the Trust's occupancy levels inclusive of committed leases was 97.6% (March 31, 2022 – 97.2%) and in-place occupancy was 97.2% (March 31, 2022 – 97.0%). The increase in occupancy was principally driven by the higher demand for high traffic and dominant shopping centres including Walmart, grocery and pharmacy.

Occupancy

	June 30, 2022	December 31, 2021	Variance
Total leasable area (in sq. ft.)	34,660,693	34,118,613	542,080
In-place occupancy rate (%)	97.2	97.4	(0.2)
Committed occupancy rate (%)	97.6	97.6	—

New Leasing Activity

During the three months ended June 30, 2022, the Trust completed new leases with a wide variety of tenants, with uses such as medical, grocery, food service, entertainment and wellness. Many of the Trust's existing tenants continued their growth plans with retailers in pharmacy, general merchandise, pet stores and home furnishings expanding their brick-and-mortar footprint nationally. During the second quarter of 2022, the Trust executed 152,089 square feet of new leasing.

The following table presents a continuity of the Trust's in-place occupancy rate for the three months ended June 30, 2022:

(in square feet)	Vacant Area	Occupied Area	Leasable Area	In-place Occupancy Rate (%)
Beginning balance – April 1, 2022	1,047,281	33,616,406	34,663,687	97.0
New vacancies	72,377	(72,377)	—	
New leases	(152,089)	152,089	—	
Subtotal	967,569	33,696,118	34,663,687	
Acquisitions	—	2,726	2,726	
Transferred from properties under development to income properties	—	9,305	9,305	
Transferred from income properties to properties under development	(14,411)	—	(14,411)	
Other including unit area remeasurements	719	(1,333)	(614)	
Ending balance – June 30, 2022	953,877	33,706,816	34,660,693	97.2

Renewal Activity

For the six months ended June 30, 2022, the Trust achieved a tenant renewal rate of 83.2% (June 30, 2021 – 72.6%) for tenants with expiring leases.

Renewal Summary

	June 30, 2022	June 30, 2021	Variance
Space expiring in calendar year (in sq. ft.)	5,035,660	4,180,424	855,236
Renewed (in sq. ft.)	3,742,237	2,830,853	911,384
Near completion (in sq. ft.)	445,510	202,159	243,351
Total renewed and near completion (in sq. ft.)	4,187,747	3,033,012	1,154,735
Retention rate (including near completion) (%)	83.2	72.6	10.6
Renewed rental rate (in dollars per sq. ft.) – including Anchors	11.47	13.17	(1.70)
Renewed rental rate (in dollars per sq. ft.) – excluding Anchors	17.23	17.57	(0.34)
Renewed rent change (including Anchors, %)	2.6	0.6	2.0
Renewed rent change (excluding Anchors, %)	3.6	(2.4)	6.0

Tenant Profile

The Trust's portfolio is represented in all major markets across Canada particularly in the Greater-VECTOM markets (Vancouver, Edmonton, Calgary, Toronto, Ottawa and Montreal). While the Greater-VECTOM and primary markets have in-place occupancy of 97.0% and 96.8%, respectively, and account for nearly 90% of revenue and fair value, properties in the secondary markets reflect a higher in-place occupancy rate of 99.0%.

Portfolio Summary by Market Type

Market	Number of Properties	Area (000 sq. ft.)	Gross Revenue (%)	Income Property Fair Value (%)	In-place Occupancy (%)
Greater-VECTOM	108	23,342	71.8	76.1	97.0
Primary	31	6,582	16.6	13.6	96.8
Secondary	27	4,737	11.6	10.3	99.0
Total	166	34,661	100.0	100.0	97.2

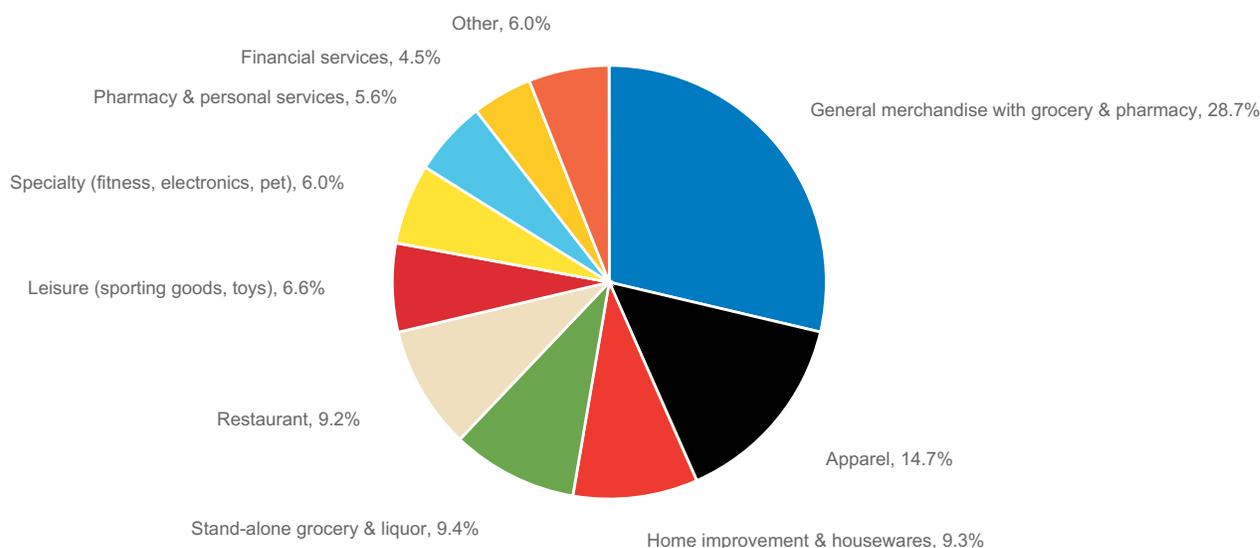
Tenant Categories

The portfolio is represented by strong individual shopping centres in every major market in Canada, with a diverse mix of tenant and service offerings, reflecting almost every retail category.

Annualized Gross Rent by Category for Tenants In-place as at June 30, 2022

Category	Total (%)	Greater-VECTOM (%)	Primary (%)	Secondary (%)
General merchandise with grocery & pharmacy	28.7	24.3	35.7	46.2
Apparel	14.7	15.2	13.6	12.9
Home improvement & housewares	9.3	9.8	8.5	7.4
Stand-alone grocery & liquor	9.4	9.8	8.5	8.0
Restaurant	9.2	10.3	6.9	5.8
Leisure (sporting goods, toys)	6.6	6.8	7.8	4.0
Specialty (fitness, electronics, pet)	6.0	5.7	6.8	6.9
Pharmacy & personal services	5.6	6.6	3.9	2.5
Financial services	4.5	4.9	4.0	2.5
Other	6.0	6.6	4.3	3.8
Total	100.0	100.0	100.0	100.0

The following graph represents the Trust's portfolio exposure by annualized gross rent by category as at June 30, 2022.



Top 25 Tenants

The 25 largest tenants (by annualized gross rental revenue) accounted for 62.1% of portfolio revenue as at June 30, 2022 and are presented in the following table:

#	Tenant	Number of Stores	Annualized Gross Rental Revenue (\$ millions)	Percentage of Total Annualized Gross Rental Revenue (%)	Leased Area (sq. ft.)	Leased Area as a % of Total Gross Leasable Area (%)
1	Walmart ⁽¹⁾	100	205.4	25.4	14,182,181	40.9
2	Winners, HomeSense, Marshalls	56	36.5	4.5	1,433,970	4.1
3	Canadian Tire, Mark's and FGL Sports	71	35.9	4.4	1,386,246	4.0
4	Loblaws, Shoppers Drug Mart	24	22.4	2.8	899,056	2.6
5	Sobeys	16	17.0	2.1	722,818	2.1
6	Dollarama	59	16.2	2.0	576,377	1.7
7	Lowe's, RONA	8	15.4	1.9	870,545	2.5
8	LCBO	37	13.1	1.6	350,225	1.0
9	Michaels	24	12.4	1.5	478,041	1.4
10	Best Buy	18	12.1	1.5	437,074	1.3
11	Recipe Unlimited	56	11.8	1.5	278,785	0.8
12	Staples	21	10.3	1.3	449,599	1.3
13	Gap Inc.	26	9.1	1.1	269,742	0.8
14	Reitmans	61	8.9	1.1	321,054	0.9
15	Bulk Barn	52	8.3	1.0	245,545	0.7
16	Bonnie Togs	42	7.6	0.9	198,843	0.6
17	GoodLife Fitness Clubs	11	7.5	0.9	255,759	0.7
18	CIBC	27	7.5	0.9	149,560	0.4
19	Toys R Us	7	7.4	0.9	268,880	0.8
20	The Brick	9	7.0	0.9	258,244	0.7
21	Metro	9	6.7	0.8	315,438	0.9
22	Sleep Country	38	6.7	0.8	181,572	0.5
23	Dollar Tree, Dollar Giant	26	6.6	0.8	217,286	0.6
24	PetSmart	16	6.5	0.8	209,678	0.6
25	Bank of Nova Scotia	23	5.9	0.7	123,002	0.4
		837	504.2	62.1	25,079,520	72.3

(1) The Trust has a total of 100 Walmart locations under lease, of which 98 are Supercentres that represent stores that carry all merchandise that Walmart department stores offer including a full assortment of groceries. The Trust also has another 14 shopping centres with Walmart as Shadow Anchors, all of which are Supercentres.

Lease Expiries

The following table presents total retail and office lease expiries for the portfolio as at June 30, 2022:

Year of Expiry	Total Area (sq. ft.)	Percentage of Total Area (%)	Annualized Base Rent (\$000s)	Average Base Rent psf ⁽¹⁾ (\$)
Month-to-month and holdovers	584,905	1.7	12,979	22.19
2022	640,975	1.8	11,712	18.27
2023	4,264,108	12.3	67,533	15.84
2024	5,041,765	14.5	78,663	15.60
2025	4,612,011	13.3	65,070	14.11
2026	4,052,921	11.7	59,272	14.62
2027	4,963,270	14.3	65,684	13.23
2028	2,040,763	5.9	36,508	17.89
2029	2,300,955	6.6	39,029	16.96
2030	994,291	2.9	19,846	19.96
2031	1,076,990	3.1	19,828	18.41
2032	1,710,747	4.9	25,920	15.15
Beyond	1,072,493	3.2	16,170	15.08
Vacant	953,877	2.8	—	—
Total retail	34,310,071	99.0	518,214	15.54
Total office	350,622	1.0	—	—
Total retail and office	34,660,693	100.0		

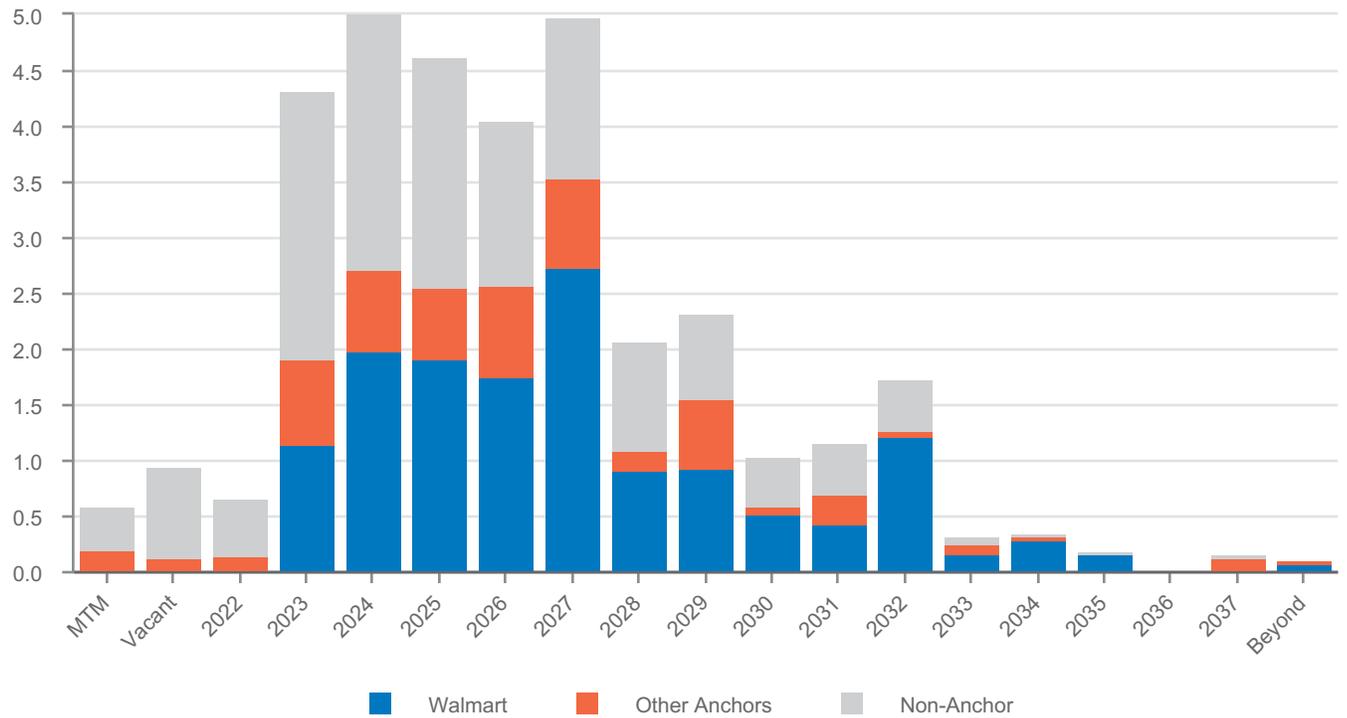
(1) The total average base rent per square foot excludes vacant space of 953,877 square feet.

The following table presents total retail and office lease expiries for the portfolio excluding Anchor tenants as at June 30, 2022:

Year of Expiry	Total Area (excluding Anchor tenants) (sq. ft.)	Percentage of Total Area (including Anchor tenants) (%)	Percentage of Total Area (excluding Anchor tenants) (%)	Annualized Base Rent (\$000s)	Average Base Rent psf ⁽¹⁾ (\$)
Month-to-month and holdovers	387,886	1.1	2.6	10,082	25.99
2022	494,502	1.4	3.4	9,899	20.02
2023	2,381,676	6.9	16.2	48,615	20.41
2024	2,318,604	6.7	15.8	50,742	21.88
2025	2,053,504	5.9	14.0	42,342	20.62
2026	1,474,917	4.3	10.0	33,429	22.67
2027	1,422,916	4.1	9.7	31,429	22.09
2028	980,192	2.8	6.7	23,600	24.08
2029	753,748	2.2	5.1	20,236	26.85
2030	431,094	1.2	2.9	11,189	25.96
2031	461,854	1.3	3.1	11,107	24.05
2032	434,748	1.3	3.0	9,792	22.52
Beyond	142,113	0.4	1.0	3,334	23.46
Vacant	834,418	2.4	5.7	—	—
Total retail	14,572,172	42.0	99.2	305,796	22.26
Total office	123,528	0.4	0.8	—	—
Total retail and office	14,695,700	42.4	100.0		

(1) The total average base rent per square foot excludes vacant space of 834,418 square feet.

Retail Lease Expiries (in millions of square feet)



Section VI — Asset Profile

Investment Properties

The following table summarizes the changes in fair values of investment properties including the Trust's proportionate share of equity accounted investments:

(in thousands of dollars)	Six Months Ended June 30, 2022			Year Ended December 31, 2021		
	Income Properties	Properties Under Development	Total Investment Properties	Income Properties	Properties Under Development	Total Investment Properties
Investment properties						
Balance – beginning of period	8,395,077	1,452,001	9,847,078	8,267,430	582,960	8,850,390
Additions (deductions):						
Acquisitions, Earnouts and related adjustments of investment properties	102,124	25,986	128,110	22,015	499,700	521,715
Earnout Fees on properties subject to development management agreements	612	—	612	2,397	—	2,397
Transfer to income properties from properties under development	24,300	(24,300)	—	40,555	(40,555)	—
Transfer from income properties to properties under development	(3,849)	3,849	—	(2,400)	2,400	—
Transfer from properties under development to equity accounted investments	—	—	—	—	(6,850)	(6,850)
Capital expenditures	5,023	—	5,023	17,472	—	17,472
Leasing costs	929	—	929	3,057	—	3,057
Development expenditures ⁽¹⁾	—	32,394	32,394	—	53,186	53,186
Capitalized interest	—	15,315	15,315	—	14,333	14,333
Dispositions	(384)	(24,338)	(24,722)	(62,865)	(37,285)	(100,150)
Fair value adjustment on revaluation of investment properties	39,668	241,346	281,014	107,416	384,112	491,528
Balance – end of period (A)	8,563,500	1,722,253	10,285,753	8,395,077	1,452,001	9,847,078
Investment properties classified as equity accounted investments ⁽²⁾						
Balance – beginning of period	319,024	518,427	837,451	234,566	315,628	550,194
Additions (deductions):						
Acquisitions	—	4,824	4,824	—	11,791	11,791
Transfer to income properties from properties under development	943	(943)	—	46,579	(46,579)	—
Transfer from the Trust's investment properties	—	—	—	—	6,850	6,850
Capital expenditures	211	—	211	139	—	139
Development expenditures ⁽¹⁾	—	59,427	59,427	—	77,645	77,645
Capitalized interest	—	1,895	1,895	—	3,030	3,030
Dispositions	—	(123)	(123)	74	—	74
Fair value adjustment on revaluation of investment properties	85	1,546	1,631	37,666	150,062	187,728
Balance – end of period (B)	320,263	585,053	905,316	319,024	518,427	837,451
Total balance (including investment properties classified as equity accounted investments) – end of period (Investment Properties – non-GAAP) (A + B) ⁽²⁾	8,883,763	2,307,306	11,191,069	8,714,101	1,970,428	10,684,529

(1) Includes development expenditures provided by external contractors, capitalized CAM costs and realty tax, and capitalized general and administrative expenses.

(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

The gross leasable retail and office area consists of 34.7 million square feet. In addition, the Trust may acquire 1.7 million square feet of future potential gross leasable retail area and has the option to acquire an additional 50.0% interest in four investment properties and a 25.0% interest in another investment property (0.5 million square feet) on their completion pursuant to the terms of Mezzanine Financing. The portfolio is located across Canada, with assets in each of the ten provinces. By selecting well-located centres, the Trust seeks to attract high-quality tenants at market rental rates.

Valuation Methodology

From July 1, 2019 to June 30, 2022, the Trust has had approximately 78.7% (by value) or 62.0% (by number of properties) of its operating portfolio appraised externally by independent national real estate appraisal firms with representation and expertise across Canada.

Management internally appraises the entire portfolio of properties. In addition, the determination of which properties are externally appraised to support management's internal valuation process is based on a combination of factors, including property size, property type, tenant mix, strength and type of retail node, age of property and location. Commencing in the first quarter of 2014, the Trust, on an annual basis, has had external appraisals performed on 15%–20% of the portfolio, rotating properties to ensure that at least 50% (by value) of the portfolio is valued externally over a three-year period.

The portfolio is valued internally by management utilizing valuation methodologies that are consistent with the external appraisals. Management performed these valuations by updating cash flow information reflecting current leases, renewal terms, ECL and market rents and applying updated discount rates determined, in part, through consultation with various external appraisers and available market data. In addition, the fair value of properties under development reflects the impact of development agreements (see Note 4 in the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 for further discussion).

Fair values were primarily determined through the discounted cash flows approach, which is an estimate of the present value of future cash flows over a specified horizon. For land, development and construction costs recorded at market value, fair values were marked to market, factoring in development risks such as planning, zoning, timing and market conditions.

Investment properties (including properties under development) as recorded in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, with a total carrying value of \$1,045.6 million (December 31, 2021 – \$2,195.9 million) were valued by external national appraisers, and investment properties with a total carrying value of \$9,240.2 million (December 31, 2021 – \$7,651.2 million) were internally valued by the Trust. Based on these valuations, the weighted average discount rate on the Trust's income properties portfolio as at June 30, 2022 was 6.35% (December 31, 2021 – 6.34%).

The following table summarizes significant assumptions in Level 3 valuations along with corresponding fair values for investment properties:

Valuation Method	Carrying Value	Terminal Capitalization Rate		Discount Rate	
		Weighted Average (%)	Range (%)	Weighted Average (%)	Range (%)
		June 30, 2022			
<i>Income properties</i>					
Discounted cash flow	8,563,500	5.84	4.18 – 7.43	6.35	4.58 – 7.93
<i>Properties under development</i>					
Land, development and construction costs recorded at market value	1,605,955	N/A	N/A	N/A	N/A
Discounted cash flow	116,298	6.54	5.64 – 7.80	5.95	4.89 – 7.30
	1,722,253				
Total	10,285,753				

December 31, 2021

Valuation Method	Carrying Value	Terminal Capitalization Rate		Discount Rate	
		Weighted Average (%)	Range (%)	Weighted Average (%)	Range (%)
<i>Income properties</i>					
Discounted cash flow	8,395,077	5.83	4.18 – 7.43	6.34	4.58 – 7.93
<i>Properties under development</i>					
Land, development and construction costs recorded at market value	1,324,263	N/A	N/A	N/A	N/A
Discounted cash flow	127,738	6.53	5.64 – 7.80	5.92	4.89 – 7.30
	1,452,001				
Total	9,847,078				

During the six months ended June 30, 2022, due to changes in the market and the progress made on planning entitlements, the Trust increased the fair value of certain properties under development by \$237.7 million. As driven by the Trust's vast pipeline of mixed-use initiatives, the Trust expects to continue to recognize fair value increments through the planning, zoning and development progress of its investment properties.

The effect of the COVID-19 pandemic on the real estate market, both in duration and in scale, is uncertain. However, given the dynamic environment and the Trust's income properties portfolio, management has re-assessed the valuation of certain investment properties based on the Trust's continued ability to lease and generate NOI in the foreseeable future. This re-assessment has resulted in a net fair value adjustment (gain) on revaluation of investment properties of \$43.3 million (excluding fair value adjustments on properties under development as noted above, and investment properties recorded in equity accounted investments) for the six months ended June 30, 2022, which was primarily attributed to leasing assumption updates during the six months ended June 30, 2022. See further discussion on the impact of COVID-19 on the Trust's operations in the "Results of Operations" section above.

Acquisitions of Investment Properties

In January 2022, the Trust acquired, from its unrelated partner, a 50% interest in each of three co-owned properties located in Ottawa (Laurentian), Ontario, Edmonton Capilano, Alberta, and Lachenaie, Quebec, for a total purchase price of \$100.0 million and adjusted for costs of acquisition and other working capital amounts, which was paid in cash and funded from the Trust's existing operating facilities. Upon completion of the acquisition, the Trust became the 100% owner of these properties.

In January 2022, the Trust acquired a 25% interest in parcels of land from its unrelated partner located in Mirabel, Quebec, for a purchase price of \$2.6 million, paid in cash and adjusted for costs of acquisition. Upon completion of the acquisition, the Trust's interest in these parcels of land increased to 50%.

In June 2022, the Trust acquired a parcel of land in Pickering, Ontario, for investment property development for gross proceeds of \$16.6 million, paid in cash and adjusted for costs of acquisition and other working capital amounts.

See also Note 3, "Acquisitions and Earnouts", in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

In addition, see "Equity Accounted Investments" below for acquisitions completed during the three and six months ended June 30, 2022 that are recorded in investment in joint ventures.

Dispositions of Investment Properties

In January 2022, the Trust sold its 40% interest in a parcel of land totalling 1.39 acres located in Markham, Ontario, for gross proceeds of \$0.8 million to a joint venture, Boxgrove Self Storage Limited Partnership, for development of a self-storage facility (see also, Note 5(b) in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022).

In March 2022, the Trust sold a parcel of land totalling 4.62 acres located in Laval East, Quebec, for gross proceeds of \$5.6 million, which was satisfied by cash.

In April 2022, the Trust sold a parcel of land totalling 6.48 acres located in Stouffville, Ontario, for gross proceeds of \$18.4 million, which was satisfied by cash.

Equity Accounted Investments

The following table summarizes key components relating to the Trust's equity accounted investments:

(in thousands of dollars)	Six Months Ended June 30, 2022			Year Ended December 31, 2021		
	Investment in Associates	Investment in Joint Ventures	Total	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of period	489,230	165,212	654,442	354,992	108,212	463,204
Operating Activities:						
Earnings (losses)	3,598	(387)	3,211	183,431	27,989	211,420
Distributions – VMC Residences condominium unit closings ⁽¹⁾	(24,321)	—	(24,321)	(52,824)	—	(52,824)
Distributions – operating activities	(1,725)	(234)	(1,959)	(3,358)	(714)	(4,072)
Financing Activities:						
Fair value adjustment on loan	1,981	—	1,981	3,995	—	3,995
Investing Activities:						
Cash contribution	3,796	15,062	18,858	6,355	29,589	35,944
Property contribution	—	—	—	—	6,850	6,850
Return of contributions	(1,725)	—	(1,725)	(3,361)	(6,714)	(10,075)
Investment – end of period	470,834	179,653	650,487	489,230	165,212	654,442

(1) During the six months ended June 30, 2022, the distribution in the amount of \$24.3 million was satisfied by a non-cash settlement of the PCVP loan payable (for the year ended December 31, 2021 – \$52.8 million), see also the "Debt" section.

The following table summarizes the asset profile (at 100%) of the Trust's equity accounted investments, grouped by their business focus:

As at June 30, 2022 (in thousands of dollars)	Income Properties	Properties Under Development	Residential Development Inventory	Other Assets	Total Assets
Rental					
Residential	74,181	182,152	—	22,702	279,035
Self-storage facilities	135,441	69,081	—	4,230	208,752
Retail	133,723	4,678	—	3,506	141,907
Office	220,207	—	—	22,380	242,587
Mixed-use	130,462	853,711	—	172,245 ⁽¹⁾	1,156,418
Condominium and townhome residential development inventory	—	—	321,659	68,086 ⁽²⁾	389,745
	694,014	1,109,622	321,659	293,149	2,418,444

(1) Consists of loans receivable of \$158.8 million in connection with the 700 Applewood purchase (see also the "Debt" section), and cash and cash equivalents of \$9.5 million.

(2) Consists of notes receivable of \$2.3 million in connection with the Transit City condominium closings, and cash and cash equivalents of \$57.3 million.

As at December 31, 2021 (in thousands of dollars)	Income Properties	Properties Under Development	Residential Development Inventory	Other Assets	Total Assets
Rental					
Residential	74,025	139,300	—	11,382	224,707
Self-storage facilities	135,611	45,494	—	2,082	183,187
Retail	132,795	4,533	—	2,732	140,060
Office	220,002	—	—	23,778	243,780
Mixed-use	128,732	801,559	—	167,930 ⁽¹⁾	1,098,221
Condominium and townhome residential development inventory	—	—	269,714	103,978 ⁽²⁾	373,692
	691,165	990,886	269,714	311,882	2,263,647

(1) Consists of loans receivable of \$158.1 million in connection with the 700 Applewood purchase (see also the "Debt" section), and cash and cash equivalents of \$6.5 million.

(2) Consists of notes receivable of \$87.7 million in connection with the Transit City condominium closings, and cash and cash equivalents of \$6.9 million.

Investment in associates

The following table summarizes the Trust's ownership interest in investment in associates as reflected in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022:

Business Focus	Partner(s)	Principal Intended Activity	Ownership Interest (%), As at	
			June 30, 2022	December 31, 2021
Mixed-use real estate development				
<i>Penguin-Calloway Vaughan Partnership ("PCVP")</i>	<i>Penguin⁽¹⁾</i>	Own, develop and operate investment properties in the SmartVMC (Eastern 52.0 acres)	50.0	50.0
Residential condominium developments				
<i>VMC Residences Limited Partnership ("Residences LP")</i>	<i>Penguin⁽¹⁾, CentreCourt</i>	Own, develop and sell two residential condominium towers and 22 townhomes (Transit City 1 and 2) at SmartVMC	25.0	25.0
<i>Residences III LP</i>	<i>Penguin⁽¹⁾, CentreCourt</i>	Own, develop and sell a residential condominium tower (Transit City 3) at SmartVMC	25.0	25.0
<i>East Block Residences LP</i>	<i>Penguin⁽¹⁾, CentreCourt</i>	Own, develop and sell two residential condominium towers (Transit City 4 and 5) at SmartVMC	25.0	25.0
<i>Residences (One) LP</i>	<i>Penguin⁽¹⁾</i>	Own, develop and sell residential condominium towers (ArtWalk)	50.0	50.0
<i>Residences (Two) LP</i>	<i>Penguin⁽¹⁾</i>	Own, develop and sell residential condominium towers (Park Place)	66.7	—

(1) See also Note 20, "Related party transactions" in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

In 2019, the Trust acquired, as part of a 50:50 joint arrangement with Penguin, through PCVP, a 50% interest in a parcel of land ("700 Applewood") with approximately 15.5 acres in Vaughan, Ontario, proximate to SmartVMC to relocate Walmart from SmartVMC and for other future developments, for a purchase price of \$109.2 million paid in cash, adjusted for other working capital amounts. In connection with this acquisition, an interest-free loan with a value of \$98.7 million and a maturity of December 2029 was extended to Penguin to finance its interest in PCVP's acquisition of 700 Applewood. In March 2020, the Trust assumed this loan receivable from Penguin (see also Note 6(b), footnote 3 in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022), along with an offsetting non-interest-bearing note payable of an equal amount (see Note 10(b)(iii), footnote 2 in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022).

Note that the limited partnerships involved in residential condominium developments, as noted in the above table: Residences LP, Residences III LP, East Block Residences LP, Residences (One) LP and Residences (Two) LP, are herein collectively referred to as "VMC Residences". For details on SmartVMC residential development, see the "Mixed-Use Development Initiatives" section.

Summary of development credit facilities

The development financing relating to PCVP and VMC Residences comprise pre-development, construction and letters of credit facilities. With respect to the development credit facilities relating to PCVP, the obligations are joint and several to each of the PCVP limited partners; however, by virtue of an indemnity agreement between the PCVP limited partners, the obligations are effectively several. From time to time, the original facility amounts are reduced through repayments and through amended agreements with the financial institutions from which the facilities were obtained.

The following table shows the development facilities available:

(in thousands of dollars)	June 30, 2022	December 31, 2021
Development facilities – beginning of period	753,562	796,740
Reduction	(4,434)	(131,154)
Repayments	(7,222)	(48,500)
Letters of credit released	—	(21,024)
Additional development credit facilities obtained	13,234	157,500
Development facilities – end of period	755,140	753,562
Amount drawn on development credit facilities	(418,425)	(317,105)
Letters of credit – outstanding	(64,713)	(42,832)
Remaining unused development credit facilities	272,002	393,625
Trust's share of remaining unused development credit facilities	102,163	146,742

PCVP and VMC Residences had the following credit facilities available:

As at	June 30, 2022			December 31, 2021		
(in thousands of dollars)	Maturity in	Annual Interest Rate (%) ⁽¹⁾	Facility Amount	The Trust's Share	Facility Amount	The Trust's Share
PCVP						
Development credit facility	December 2022	BA + 1.35	15,876	7,938	15,876	7,938
Construction credit facility	June 2027	BA + 1.20	400,000	200,000	386,766	193,383
Letters of credit facility ⁽²⁾	May 2023	N/A	60,000	30,000	60,000	30,000
			475,876	237,938	462,642	231,321
VMC Residences						
Development credit facility	April 2022	BA + 1.75	—	—	11,656	2,914
Development credit facility	September 2023	BA + 1.60	279,264	69,816	279,264	69,816
			279,264	69,816	290,920	72,730
			755,140	307,754	753,562	304,051

(1) Annual interest rate is a function of Canadian Banker's Acceptance rate ("BA") rates plus a premium.

(2) Letter of credit fee rate is 0.75%.

Investment in joint ventures

The following table summarizes the Trust's ownership interest in each joint venture investment grouped by their principal intended activities as reflected in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022:

As at		June 30, 2022		December 31, 2021	
Business Focus	Joint Venture Partner	Number of Projects	Ownership Interest (%)	Number of Projects	Ownership Interest (%)
Retail investment properties		1	30.0	1	30.0
<i>Joint Venture: 1500 Dundas East LP</i>	<i>Fieldgate</i>				
Self-storage facilities		13	50.0	10	50.0
<i>Joint Ventures: Leaside SAM LP, Oshawa South Self Storage LP, Bramport SAM LP, Vaughan NW SAM LP, Dupont Self Storage LP, Aurora Self Storage LP, Scarborough East Self Storage LP, Kingspoint Self Storage LP, Jane Self Storage LP, Gilbert Self Storage LP, Boxgrove Self Storage LP, Whitby Self Storage LP and Regent Self Storage LP</i>	<i>SmartStop</i>				
Seniors' apartments		1	50.0	1	50.0
<i>Joint Venture: Vaughan NW SA PropCo LP</i>	<i>Revera</i>				
Retirement residences					
<i>Joint Ventures: Vaughan NW RR (PropCo and OpCo LPs), Baymac RR PropCo LP, Oakville Garden Drive RR PropCo LP and Markham Main Street RR PropCo LP</i>	<i>Revera</i>	4	50.0	5	50.0
<i>Joint Ventures: Ottawa SW (PropCo and OpCo LPs)</i>	<i>Groupe Sélection</i>	1	50.0	1	50.0
Residential apartments					
<i>Joint Venture: Laval C Apartments LP</i>	<i>Jadco</i>	1	50.0	1	50.0
<i>Joint Venture: Balliol/Pailton LP</i>	<i>Greenwin</i>	1	75.0	1	75.0
<i>Joint Venture: Mascouche North Apartments LP</i>	<i>Cogir</i>	1	80.0	1	80.0
Total		23		21	

Acquisitions/new property contributions completed during the six months ended June 30, 2022

In January 2022, pursuant to a 50:50 joint venture formed with SmartStop known as Boxgrove Self Storage Limited Partnership, each joint venture party contributed \$1.0 million into the joint venture to fund the purchase of a parcel of land located in Markham, Ontario, totalling 1.39 acres, in which the Trust had a 40% interest, with the intention to develop and operate a self-storage facility.

In May 2022, the Trust formed a 50:50 joint venture with SmartStop known as Regent Self Storage Limited Partnership, and pursuant to the joint venture agreement, each joint venture party contributed \$3.5 million into the joint venture to fund the purchase of a parcel of land located in Burnaby, British Columbia, totalling 0.89 acres with the intention to develop and operate a self-storage facility.

See also Note 4, "Investment properties", in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

Summary of credit facilities

Development financing includes a credit facility relating to Laval C Apartments comprising a pre-development and construction facility, and a construction facility relating to additional self-storage facilities. From time to time, the facilities amounts may be reduced through repayments and through amended agreements with the financial institutions from which the facilities were obtained. The development facilities are presented as follows:

(in thousands of dollars)	June 30, 2022	December 31, 2021
Development facilities – beginning of period	177,922	95,417
Repayment	—	—
Additional development facility obtained ⁽¹⁾	25,000	69,100
Development facilities – end of period	202,922	164,517
Amount drawn on development facility – Laval C Apartments	(7,344)	(35,417)
Amount drawn on development facility – Markham Main Street	(10,000)	(10,000)
Amount drawn on development facility – Self-storage	(101,170)	(85,213)
Amount drawn on development facility – Mascouche	(19,829)	—
Letters of credit – outstanding	(887)	(887)
Remaining unused development facilities	63,692	33,000
Trust's share of remaining unused development facilities	31,846	16,500

(1) This additional development facility was provided by the Trust to fund construction costs relating to additional self-storage facilities. See details in table below.

As at June 30, 2022 and December 31, 2021, the Trust's joint ventures had the following credit facilities:

As at	June 30, 2022			December 31, 2021		
(in thousands of dollars)	Maturity in	Annual Interest Rate (%) ⁽¹⁾	Facility Amount	The Trust's Share	Facility Amount	The Trust's Share
Laval C Apartments LP						
Construction facility – Tower A ⁽²⁾	February 2022	BA + 1.60	—	—	35,417	17,709
Construction facility – Tower B ⁽²⁾	November 2024	BA + 1.60	48,822	24,411	—	—
SmartStop						
Construction facility ⁽³⁾	May 2024	BA + 2.20	118,100	59,050	118,100	59,050
Markham Main Street						
Development facility	December 2023	BA + 1.75	11,000	5,500	11,000	5,500
Mascouche North Apartments LP						
Construction facility ⁽³⁾	August 2022	BA + 1.20	25,000	20,000	—	—
			202,922	108,961	164,517	82,259

(1) Annual interest rate is a function of BA rates plus a premium.

(2) Management is renegotiating the facility.

(3) This construction facility was provided by the Trust and is used to fund construction and development costs.

Amounts Receivable and Other, and Prepaid Expenses, Deposits and Deferred Financing Costs

The timely collection of amounts receivable is a critical component associated with the Trust's cash and treasury management functions. The following table presents the components of amounts receivable and other, deferred financing costs, and prepaid expenses and deposits:

(in thousands of dollars)	June 30, 2022	December 31, 2021	Variance (\$)
Amounts receivable and other			
Tenant receivables	31,492	36,305	(4,813)
Unbilled other tenant receivables	14,068	11,847	2,221
Receivables from related party – excluding equity accounted investments	5,138	6,966	(1,828)
Receivables from related party – equity accounted investments	883	581	302
Other non-tenant receivables	1,939	1,414	525
Other ⁽¹⁾	13,491	11,383	2,108
	67,011	68,496	(1,485)
Allowance for ECL	(11,182)	(18,954)	7,772
Amounts receivable and other, net of allowance for ECL	55,829	49,542	6,287
Prepaid expenses, deposits and deferred financing costs	44,393	12,289	32,104
	100,222	61,831	38,391

(1) The amount includes a related party amount of \$9.1 million (December 31, 2021 – \$8.0 million).

As at June 30, 2022, total amounts receivable and other, net of allowance for ECL, and prepaid expenses, deposits and deferred financing costs increased by \$38.4 million as compared to December 31, 2021. This increase was primarily attributed to the following:

- \$32.1 million increase in prepaid expenses, deposits and deferred financing costs, principally due to an increase in prepaid realty taxes;
- \$7.8 million decrease in allowance for ECL;
- \$2.2 million increase in unbilled other tenant receivables, principally due to CAM/realty tax adjustments; and
- \$2.1 million increase in other amounts receivable;

Partially offset by:

- \$4.8 million decrease in tenant receivables due to collections, billing adjustments and write-offs that pertain to tenant lease settlements; and
- \$1.0 million decrease in non-tenant receivables.

Tenant receivables

Approximately 60% of the Trust's tenant base are businesses offering "essential" services and approximately 98% of the Trust's tenant billings for the six months ended June 30, 2022 have been collected. The Trust and its tenants are well-positioned for an expected return of the economy to pre-pandemic levels and as the Trust identifies tenants for its vacant space, it also continues to work with its existing tenants on rent collections and payment solutions.

The table below represents a summary of total tenant receivables and ECL balances as at June 30, 2022 and December 31, 2021:

(in thousands of dollars)	June 30, 2022	December 31, 2021
Tenant receivables	31,492	36,305
Unbilled other tenant receivables	14,068	11,847
Total tenant receivables	45,560	48,152
Less: Allowance for ECL	11,182	18,954
Total tenant receivables net of allowance for ECL	34,378	29,198

Mortgages, Loans and Notes Receivable

The following table summarizes mortgages, loans and notes receivable:

(in thousands of dollars)	June 30, 2022	December 31, 2021	Variance (\$)
Mortgages, loans and notes receivable			
Mortgages receivable (Mezzanine Financing) ⁽¹⁾	139,286	139,589	(303)
Loans receivable ⁽²⁾	305,965	274,523	31,442
Notes receivable ⁽¹⁾	2,924	2,924	—
	448,175	417,036	31,139

(1) The amount is due from Penguin.

(2) Includes \$115.5 million due from Penguin (December 31, 2021 – \$117.0 million), see "Loans Receivable" subsection.

Mortgages Receivable (Mezzanine Financing)

The following table presents the details of the mortgages receivable (by maturity date) provided to Penguin:

(in thousands of dollars)	Amount Outstanding (\$)	Including: Interest Accrued (\$)	Committed (\$)	Amount Guaranteed by Penguin (\$)	Maturity Date	Extended Maturity Date ⁽³⁾	Annual Variable Interest Rate at Period-End (%)	Potential Area Upon Exercising Purchase Option (sq. ft.)
Aurora (South), ON ⁽⁵⁾⁽⁸⁾	16,295	272	31,733	16,295	August 2028	N/A	5.79	57,741
Innisfil, ON ⁽²⁾⁽⁷⁾⁽⁹⁾	16,781	3,857	33,100	16,781	October 2023	N/A	6.34	—
Salmon Arm, BC ⁽²⁾⁽⁴⁾	16,247	8,557	29,920	16,247	August 2028	N/A	6.46	—
Pitt Meadows, BC ⁽⁶⁾⁽⁸⁾	32,595	7,174	85,653	32,595	November 2023	August 2028	5.20	25,003
Vaughan (7 & 427), ON ⁽⁵⁾⁽⁸⁾	19,991	5,625	36,100	19,991	December 2023	August 2028	4.93	76,000
Caledon (Mayfield), ON ⁽⁷⁾⁽⁸⁾	10,979	2,349	26,688	10,979	April 2024	August 2028	5.06	101,865
Toronto (StudioCentre), ON ⁽²⁾⁽⁶⁾⁽⁸⁾	26,398	1,490	50,524	26,398	August 2028	N/A	4.85	227,831
	139,286	29,324	293,718	139,286			5.44 ⁽¹⁾	488,440

(1) Represents the weighted average interest rate on the loan balance.

(2) The Trust owns a 50% interest in these properties, with the other 50% interest owned by Penguin. These loans are secured against Penguin's interest in the property.

(3) The maturity dates for these mortgages are automatically extended to August 31, 2028 unless written notice is delivered from the borrower. During the extended maturity period, the mortgages receivable accrue interest at a variable rate based on the Canadian Banker's Acceptance rate plus 4.00% to 5.00%.

(4) The weighted average interest rate on this mortgage is subject to an upper limit of 6.50%.

(5) The weighted average interest rate on this mortgage is subject to an upper limit of 6.75%.

(6) The weighted average interest rate on this mortgage is subject to an upper limit of 6.90%.

(7) The weighted average interest rate on this mortgage is subject to an upper limit of 7.00%.

(8) The Trust has a purchase option from the borrower in these properties upon a certain level of development and leasing being achieved. As at June 30, 2022, it is management's expectation that the Trust will exercise these purchase options. The purchase option for Aurora (South), ON, Pitt Meadows, BC, Vaughan (7 & 427), ON, and Caledon (Mayfield), ON are each 50%. The purchase option for Toronto (StudioCentre), ON is 25%.

(9) This property was disposed in October 2021, and \$6.2 million of interest accrued on this mortgage receivable was repaid upon the disposition. A vendor take-back loan was issued to the purchaser, with Penguin assigning its 50% interest in the vendor take-back loan to the Trust as security for the mortgage receivable (see also Note 6, "Mortgages, loans and notes receivable" in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022).

Mortgages receivable amendments

Interest on these mortgages accrues monthly as follows: from December 9, 2020 to the maturity date of each mortgage, at a variable rate based on the Canadian Banker's Acceptance rate plus 2.75% to 4.20%; and from the maturity date of each mortgage to the extended maturity date (August 31, 2028), at a variable rate based on the Canadian Banker's Acceptance rate plus 4.00% to 5.00%. Prior to December 9, 2020, interest on these mortgages accrued as follows: i) at a variable rate based on the Canadian Banker's Acceptance rate plus 1.75% to 4.20% or at the Trust's cost of capital (as defined in the applicable mortgage agreement) plus 0.25%; or ii) at fixed rates of 6.35% to 7.50% which was added to the outstanding principal up to a predetermined maximum accrual after which it was payable in cash on a monthly or quarterly basis. Additional interest of \$100.8 million (December 31, 2021 – \$103.8 million) on the existing credit facilities may be accrued on certain of the mortgages receivable before cash interest must be paid.

The mortgage security includes a first or second charge on properties, assignments of rents and leases and general security agreements. In addition, the outstanding balance is guaranteed by Penguin. The loans are subject to individual loan guarantee agreements that provide additional guarantees for all interest and principal advanced on outstanding amounts. The amounts that are guaranteed decrease on achievement of certain specified value-enhancing events. Management considers all mortgages receivable to be fully collectible.

The following table illustrates the activity in mortgages receivable:

(in thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Balance – beginning of period	138,846	143,841	139,589	144,205
Interest accrued	1,651	1,343	2,975	2,674
Interest payments	(1,211)	(571)	(4,349)	(2,266)
Principal advances	—	—	3,800	—
Principal repayments	—	(1,215)	(2,729)	(1,215)
Balance – end of period	139,286	143,398	139,286	143,398

Loans Receivable

The following table summarizes loans receivable:

(in thousands of dollars)

Issued to	June 30, 2022	December 31, 2021
Penguin	115,545	116,966
Equity accounted investments	173,015	139,152
Unrelated parties	17,405	18,405
	305,965	274,523

See also Note 6(b) in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 for more details about loans receivable, including committed facilities, maturity dates and interest rates.

The following table illustrates the activity in loans receivable:

(in thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Balance – beginning of period	293,817	249,996	274,523	241,683
Loans issued	10,745	—	24,284	3,308
Principal advances	3,909	24,742	8,834	31,533
Interest accrued	1,211	1,117	2,326	2,203
Fair value adjustments ⁽¹⁾	1,107	1,109	2,212	2,197
Principal repayments	(4,824)	(53,380)	(6,214)	(57,340)
Balance – end of period	305,965	223,584	305,965	223,584

(1) \$2.2 million recorded during the six months ended June 30, 2022 (six months ended June 30, 2021 – \$2.2 million) in connection with the loan issued as part of the 700 Applewood purchase.

Notes Receivable

Notes receivable of \$2.9 million (December 31, 2021 – \$2.9 million) have been granted to Penguin (see also, "Related Party Transactions"). These secured demand notes bear interest at 9.00% per annum (December 31, 2021 – 9.00%).

Total Return Swap Receivable

A total return swap is a contractual agreement to exchange payments based on a specified notional amount and the underlying financial assets for a specific period. On February 2, 2021, the Trust entered into a TRS agreement in respect to its Trust Units with a return based on a notional amount of up to 6.5 million Trust Units with a notional value of up to approximately \$156.0 million for a 48-month period, which, subject to certain conditions, may be unwound prior to its maturity, either in whole or in part. The counterparty to the TRS is a Canadian financial institution.

The TRS receivable reflects the market value of the swap agreement, and is determined by reference to the value of the underlying notional Trust Units at each reporting date. The gain (loss) will be realized when the TRS matures or is unwound.

The following table summarizes the activity in the TRS receivable:

(in thousands of dollars, except Unit amounts)	Six Months Ended June 30, 2022		Year Ended December 31, 2021	
	Notional Trust Units (#)	Carrying Value (\$)	Notional Trust Units (#)	Carrying Value (\$)
Balance – beginning of period	1,456,000	46,869	—	—
Additions	2,043,500	56,917	1,456,000	42,342
Distributions received	N/A	(1,347)	N/A	(1,115)
Fair value adjustments	N/A	(6,238)	N/A	5,642
Balance – end of period	3,499,500	96,201	1,456,000	46,869
Average Unit cost before distributions		\$ 28.36		\$ 29.08

Section VII — Financing and Capital Resources

Capital Resources and Liquidity

The following table presents the Trust's capital resources available:

(in thousands of dollars)	June 30, 2022	December 31, 2021	Variance (\$)
Cash and cash equivalents	34,686	62,235	(27,549)
Remaining operating facilities ⁽¹⁾	250,918	341,715	(90,797)
	285,604	403,950	(118,346)
Operating facility – accordion feature	250,000	250,000	—
	535,604	653,950	(118,346)

(1) Excludes the Trust's development facilities which have been arranged to fund project-specific development and related costs.

On the assumption that cash flow levels permit the Trust to obtain financing on reasonable terms, the Trust anticipates meeting all current and future obligations. Management expects to finance future acquisitions, committed Earnouts, Developments, Mezzanine Financing commitments and maturing debt from: i) existing cash balances; ii) funds received from the closings of mixed-use development initiatives, including condominium and townhome sales; iii) a mix of mortgage debt secured by investment properties, operating facilities and issuances of equity and unsecured debentures; iv) repayments of mortgages receivable; and v) the sale of non-core assets. The Trust's ability to meet these future obligations may be impacted by the liquidity risk associated with receiving repayments of its mortgages, loans, and notes receivable, amounts receivable and other, deposits, and cash equivalents on time and in full, and infrequently, the realization of fair value on the disposition of the Trust's non-core assets. Cash flow generated from operating activities is the primary source of liquidity to pay Unit distributions and sustain capital expenditures and leasing costs. See also the "Distributions and ACFO Highlights" subsection.

As at June 30, 2022, the Trust's cash and cash equivalents decreased by \$27.5 million as compared to December 31, 2021, which is primarily due to the following:

- \$371.2 million representing net repayment of debt, which is principally due to the \$182.8 million repayment of secured debt, \$165.0 million repayment of revolving operating facility and \$23.5 million repayment of other unsecured debt;
- \$238.1 million representing net additions to investing activities including investment properties, equity accounted investments, equipment, and Earnouts and Developments;
- \$165.1 million of distributions paid on Trust Units, non-controlling interests and Units classified as liabilities;
- \$28.2 million relating to increases in mortgages and loans receivable net of repayments; and
- \$0.9 million relating to the payment of lease liabilities;

Partially offset by the following:

- \$360.0 million relating to both the establishment of a new financing facility for SmartVMC West and draws on existing construction facilities;
- \$250.0 million relating to the proceeds from revolving unsecured debt facility;
- \$146.8 million of cash provided by operating activities; and
- \$24.8 million of net proceeds from sale of investment properties.

The Trust manages its cash flow from operating activities by maintaining a target debt level. The Debt to Gross Book Value, as defined in the Declaration of Trust, as at June 30, 2022 is 51.9% (December 31, 2021 – 50.8%). Including the Trust's capital resources as at June 30, 2022, the Trust could invest an additional \$1,316.5 million (December 31, 2021 – \$1,511.0 million) in new investments and developments and remain at the midpoint of the Trust's target Debt to Gross Book Value range of 55% to 60%.

Future obligations total \$6.3 billion, as identified in the following table. Other than contractual maturity dates, the timing of payment of these obligations is management's best estimate based on assumptions with respect to the timing of leasing, construction completion, occupancy and Earnout dates at June 30, 2022.

The following table presents the estimated amount and timing of certain of the Trust's future obligations including development obligations as at June 30, 2022:

	Total	2022	2023	2024	2025	2026	Thereafter
Secured debt	1,168,775	101,296	238,028	151,032	510,449	98,121	69,849
Unsecured debt	3,627,512	13,153	200,000	327,000	590,000	400,000	2,097,359
Revolving operating facilities	385,000	—	385,000	—	—	—	—
Interest obligations ⁽¹⁾	642,817	118,256	136,068	121,357	106,318	83,934	76,884
Accounts payable	251,313	251,313	—	—	—	—	—
Other payable	38,306	11,607	8,037	72	8,590	—	10,000
Long term incentive plan	741	—	741	—	—	—	—
Total	6,114,464	495,625	967,874	599,461	1,215,357	582,055	2,254,092
Mortgage receivable advances (repayments) ⁽²⁾	154,432	430	6,768	32,749	(30,502)	7,408	137,579
Development obligations (commitments)	20,408	20,408	—	—	—	—	—
Total	6,289,304	516,463	974,642	632,210	1,184,855	589,463	2,391,671

(1) Interest obligations represent expected interest payments on secured debt, unsecured debt, and revolving operating facilities under the assumption that the balances are repaid at maturity, and do not represent a separate contractual obligation.

(2) Mortgages receivable of \$139.3 million at June 30, 2022, and further forecasted commitments of \$154.4 million, mature over a period extending to 2028 if the Trust does not exercise its option to acquire the investment properties. Refer to Note 6, "Mortgages, loans and notes receivable", in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, for timing of principal repayments.

The following table presents the estimated amount and timing of certain of the equity accounted investments' future obligations including development obligations as at June 30, 2022:

(in thousands of dollars)	Total	2022	2023	2024	2025	2026	Thereafter
Secured and unsecured debt	660,380	31,590	151,671	281,667	7,164	7,452	180,836
Development obligations (commitments) ⁽¹⁾	214,637	76,289	102,784	31,096	4,468	—	—
Total	875,017	107,879	254,455	312,763	11,632	7,452	180,836

(1) The Trust is in the process of refining its estimates of development obligations for the years subsequent to 2022. This total does not include expected costs associated with the Trust's mixed-use development initiatives except for current amounts outstanding for active projects currently underway.

The following table presents the estimated amount and timing of certain of the Trust's proportionate share of equity accounted investments' future obligations including development obligations as at June 30, 2022:

(in thousands of dollars)	Total	2022	2023	2024	2025	2026	Thereafter
Secured and unsecured debt	284,444	15,558	41,582	140,320	3,044	3,163	80,777
Development obligations (commitments) ⁽¹⁾	90,831	34,741	37,821	15,577	2,692	—	—
Total Trust's share	375,275	50,299	79,403	155,897	5,736	3,163	80,777

(1) The Trust is in the process of refining its estimates of development obligations for the years subsequent to 2022. This total does not include expected costs associated with the Trust's mixed-use development initiatives except for current amounts outstanding for active projects currently underway.

The following table presents the Trust's net working capital deficiency:

(in thousands of dollars)	June 30, 2022	December 31, 2021
Current assets	259,911	223,412
Less: Current liabilities	(641,630)	(931,484)
Working capital deficiency	(381,719)	(708,072)
Adjusted by: Current portion of debt included in current liabilities	(378,239)	(678,406)
Net working capital deficiency	(3,480)	(29,666)

As at June 30, 2022 the Trust experienced a working capital deficiency of \$381.7 million (December 31, 2021 – \$708.1 million deficiency). This deficiency includes mortgages, unsecured debentures and operating lines of credit of \$378.2 million (December 31, 2021 – \$678.4 million) that have maturity dates within 12 months of the balance sheet date. It is management's intention to either repay or refinance these maturing liabilities with cash and cash equivalents, newly issued secured or unsecured debt, equity or, in certain circumstances not expected to occur frequently, the disposition of certain assets. Without mortgages, unsecured debentures and operating lines of credit, the Trust experienced a net working capital deficiency of \$3.5 million as at June 30, 2022 (December 31, 2021 – \$29.7 million deficiency).

The Trust has an unencumbered asset pool with an approximate fair value totalling \$8.4 billion, which could generate gross financing proceeds on income properties of approximately \$5.4 billion using a 65% loan to value. It is anticipated that requirements for secured and unsecured debt, mortgage receivable advances and development obligations will be funded by additional term mortgages, net proceeds on the sale of certain assets, existing cash or operating lines, the issuances of unsecured debentures, and equity, as necessary.

Maintenance of Productive Capacity

Differentiating between those costs incurred to achieve the Trust's longer-term goals to produce increased cash flows and Unit distributions, and those costs incurred to maintain the level and quality of the Trust's existing cash flows is key in the Trust's consideration of capital expenditures. Acquisitions of investment properties and the development of new and existing investment properties (see also "Completed and Future Earnouts and Developments on Existing Properties" in this MD&A) are the two main areas of capital expenditures that are associated with increasing or enhancing the productive capacity of the Trust (revenue enhancing capital expenditures). In addition, there are capital expenditures incurred on existing investment properties to maintain the productive capacity of the Trust ("sustaining capital expenditures").

The sustaining capital expenditures are those of a capital nature that are not considered to increase or enhance the productive capacity of the Trust, but rather maintain the productive capacity of the Trust. Leasing and related costs, which include tenant improvements, leasing commissions and related costs, vary with the timing of new leases, renewals, vacancies, tenant mix and market conditions. Leasing and related costs are generally lower for renewals of existing tenants when compared to new leases. Leasing and related costs also include internal expenses for leasing activities, primarily salaries, which are eligible to be added back to FFO based on the definition of FFO in the REALpac White Paper last revised in January 2022. The sustaining capital expenditures and leasing costs are based on actual costs incurred during the period. FFO is a non-GAAP measure (see "Presentation of Certain Terms Including Non-GAAP Measures" and "Other Measures of Performance").

The following table and discussion present an analysis of capital expenditures of a maintenance nature (actual sustaining recoverable and non-recoverable capital expenditures and leasing costs). Earnouts, Acquisitions and Developments are discussed elsewhere in this MD&A. Given that a significant proportion of the Trust's portfolio is relatively new, management does not believe that actual sustaining capital expenditures will have an impact on the Trust's ability to pay distributions at their current level.

(in thousands of dollars, except per Unit and other Unit amounts)	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	Variance	2022	2021	Variance
Adjusted salaries and related costs attributed to leasing	1,952	1,199	753	3,778	2,702	1,076
Actual sustaining leasing commissions	419	1,251	(832)	929	1,855	(926)
Actual sustaining tenant improvements	1,506	790	716	3,454	1,247	2,207
Total actual sustaining leasing and related costs	3,877	3,240	637	8,161	5,804	2,357
Actual sustaining capital expenditures (recoverable and non-recoverable)	2,847	1,569	1,278	5,022	2,930	2,092
Total actual sustaining leasing costs and capital expenditures	6,724	4,809	1,915	13,183	8,734	4,449
Weighted average number of Units outstanding – diluted	179,662,689	173,543,923	6,118,766	179,626,838	173,480,822	6,146,016
Per Unit – diluted (\$)	0.04	0.03	0.01	0.07	0.05	0.02

For the six months ended June 30, 2022, the total sustaining leasing costs and capital expenditures were \$13.2 million, as compared to \$8.7 million in the same period in 2021, representing an increase of \$4.4 million. This increase is primarily due to the following:

- \$2.4 million net increase in both tenant improvements and leasing and related costs (note that the decrease in actual sustaining leasing commissions of \$0.9 million is attributed to a similar increase that occurred in the second quarter of 2021); and
- \$2.1 million increase in both recoverable and non-recoverable capital expenditures which primarily relate to the costs associated with parking lot resurfacing, roof replacement and HVAC improvements. These capital expenditures were incurred to sustain rental revenue from income properties and may vary widely from period to period and from year to year.

Debt

The following table summarizes total debt including debt associated with equity accounted investments:

As at	June 30, 2022			December 31, 2021		
(in thousands of dollars)	Balance	Weighted Average Term of Debt (in years)	Weighted Average Interest Rate of Debt (%)	Balance	Weighted Average Term of Debt (in years)	Weighted Average Interest Rate of Debt (%)
Secured debt	1,167,493	3.0	3.67	1,294,546	3.2	3.49
Unsecured debt	3,405,087	4.8	3.25	3,066,794	5.4	3.24
Unsecured loan from equity accounted investments	171,984	N/A	—	195,562	N/A	—
Revolving operating facilities	384,040	3.2	3.23	297,625	3.4	1.49
Total debt before equity accounted investments	5,128,604	N/A	—	4,854,527	N/A	—
Less: Unsecured loan from equity accounted investments ⁽¹⁾	(87,419)	N/A	—	(111,484)	N/A	—
Subtotal	5,041,185	4.3	3.29	4,743,043	4.7	3.14
Share of secured debt (equity accounted investments)	136,539	11.1	3.62	117,946	11.5	3.26
Share of unsecured debt (equity accounted investments)	147,905	1.7	3.15	122,089	2.2	1.87
Share of debt classified as equity accounted investments	284,444	6.2	3.38	240,035	6.7	2.55
Total debt including equity accounted investments	5,325,630	4.4	3.30	4,983,078	4.8	3.11

(1) This represents the Trust's share of a loan from equity accounted investments.

The following table summarizes the activities in debt including debt recorded in equity accounted investments, for the six months ended June 30, 2022:

(in thousands of dollars)	Secured Debt	Unsecured Debt	Revolving Operating Facilities	Equity Accounted Investments	Loan from Equity Accounted Investments	Total
Balance – January 1, 2022	1,294,546	3,066,794	297,625	240,035	84,078	4,983,078
Borrowings	7,042	360,000	251,415	64,162	2,212	684,831
Scheduled amortization	(21,849)	—	—	(1,187)	—	(23,036)
Repayments	(169,399)	(20,000)	(165,000)	(18,500)	(1,725)	(374,624)
Amortization of acquisition fair value adjustments	(247)	—	—	(71)	—	(318)
Financing costs incurred, net of additions	483	(1,707)	—	6	—	(1,218)
Balance – June 30, 2022	1,167,493	3,405,087	384,040	284,445	84,565	5,325,630

Secured Debt

The Trust believes it will have continued access to secured debt due to its strong tenant base and high occupancy levels at mortgage loan levels ranging from 60% to 70% of loan to value.

The following table summarizes future principal payments as a percentage of total secured debt:

(in thousands of dollars)	Instalment Payments	Lump Sum Payments at Maturity	Total	%	Weighted Average Interest Rate of Maturing Debt (%)
2022	21,238	80,058	101,296	9	3.77
2023	38,599	199,428 ⁽¹⁾	238,027	20	4.19
2024	32,336	118,696	151,032	13	3.63
2025	21,736	488,713 ⁽²⁾	510,449	44	3.27
2026	11,240	86,881	98,121	8	3.86
Thereafter	21,650	48,200	69,850	6	4.84
Total	146,799	1,021,976	1,168,775	100	3.66
Acquisition date fair value adjustment			767		
Unamortized financing costs			(2,049)		
			1,167,493		3.67

(1) Includes construction loans in the amount of \$18.3 million, which bear interest at Canadian Banker's Acceptance rate plus 170 basis points.

(2) Includes loan in the amount of \$99.1 million entered concurrently with the TRS.

Unsecured Debt

The following table summarizes the components of unsecured debt:

(in thousands of dollars)	June 30, 2022	December 31, 2021
Unsecured debentures (a)	2,651,449	2,650,571
Credit facilities (b)	753,638	416,223
	3,405,087	3,066,794
Other unsecured debt from equity accounted investments (c)	171,984	195,562
	3,577,071	3,262,356

a) Unsecured debentures

The following table summarizes unsecured debentures issued and outstanding:

(in thousands of dollars)

Series	Maturity Date	Annual Interest Rate (%)	June 30, 2022	December 31, 2021
Series I	May 30, 2023	3.985	200,000	200,000
Series N	February 06, 2025	3.556	160,000	160,000
Series O	August 28, 2024	2.987	100,000	100,000
Series P	August 28, 2026	3.444	250,000	250,000
Series S	December 21, 2027	3.834	250,000	250,000
Series U	December 20, 2029	3.526	450,000	450,000
Series V	June 11, 2027	3.192	300,000	300,000
Series W	December 11, 2030	3.648	300,000	300,000
Series X	December 16, 2025	1.740	350,000	350,000
Series Y	December 18, 2028	2.307	300,000	300,000
		3.167 ⁽¹⁾	2,660,000	2,660,000
		Unamortized financing costs	(8,551)	(9,429)
			2,651,449	2,650,571

(1) Represents the weighted average annual interest rate and excludes deferred financing costs.

Unsecured debenture activities for the six months ended June 30, 2022

There is no significant activity relating to unsecured debentures during the six months ended June 30, 2022.

Credit rating of unsecured debentures

Dominion Bond Rating Services ("DBRS") provides credit ratings of debt securities for commercial issuers that indicate the risk associated with a borrower's capabilities to fulfil its obligations. An investment-grade rating must exceed "BB", with the highest rating being "AAA". In December 2021, DBRS confirmed the Trust's BBB(high) rating and changed the trend from stable to negative.

b) Credit facilities

The following table summarizes the activity for unsecured credit facilities:

(in thousands of dollars) (Issued in)	Maturity Date	Annual Interest Rate (%)	Facility Amount	June 30, 2022	December 31, 2021
Non-revolving:					
August 2018 ⁽¹⁾	January 31, 2025	2.980	80,000	80,000	80,000
March 2019 ⁽¹⁾	July 31, 2026	3.520	150,000	150,000	150,000
May 2019 ⁽¹⁾	June 24, 2024	3.146	170,000	170,000	170,000
January 2022	January 19, 2027	BA + 1.20	300,000	300,000	—
Revolving:					
May 2020	May 11, 2024	BA + 1.20	60,000	57,000	17,000
			760,000	757,000	417,000
	Less:				
	Unamortized financing costs			(1,403)	(777)
	Unamortized debt modification adjustments			(1,959)	—
				753,638	416,223

(1) The Trust entered into interest rate swap agreements to convert the variable interest rate of the Canadian Banker's Acceptance rate plus 1.20% into a weighted average fixed interest rate of 3.26% per annum. The weighted average term to maturity of the interest rate swaps is 2.76 years. Hedge accounting has not been applied to the interest rate swap agreements. See additional details in the table below.

The following table summarizes the fair value gain (loss) as at June 30, 2022 and December 31, 2021, relating to the mark to market adjustments associated with the interest rate swap agreements:

Facility Amount	Maturity Date	Fixed Interest Rate (%)	Variable Interest Rate	June 30, 2022	December 31, 2021
80,000	January 31, 2025	2.980	BA + 1.20	5,587	(3,556)
150,000	July 31, 2026	3.520	BA + 1.20	9,346	(3,887)
170,000	June 24, 2024	3.146	BA + 1.20	16,456	(8,618)
11,403	November 3, 2025	3.470	BA + 1.20	505	(291)
				31,894	(16,352)

c) Other unsecured debt from equity accounted investments

Other unsecured debt net of fair value adjustments totalling \$172.0 million (December 31, 2021 – \$195.6 million) at the Trust's share pertains to loans received from equity accounted investments in connection with contribution agreements relating to joint ventures. The loans are non-interest-bearing with repayment terms based on the distributions that are to be paid pursuant to the limited partnership agreements. The balances of the loans are expected to be paid at the end of their respective terms.

Revolving Operating Facilities

As at June 30, 2022, the Trust had:

i) a \$500.0 million unsecured revolving operating facility bearing interest at a variable interest rate based on either bank prime rate plus 20 basis points or the Canadian Banker's Acceptance rate plus 120 basis points, which matures on August 20, 2026 (in addition, the Trust has an accordion feature of \$250.0 million whereby the Trust has an option to increase its facility amount with the lenders to sustain future operations as required); and

ii) a \$150.0 million revolving senior unsecured term facility under which the Trust has the ability to draw funds based on bank prime rates and Canadian Banker's Acceptance rate for Canadian dollar-denominated borrowings, and LIBOR rates or U.S. prime rates for U.S. dollar-denominated borrowings. Concurrently with the U.S. dollar draws, the Trust enters into cross currency swaps to exchange its U.S. dollar borrowings into Canadian dollar borrowings.

The following table summarizes components of the Trust's revolving operating facilities:

(in thousands of dollars)	Annual Interest Rate (%)	Facility Amount	Amount Drawn	Outstanding Letters of Credit	Remaining Undrawn Facilities	
					June 30, 2022	December 31, 2021
Revolving facility maturing August 2026	BA + 1.20	500,000	235,000	14,082	250,918	341,715
Revolving facility maturing February 2024 ⁽¹⁾	US\$ LIBOR + 1.20	150,000	149,040	—	—	—
		650,000	384,040		250,918	341,715

(1) The Trust has drawn in U.S. dollars the equivalent of CAD \$150.0 million, which was translated to \$149.0 million as at June 30, 2022 (December 31, 2021 – \$147.6 million).

In addition to the letters of credit outstanding on the Trust's revolving operating facilities (see above), the Trust also has \$29.1 million of letters of credit outstanding with other financial institutions as at June 30, 2022 (December 31, 2021 – \$26.5 million).

Unencumbered Assets

As at June 30, 2022, the Trust had \$8.4 billion of unencumbered assets (December 31, 2021 – \$6.6 billion), which reflects the Trust's share of the value of investment properties. Expressed as a percentage, the Trust earned approximately 72.5% of its NOI from unencumbered assets (December 31, 2021 – 62.6%).

In connection with this pool of unencumbered assets, management estimates the total Forecasted Annualized NOI for 2022 to be \$368.3 million (December 31, 2021 – \$327.9 million). Forecasted Annualized NOI is computed by annualizing the current quarter NOI for the Trust's income properties that are not encumbered by secured debt, and is a forward-looking non-GAAP measure. See "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

Debt Maturities

The following graph illustrates the debt maturities⁽¹⁾ as at June 30, 2022:

Debt Maturities (in \$ millions)



(1) Excludes revolving operating facilities of \$384.0 million.

Interest Income and Interest Expense

Interest Income

The following table summarizes the components of interest income:

(in thousands of dollars)	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	Variance (\$)	2022	2021	Variance (\$)
Mortgage interest	1,651	1,343	308	2,975	2,674	301
Loan interest	1,815	1,223	592	3,217	2,400	817
Notes receivable interest	66	66	—	131	131	—
Bank interest	334	763	(429)	503	1,792	(1,289)
	3,866	3,395	471	6,826	6,997	(171)

For the six months ended June 30, 2022, interest income decreased by \$0.2 million as compared to the six months ended June 30, 2021. This decrease was primarily attributed to:

- \$1.2 million decrease in bank interest as a result of additional cash available in Q1 and Q2 2021 that was used in Q2 2021 to repay and redeem unsecured debentures (see "Debt" subsection for details), partially offset by \$0.3 million higher interest income from mortgages and \$0.8 million higher interest income from loans issued under self-storage facilities.

Interest Expense

The following table summarizes the components of interest expense:

(in thousands of dollars)	Three Months Ended June 30			Six Months Ended June 30		
	2022	2021	Variance (\$)	2022	2021	Variance (\$)
Interest at stated rates	38,900	38,412	488	76,629	77,141	(512)
Amortization of acquisition date fair value adjustments on assumed debt	(122)	(132)	10	(247)	(270)	23
Adjustment on debt modification	(1,960)	—	(1,960)	(1,960)	—	(1,960)
Amortization of deferred financing costs	884	1,008	(124)	1,906	2,045	(139)
Distributions on Units classified as liabilities – excluding SmartVMC West	933	972	(39)	1,902	1,941	(39)
Distributions on Units classified as liabilities – SmartVMC West	2,718	—	2,718	5,362	—	5,362
Distributions on vested deferred units	728	416	312	1,405	948	457
Total interest expense before capitalized interest	(A) 42,081	40,676	1,405	84,997	81,805	3,192
Less:						
Interest capitalized to properties under development – excluding SmartVMC West	(3,542)	(3,781)	239	(7,092)	(7,473)	381
Interest capitalized to properties under development – SmartVMC West	(1,866)	—	(1,866)	(3,086)	—	(3,086)
Interest capitalized to residential development inventory	(252)	(242)	(10)	(497)	(478)	(19)
Distributions capitalized to properties under development – SmartVMC West ⁽¹⁾	(2,569)	—	(2,569)	(5,137)	—	(5,137)
Total capitalized interest	(B) (8,229)	(4,023)	(4,206)	(15,812)	(7,951)	(7,861)
Interest expense net of capitalized interest expense	(C = A + B) 33,852	36,653	(2,801)	69,185	73,854	(4,669)
Capitalized interest as a percentage of interest expense	(D = B / A) 19.6 %	9.9 %	9.7 %	18.6 %	9.7 %	8.9 %

(1) During the six months ended June 30, 2022, \$5.1 million of distributions to SmartVMC West LP Class D Unitholders initially classified as interest expense, were capitalized to properties under development (six months ended June 30, 2021 – \$nil).

For the six months ended June 30, 2022, interest expense net of capitalized interest totalled \$69.2 million, representing a decrease of \$4.7 million as compared to the six months ended June 30, 2021, which was primarily due to the following:

- \$7.9 million increase in interest and distributions capitalized to properties under development principally due to SmartVMC West;
- \$4.0 million decrease in interest on unsecured debentures principally due to the repayment and redemption of unsecured debentures totalling \$300.0 million in January 2021 and \$323.1 million in June 2021 for which funds were raised in December 2020 through the issuance of Series X and Series Y debentures (see "Debt" subsection for details);
- \$2.4 million decrease in mortgage interest due to repayment of mortgages; and
- \$2.0 million increase in adjustment on debt modification;

Partially offset by:

- \$5.8 million increase in interest due to increased use of operating facilities and other bank facilities for the acquisitions in December 2021 and January 2022; and
- \$5.4 million increase in distributions on Units classified as liabilities principally due to distributions on SmartVMC West.
- \$0.4 million increase in distributions on vested deferred units due to the increase in vested deferred units as compared to the same period in 2021.

Financial Covenants

The Trust's revolving operating facilities and unsecured debt contain numerous terms and covenants that limit the discretion of management with respect to certain business matters. These covenants could in certain circumstances place restrictions on, among other things, the ability of the Trust to create liens or other encumbrances, to pay distributions on its Units or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity.

In addition, the Trust's revolving operating facilities and unsecured debt contain a number of financial covenants that require the Trust to meet certain financial ratios and financial condition tests. A failure to comply with the financial covenants in the revolving operating facilities and unsecured debt could result in a default, which, if not cured or waived, could result in a reduction, suspension or termination of distributions by the Trust and permit acceleration of the relevant indebtedness.

The following table presents ratios which the Trust monitors. These ratios are either requirements stipulated by the Declaration of Trust or significant financial covenants pursuant to the terms of revolving operating facilities and other credit facilities or indentures, or indicators monitored by the Trust to manage an acceptable level of leverage. These ratios are not considered measures in accordance with IFRS; nor is there an equivalent IFRS measure and may not be comparable to similarly titled measures presented by other publicly traded entities. See "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures."

For the six months ended June 30, 2022, the Trust was in compliance with all financial covenants.

Ratio	Calculation	Threshold	June 30, 2022	December 31, 2021
Interest coverage ratio ⁽¹⁾	<i>Adjusted EBITDA / Adjusted interest expense including capitalized interest⁽⁶⁾</i>	≥ 1.65X	3.3X	3.4X
Fixed charge coverage ratio ⁽³⁾	<i>Adjusted EBITDA / Debt service expense⁽⁷⁾</i>	≥ 1.5X	2.6X	2.6X
Debt to aggregate assets ⁽³⁾⁽⁴⁾⁽⁵⁾	<i>Net debt / Aggregate assets⁽⁸⁾</i>	≤ 65%	43.0 %	42.9 %
Debt to aggregate assets (excluding TRS debt and receivable) ⁽²⁾⁽⁵⁾	<i>Net debt (excluding TRS debt) / Aggregate assets (excluding TRS receivable)⁽⁸⁾</i>	≤ 65%	42.6 %	42.7 %
Debt to Gross Book Value (excluding convertible debentures) ⁽¹⁾⁽⁴⁾⁽⁵⁾	<i>Net debt / Gross book value⁽⁹⁾</i>	≤ 60%	51.9 %	50.8 %
Debt to Gross Book Value (including convertible debentures) ⁽¹⁾⁽⁴⁾⁽⁵⁾	<i>Net debt / Gross book value⁽¹⁰⁾</i>	≤ 65%	51.9 %	50.8 %
Secured debt to aggregate assets ⁽³⁾⁽⁵⁾	<i>Secured debt including EAI / Aggregate assets⁽¹¹⁾</i>	≤ 40%	9.7 %	12.4 %
Unsecured to secured debt ratio ⁽²⁾⁽⁵⁾	<i>Unsecured debt including EAI / Secured debt including EAI⁽¹²⁾</i>	N/A	77%/23%	71%/29%
Unencumbered assets to unsecured debt ⁽³⁾⁽⁵⁾	<i>Unencumbered assets / Unsecured debt including EAI⁽¹³⁾</i>	≥ 1.3X	2.1X	1.9X
Adjusted Debt to Adjusted EBITDA ⁽²⁾⁽⁵⁾	<i>Adjusted debt / Adjusted EBITDA⁽¹⁴⁾</i>	N/A	10.0X	9.2X
Adjusted Debt to Adjusted EBITDA (excluding TRS debt) ⁽²⁾⁽⁵⁾	<i>Adjusted debt (excluding TRS debt) / Adjusted EBITDA⁽¹⁴⁾</i>	N/A	9.8X	9.1X
Unitholders' equity (in thousands) ⁽¹⁾⁽³⁾⁽¹⁵⁾		≥ \$2,000,000	\$6,216,395	\$5,841,315

- (1) This ratio is required by the Trust's indentures.
- (2) This ratio is disclosed for informational purposes only.
- (3) This ratio is a significant financial covenant pursuant to the terms of the Trust's revolving operating facilities and other credit facilities.
- (4) This ratio is stipulated by the Declaration of Trust.
- (5) As at June 30, 2022, cash-on-hand of \$133.2 million (December 31, 2021 – \$80.0 million) was excluded for the purposes of calculating the ratios.
- (6) This ratio is calculated as: Adjusted EBITDA/Adjusted interest expense including capitalized interest. The calculation of Adjusted EBITDA and Adjusted interest expense including capitalized interest are referenced in the "Non-GAAP Measures."
- (7) This ratio is calculated as: Adjusted EBITDA/Debt service expense. The calculation of Adjusted EBITDA is referenced in the "Non-GAAP Measures." Debt service expense is calculated as total interest expense as per the proportionate income statement, less distributions on vested deferred units and Units classified as liabilities and interest income from mortgages and loans receivable, plus capitalized interest and mortgage principal amortization payments.
- (8) This ratio is calculated as: Net debt/Aggregate assets. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand. Aggregate assets is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand. When calculating this ratio excluding TRS receivable and debt, Net debt as calculated above further minus debt borrowed concurrent with entering the TRS agreement as referenced in "Debt". Aggregate assets as calculated above further minus TRS receivable as referenced in "Total Return Swap Receivable".
- (9) This ratio is calculated as: Net debt/Gross Book Value. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand. Gross Book Value is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand and fair value adjustment net of accumulated amortization.
- (10) This ratio is calculated as: Net debt/Gross Book Value. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand. Gross Book Value is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand and fair value adjustment net of accumulated amortization.
- (11) This ratio is calculated as: Secured debt including EAI/Aggregate assets. Secured debt is calculated as the Trust's secured debt plus secured debt on equity accounted investments as referenced in "Debt." Aggregate assets is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand.
- (12) This ratio is calculated as: Unsecured debt including EAI/Secured debt including EAI. Unsecured debt is calculated as the Trust's unsecured debt plus unsecured debt on equity accounted investments as referenced in "Debt." Secured debt is calculated as the Trust's secured debt plus secured debt on equity accounted investments as referenced in "Debt."
- (13) This ratio is calculated as: Unencumbered assets/Unsecured debt including EAI. Unencumbered assets is calculated as referenced in "Debt." Unsecured debt is calculated as the Trust's unsecured debt plus unsecured debt on equity accounted investments as referenced in "Debt."
- (14) This ratio is calculated as: Adjusted Debt/Adjusted EBITDA. Adjusted debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand and less loans receivable. The calculation of Adjusted EBITDA is referenced in the "Non-GAAP Measures." When calculating this ratio excluding TRS debt, Adjusted debt as calculated above further minus debt borrowed concurrent with entering the TRS agreement as referenced in "Debt".
- (15) As at June 30, 2022, Unitholders' equity including LP Units classified as liabilities amounted to \$6,433.5 million (December 31, 2021 – \$6,095.5 million).

Unitholders' Equity

The Unitholders' equity of the Trust is calculated based on the equity attributable to the holders of Trust Units and LP Units ("Exchangeable Securities") that are exchangeable into Trust Units on a one-for-one basis. These LP Units consist of certain Class B Units of the Trust's subsidiary limited partnerships. Certain of the Trust's subsidiary limited partnerships also have Units classified as liabilities that are exchangeable on a one-for-one basis for Units. The following table is a summary of the number of Units outstanding:

Type	Class	June 30, 2022	December 31, 2021	Variance (#)
Trust Units	N/A	144,625,322	144,625,322	—
Smart Limited Partnership	Class B	16,424,430	16,424,430	—
Smart Limited Partnership II	Class B	756,525	756,525	—
Smart Limited Partnership III	Class B	4,051,603	4,039,184	12,419
Smart Limited Partnership IV	Class B	3,112,565	3,093,910	18,655
Smart Oshawa South Limited Partnership	Class B	710,416	710,416	—
Smart Oshawa Taunton Limited Partnership	Class B	374,223	374,223	—
Smart Boxgrove Limited Partnership	Class B	170,000	170,000	—
Total Units classified as equity		170,225,084	170,194,010	31,074
Smart Limited Partnership	Class D	311,022	311,022	—
Smart Limited Partnership	Class F	8,708	8,708	—
Smart Oshawa South Limited Partnership	Class D	260,417	260,417	—
ONR Limited Partnership	Class B	1,248,140	1,248,140	—
ONR Limited Partnership I	Class B	272,183	272,183	—
SmartVMC West Limited Partnership	Class D	5,797,101	5,797,101	—
Total Units classified as liabilities		7,897,571	7,897,571	—
Total Units		178,122,655	178,091,581	31,074

As of August 11, 2022, the Trust has 170,225,084 Units outstanding which are classified as equity, and 7,897,571 Units outstanding which are classified as liabilities. The following table is a summary of the activities having an impact on Unitholders' equity:

(in thousands of dollars)	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Unitholders' Equity – beginning of period	5,841,315	5,166,975
Unit issuance costs	(250)	(18)
Deferred Units exchanged for Trust Units	—	198
Issuance of LP Units classified as equity	964	1,738
Net income and comprehensive income	532,107	987,676
Distributions	(157,741)	(315,254)
Unitholders' Equity – end of period	6,216,395	5,841,315
LP Units classified as liabilities – beginning of period	254,223	48,479
Issuance of LP Units	—	181,236
Change in carrying value	(37,119)	24,508
LP Units classified as liabilities – end of period	217,104	254,223
Unitholders' Equity and LP Units classified as liabilities – end of period	6,433,499	6,095,538

Distributions

The Trust's Board of Trustees is responsible for approving distributions. See also details in the "Determination of Distributions" subsection.

For the six months ended June 30, 2022, the Trust paid \$165.0 million in cash distributions (for the six months ended June 30, 2021 – \$159.3 million in cash distributions). The following table summarizes declared distributions:

(in thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Distributions declared on:				
Trust Units	66,892	66,892	133,781	133,775
LP Units	11,840	11,821	23,677	23,629
Other non-controlling interest	—	—	283	—
Distributions on Units classified as equity	78,732	78,713	157,741	157,404
Distributions on LP Units classified as liabilities – excluding SmartVMC West	972	972	1,941	1,941
Distributions on LP Units classified as liabilities – SmartVMC West	2,718	—	5,362	—
Distributions on LP Units classified as liabilities	3,690	972	7,303	1,941
Total distributions declared	82,422	79,685	165,044	159,345

Section VIII — Related Party Transactions

Pursuant to the Declaration of Trust, provided certain ownership thresholds are met, the Trust is required to issue such number of additional Special Voting Units to Penguin that will entitle Penguin to cast 25.0% of the aggregate votes eligible to be cast at a meeting of the Unitholders and Special Voting Unitholders ("Voting Top-Up Right"). As at June 30, 2022, there were 10,053,123 additional Special Voting Units outstanding (December 31, 2021 – 8,163,976). These Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust, nor are they convertible into any Trust securities. There is no value assigned to the Special Voting Units. A five-year extension of the Voting Top-Up Right was approved by Unitholders at the Trust's annual general and special meeting held on December 9, 2020. For further details, see the Trust's management information circular dated November 6, 2020, filed on SEDAR.

As at June 30, 2022, Penguin owned 20.8% of the aggregate issued and outstanding Trust Units in addition to the Special Voting Units previously noted above. Penguin's ownership of Trust Units would increase to 24.5% if Penguin exercised all remaining options to purchase Units pursuant to existing development and exchange agreements (Earnouts). In addition, the Trust has entered into property management, leasing, development and exchange, and co-ownership agreements with Penguin. Pursuant to its rights under the Declaration of Trust, as at June 30, 2022, Penguin has appointed two of the eight trustees.

The Trust entered into various agreements with Penguin in November 2020 coincident with the extension of the term of the Voting Top-Up Right. For further details, see the Trust's management information circular dated November 6, 2020, filed on SEDAR and below.

Supplement to Development Services Agreement between the Trust and its Affiliates and Penguin

The following represent the key elements of this agreement which is effective from July 1, 2020 until December 31, 2025:

- i) Penguin shall be reimbursed for 50% of disposition fees otherwise payable pursuant to the Development Services Agreement related to Penguin's interest in properties sold by the Trust,
- ii) for future SmartVMC commercial phases and certain properties currently owned by Penguin (for which the Trust has historically assisted with development and planning requirements), all development fees are payable to Penguin and all other fees (management, leasing, etc.) are payable to the Trust,
- iii) when Penguin utilizes employees of the Trust to assist with its development projects, Penguin will pay for these services provided by employees of the Trust based on annual estimates of time billings related to these projects, charged at estimated total cost, including compensation,
- iv) for a property owned by a third party which is managed by Penguin in Richmond, British Columbia, the Trust will be paid 50% of the management and leasing fees, and 100% of costs associated with the Trust's employees/personnel who service this particular property,
- v) for Penguin's 50% interest in a property in Toronto co-owned with Revera to develop a retirement home, Penguin will pay 50% of the development fees it earns to the Trust for the development services provided by the Trust, and
- vi) the Trust will continue to manage and develop all other Penguin properties.

Support services are provided for a fee based on an allocation of the Trust's relevant costs of the support services to Penguin. Such relevant costs include: office administration, human resources, information technology, insurance, legal and marketing.

Penguin Services Agreement

The amended and restated services agreement entered into on November 5, 2020 (the "Penguin Services Agreement"), and effective from February 2018 reflects the additional services provided by Penguin since that time. Under the agreement, Penguin provides specified services to the Trust in connection with the development of its projects. In return for those services, Penguin is entitled to receive: i) a fixed quarterly fee of \$1.0 million (subject to inflation-related increments after 2018) and ii) an annual variable fee between \$1.5 million and \$3.5 million (also inflation-adjusted after 2018) that is based on the achievement of the Trust-level targets for "New Development Initiatives" and "New Projects" that the Trust uses to measure the performance of its executive officers and other annual targets (other than such Trust-level targets) of a similar nature that the Trust uses to measure the performance of its executive officers as determined by the Board of Trustees from time to time.

Omnibus Agreement between the Trust and Penguin

Effective December 9, 2020, pursuant to an omnibus agreement between the Trust and Penguin (the "Omnibus Agreement"), Penguin has the option to extend all Earnouts by two years from the previous expiry date, and the Trust has been given a right of first offer in connection with the sale of the economic and financial benefits and rights of any such development parcel during any extended period. In addition, this agreement provides for the payment of certain outstanding amounts between the parties.

Mezzanine Loan Amending Agreements between the Trust and its Affiliates and Penguin

Effective November 5, 2020, all loan maturity dates have been extended to August 31, 2028, with a new rate structure for the extension period of each mortgage receivable (see also Note 6, "Mortgages, loans and notes receivable" in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022). The Trust's purchase

option periods have been extended and because these properties may now be subject to mixed-use development projects, the agreements provide that the parties establish a new framework for the purchase options for the Trust related to mixed-use development.

Non-Competition Agreement

A new non-competition agreement with Penguin replaced and superseded the previous non-competition agreement extending the term by five years and broadening restricted competing initiatives to include various forms of mixed-use development.

Executive Employment Agreement

This agreement confirms Mr. Goldhar's position as Executive Chairman of the Trust for the period from February 14, 2018, to December 31, 2025, for which Mr. Goldhar receives a salary, bonus, customary benefits, and is eligible to participate in the Trust's DUP and the EIP (see below).

Equity Incentive Plan

In January 2021, the Trust granted 900,000 performance units to Mitchell Goldhar pursuant to the EIP adopted by Unitholders effective December 9, 2020, which are subject to the achievement of Unit price thresholds (ranging from \$26.00 to \$34.00). The performance period for this award granted under the EIP is from January 1, 2021 to December 31, 2027. The vesting period for these performance units will commence on the date that the applicable performance measure is achieved, and will end on the earlier of the third anniversary of the date that the applicable performance measure is achieved and the end of the performance period. Distributions on these performance units will accumulate from January 1, 2021. Provided the various performance measures are achieved, the performance units will be exchanged for Trust Units or paid out in cash (see also Note 20, "Related party transactions", in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022). Under the EIP granted to Mitchell Goldhar, the \$26.00 Unit price threshold was achieved on April 5, 2021, and the \$28.00 Unit price threshold was achieved on May 18, 2021, and under the EIP granted to Mitchell Goldhar and other eligible associates, the \$30.00 Unit price threshold was achieved on September 22, 2021, and the \$32.00 Unit price threshold was achieved on April 5, 2022. The performance units for these Unit price thresholds will vest on April 4, 2024, May 17, 2024, September 21, 2024 and April 4, 2025, respectively.

The following table summarizes the change in the carrying value of the EIP granted to Mitchell Goldhar:

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Balance – beginning of period	11,161	8,500	—
Amortization costs capitalized to properties under development ⁽¹⁾	1,171	2,559	5,198
Fair value adjustment to financial instruments	(1,898)	(625)	3,302
Balance – end of period	10,434	10,434	8,500

(1) These amounts were capitalized to properties under development in connection with Mitchell Goldhar's role in leading and completing development activities.

Related party transactions and balances are also disclosed elsewhere in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, which include:

- Note 3(c) referring to the purchase of Earnouts
- Note 4(c) referring to Leasehold property interests
- Note 5(a)(ii) referring to a supplemental development fee agreement
- Note 6 referring to Mortgages, loans and notes receivable
- Note 8 referring to Other assets
- Note 9 referring to Amounts receivable and other
- Note 11 referring to Other financial liabilities
- Note 12 referring to Accounts and other payables (including future land obligations)
- Note 16 referring to Rentals from investment properties and other
- Note 17 referring to Property operating costs and other, and
- Note 18 relating to General and administrative expenses, net.

The following table summarizes related party transactions and balances with Penguin and other related parties, including amounts relating to the Trust's share in equity accounted investments:

	Note ⁽¹⁾	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
Related party transactions with Penguin					
Acquisitions and Earnouts:					
Earnouts		—	8,202	7,363	10,340
Revenues:					
Service and other revenues:					
Management fee and other services revenue pursuant to the Development and Services Agreement		662	1,498	1,234	2,154
Supplement to the Development Services Agreement fees – time billings		1,274	1,274	2,548	2,548
Support services		266	350	532	934
	16	2,202	3,122	4,314	5,636
Interest income from mortgages and loans receivable	6	2,020	1,549	3,673	3,083
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of \$74 (three months ended June 30, 2021 – \$69))		254	45	366	306
		4,476	4,716	8,353	9,025
Expenses and other payments:					
Fees paid – capitalized to properties under development	18	1,819	1,625	3,642	3,416
EIP – capitalized to properties under development		—	1,361	2,559	2,433
Development fees and interest expense (capitalized to investment properties)		—	12	—	114
Opportunity fees capitalized to properties under development ⁽²⁾		15	788	30	1,557
Marketing, time billings and other administrative costs (included in general and administrative expense and property operating costs)		1	24	1	44
Disposition fees (included in general and administrative expenses)		—	222	48	280
		1,835	4,032	6,280	7,844
Related party transactions with PCVP					
Revenues:					
Interest income from mortgages and loans receivable	6	327	637	649	1,284
Expenses and other payments:					
Rent and operating costs (included in general and administrative expense and property operating costs)	17, 18	740	667	1,344	1,344

(1) Relates to the corresponding Note disclosure in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

(2) These amounts include prepaid land costs that will offset the purchase price of future Earnouts.

(in thousands of dollars)	Note ⁽¹⁾	June 30, 2022	December 31, 2021
Related party balances with Penguin disclosed elsewhere in the financial statements			
Receivables:			
Amounts receivable and other ⁽²⁾	9	14,261	14,953
Mortgages receivable	6(a)	139,286	139,589
Loans receivable	6(b)	115,545	116,966
Notes receivable	6(c)	2,924	2,924
Total receivables		272,016	274,432
Payables and other accruals:			
Accounts payable and accrued liabilities	12	2,223	3,370
Future land development obligations	12	18,798	18,931
Total payables and other accruals		21,021	22,301

(1) The Note reference relates to the corresponding Note disclosure in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

(2) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of \$5.1 million and other of \$9.1 million (December 31, 2021 – \$7.0 million and other of \$8.0 million).

The following table summarizes the related party balances with the Trust's equity accounted investments:

As at	Note ⁽¹⁾	June 30, 2022	December 31, 2021
Related party balances disclosed elsewhere in the financial statements			
Amounts receivable ⁽²⁾	9	883	581
Loans receivable ⁽³⁾	6(b)	173,015	139,152
Other unsecured debt ⁽⁴⁾	10(b)(iii)	171,984	195,562

(1) The Note reference relates to the corresponding Note disclosure in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

(2) Amounts receivable includes Penguin's portion, which represents \$0.01 million (December 31, 2021 – \$0.004 million) relating to Penguin's 50% investment in PCVP and 25% investment in Residences LP.

(3) Loans receivable includes Penguin's portion, which represents \$23.9 million (December 31, 2021 – \$23.6 million) relating to Penguin's 50% investment in PCVP.

(4) Other unsecured debt includes Penguin's portion, which represents \$0.2 million (December 31, 2021 – \$6.2 million) relating to Penguin's 25% investment in Residences LP.

Other related party transactions:

The following table summarizes other related party transactions:

(in thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Legal fees incurred from a law firm in which a partner is a Trustee:				
Capitalized to investment properties	539	72	1,122	150
Included in general and administrative expense	121	434	685	925
	660	506	1,807	1,075

Section IX — Accounting Policies, Risk Management and Compliance

Significant Accounting Estimates and Policies

In preparing the Trust's unaudited interim condensed consolidated financial statements and accompanying notes, it is necessary for management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the period. The significant items requiring estimates are discussed in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, and the notes contained therein.

The Trust's MD&A for the year ended December 31, 2021 also contains a discussion of the significant accounting policies most affected by estimates and judgments used in the preparation of the audited consolidated financial statements for the year ended December 31, 2021. Management determined that as at June 30, 2022, there is no change to the assessment of significant accounting policies most affected by estimates and judgments described in the Trust's MD&A for the year ended December 31, 2021, with the following additions:

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract

On January 1, 2022, the Trust adopted the amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract. The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. There was no material impact to the Trust's unaudited interim condensed consolidated financial statements on the adoption.

Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

On January 1, 2022, the Trust adopted the amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities. The amendments clarify the types of fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendments specify that only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf, should be included. There was no material impact to the Trust's unaudited interim condensed consolidated financial statements on the adoption.

Risks and Uncertainties

The ability of the Trust to meet its performance targets is dependent on its success in mitigating the various forms of risks that it has identified. For a comprehensive list of risks and uncertainties pertinent to the Trust, please see the risk factors disclosed in the Trust's Annual Information Form for the year ended December 31, 2021 under the headings "Risk Factors" and the Trust's MD&A for the year ended December 31, 2021 under the heading "Risks and Uncertainties".

Income Taxes and the REIT Exception

In accordance with the Declaration of Trust, distributions to Unitholders are declared at the discretion of the Trustees. The Trust endeavours to distribute to Unitholders, in cash or in Units, in each taxation year its taxable income to such an extent that the Trust will not be liable to income tax under Part I of the *Income Tax Act* (Canada) (the "*Tax Act*"). For specified investment flow-through trusts (each a "SIFT"), the *Tax Act* imposes a special taxation regime (the "SIFT Rules"). A SIFT includes a trust resident in Canada with publicly traded units that holds one or more "non-portfolio properties". "Non-portfolio properties" include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada. Under the SIFT Rules, a SIFT is subject to tax in respect of certain distributions that are attributable to the SIFT's "non-portfolio earnings" (as defined in the *Tax Act*), at a rate substantially equivalent to the combined federal and provincial corporate tax rate on certain types of income. The SIFT Rules are not applicable to a SIFT that meets certain specified criteria relating to the nature of its revenues and investments in order to qualify as a real estate investment trust for purposes of the *Tax Act* (the "REIT Exception"). The Trust qualifies for the REIT Exception as at June 30, 2022.

Environmental, Social and Governance

The Trust reviews and analyzes environmental, social and governance initiatives of all levels of government and industry associations and has piloted and adopted various energy efficiency and sustainability practices. The Trust continues to evaluate its ESG strategy and additional disclosure and reporting is expected to be forthcoming in 2022.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The Trust's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting, as defined in Canadian Securities Administrators' National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.

No changes were made to the Trust's internal controls over financial reporting during the three and six months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Inherent Limitations

Notwithstanding the foregoing, because of its inherent limitations a control system can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. In addition, management has attempted to minimize the likelihood of fraud. However, any control system can be circumvented through collusion, unauthorized override of controls and processes, and other illegal acts.

Section X — Glossary of Terms

Term	Definition
Anchors or Anchor tenants	Anchors or Anchor tenants are defined as tenants within a retail or office property with gross leasable area greater than 30,000 square feet.
CAM	Defined as common area maintenance expenses.
ECL	Refers to expected credit losses.
Exchangeable Securities	Exchangeable Securities are securities issued by the limited partnership subsidiaries of the Trust that are convertible or exchangeable directly for Units without the payment of additional consideration, including Class B Smart Limited Partnership Units ("Class B Smart LP Units") and Units classified as liabilities. Such Exchangeable Securities are economically equivalent to Units as they are entitled to distributions equal to those on the Units and are exchangeable for Units on a one-for-one basis. The issue of a Class B Smart LP Unit and Units classified as liabilities is accompanied by a Special Voting Unit that entitles the holder to vote at meetings of Unitholders.
Net Asset Value ("NAV")	NAV represents the total assets less total liabilities of the Trust.
Penguin	Penguin refers to entities controlled by Mitchell Goldhar, a Trustee, Executive Chairman, Chief Executive Officer and significant Unitholder of the Trust.
Shadow Anchor	A shadow anchor is a store or business that satisfies the criteria for an anchor tenant, but may be located at an adjoining property or on a portion.
Total Return Swap ("TRS")	A contractual agreement to exchange payments based on a specified notional amount and the underlying financial assets for a specific period. The Trust has a total return swap agreement with a Canadian financial institution to exchange returns based on a notional amount of up to 6.5 million Trust Units with a notional value of approximately \$156.0 million for a 48-month period, which, subject to certain conditions, may be unwound prior to its maturity, either in whole or in part.
Voting Top-Up Right	Mitchell Goldhar (either directly or indirectly through Penguin) is entitled to have a minimum of 25.0% of the votes eligible to be cast at any meeting of Unitholders provided certain ownership thresholds are met. Pursuant to the Voting Top-Up Right, the Trust may issue additional Special Voting Units of the Trust to Mitchell Goldhar and/or Penguin to increase his voting rights to 25.0% in advance of a meeting of Unitholders. The total number of Special Voting Units is adjusted for each meeting of the Unitholders based on changes in Mitchell Goldhar's, and Penguin's, ownership interest. At the Trust's annual meeting of Unitholders in December 2020, Unitholders approved an extension of the Voting Top-Up Right to December 31, 2025.

SMARTCENTRES REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of Canadian dollars)

As at	Note	June 30, 2022	December 31, 2021
Assets			
Non-current assets			
Investment properties	4	10,285,753	9,847,078
Equity accounted investments	5	650,487	654,442
Mortgages, loans and notes receivable	6	352,921	345,089
Other financial assets	7	228,707	97,148
Other assets	8	82,814	80,940
Intangible assets		44,473	45,139
		11,645,155	11,069,836
Current assets			
Residential development inventory		29,749	27,399
Current portion of mortgages, loans and notes receivable	6	95,254	71,947
Amounts receivable and other	9	55,829	49,542
Prepaid expenses, deposits and deferred financing costs	9	44,393	12,289
Cash and cash equivalents		34,686	62,235
		259,911	223,412
Total assets		11,905,066	11,293,248
Liabilities			
Non-current liabilities			
Debt	10	4,750,365	4,176,121
Other financial liabilities	11	278,944	326,085
Other payables	12	17,732	18,243
		5,047,041	4,520,449
Current liabilities			
Current portion of debt	10	378,239	678,406
Accounts payable and current portion of other payables	12	263,391	253,078
		641,630	931,484
Total liabilities		5,688,671	5,451,933
Equity			
Trust Unit equity		5,175,826	4,877,961
Non-controlling interests		1,040,569	963,354
		6,216,395	5,841,315
Total liabilities and equity		11,905,066	11,293,248

Commitments and contingencies (Note 25)

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Approved by the Board of Trustees.



Michael Young
Trustee



Garry Foster
Trustee

SMARTCENTRES REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME
(in thousands of Canadian dollars)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2022	2021	2022	2021
Net rental income and other					
Rentals from investment properties and other	16	198,296	193,937	400,819	392,775
Property operating costs and other	17	(73,332)	(74,805)	(155,441)	(157,506)
Net rental income and other		124,964	119,132	245,378	235,269
Other income and expenses					
General and administrative expense, net	18	(7,916)	(7,304)	(14,783)	(14,784)
Earnings from equity accounted investments	5	3,785	21,751	3,211	37,069
Earnings from other		289	—	594	—
Fair value adjustment on revaluation of investment properties	23	9,669	10,854	281,014	(7,905)
Gain (loss) on sale of investment properties		18	(68)	(104)	(58)
Interest expense	10(d)	(33,852)	(36,653)	(69,185)	(73,854)
Interest income		3,866	3,395	6,826	6,997
Fair value adjustment on financial instruments	23	61,497	(14,122)	79,479	(25,190)
Acquisition-related costs		(323)	—	(323)	—
Net income and comprehensive income		161,997	96,985	532,107	157,544
Net income and comprehensive income attributable to:					
Trust Units		131,444	81,348	431,896	132,109
Non-controlling interests		30,553	15,637	100,211	25,435
		161,997	96,985	532,107	157,544

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

SMARTCENTRES REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2022	2021	2022	2021
Cash provided by (used in)					
Operating activities					
Net income and comprehensive income		161,997	96,985	532,107	157,544
Items not affecting cash and other items	19	(42,593)	17,970	(296,690)	71,385
Cash interest paid	10(d)	(43,034)	(49,573)	(61,175)	(84,917)
Interest received		2,294	4,356	6,093	7,236
Distributions from equity accounted investments	5	1,533	962	1,959	1,570
Expenditures on direct leasing costs and tenant incentives		(1,922)	(1,583)	(4,361)	(2,644)
Expenditures on tenant incentives for properties under development		(596)	(458)	(2,276)	(730)
Changes in other non-cash operating items	19	(33,709)	(6,491)	(28,868)	(7,792)
Cash flows provided by operating activities		43,970	62,168	146,789	141,652
Financing activities					
Repayment of unsecured debentures	10(b)	—	(323,120)	—	(623,120)
Proceeds from unsecured debt		145,000	13,152	360,000	17,678
Proceeds from revolving operating facilities		125,000	—	250,000	—
Repayments of secured debt		(22,950)	(5,143)	(182,790)	(69,486)
Repayments to revolving operating facility		—	—	(165,000)	—
Repayments of other unsecured debt		(2,325)	(11,663)	(23,450)	(7,729)
Distributions paid on Trust Units		(66,893)	(66,891)	(133,781)	(133,775)
Distributions paid on non-controlling interests and Units classified as liabilities		(15,527)	(12,791)	(31,295)	(29,021)
Payment of lease liability		(471)	(469)	(941)	(937)
Cash flows provided by (used in) financing activities		36,834	(406,925)	72,743	(846,390)
Investing activities					
Acquisitions and Earnouts of investment properties	3	(23,437)	(2,462)	(125,760)	(15,392)
Additions to investment properties		(30,652)	(11,479)	(50,095)	(34,437)
Additions to equity accounted investments		(3,612)	(10,499)	(17,133)	(10,884)
Additions to equipment	8	(196)	(69)	(283)	(113)
Increase in cash held as collateral	2	(50,235)	(81)	(50,332)	(25,105)
Advances of mortgages and loans receivable		(14,655)	(24,742)	(36,918)	(31,533)
Repayments of mortgages and loans receivable		4,696	51,665	8,675	55,625
Net proceeds from sale of investment properties		18,365	—	24,765	4,483
Cash flows (used in) provided by investing activities		(99,726)	2,333	(247,081)	(57,356)
Decrease in cash and cash equivalents during the period		(18,922)	(342,424)	(27,549)	(762,094)
Cash and cash equivalents – beginning of period		53,608	374,924	62,235	794,594
Cash and cash equivalents – end of period	19	34,686	32,500	34,686	32,500
Supplemental cash flow information (see Note 19)					

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

SMARTCENTRES REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the six months ended June 30, 2022 and June 30, 2021
(in thousands of Canadian dollars)

	Note	Attributable to Unitholders			Attributable to LP Units Classified as Non-Controlling Interests			Other Non- Controlling Interest (Note 20)	Total Equity
		Trust Units (Note 14)	Retained Earnings	Unit Equity	LP Units (Note 14)	Retained Earnings	LP Unit Equity		
Equity – January 1, 2022		3,090,368	1,787,593	4,877,961	641,944	317,965	959,909	3,445	5,841,315
Issuance of Units	14	—	—	—	964	—	964	—	964
Unit issuance costs	14	(250)	—	(250)	—	—	—	—	(250)
Net income and comprehensive income		—	431,896	431,896	—	100,013	100,013	198	532,107
Distributions	15	—	(133,781)	(133,781)	—	(23,677)	(23,677)	(283)	(157,741)
Equity – June 30, 2022		3,090,118	2,085,708	5,175,826	642,908	394,301	1,037,209	3,360	6,216,395
Equity – January 1, 2021		3,090,188	1,227,169	4,317,357	640,206	205,927	846,133	3,485	5,166,975
Issuance of Units	14	4	—	4	1,509	—	1,509	—	1,513
Unit issuance costs	14	(18)	—	(18)	—	—	—	—	(18)
Net income and comprehensive income		—	132,109	132,109	—	25,247	25,247	188	157,544
Distributions	15	—	(133,775)	(133,775)	—	(23,629)	(23,629)	—	(157,404)
Equity – June 30, 2021		3,090,174	1,225,503	4,315,677	641,715	207,545	849,260	3,673	5,168,610

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

SMARTCENTRES REAL ESTATE INVESTMENT TRUST

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2022 and June 30, 2021
(in thousands of Canadian dollars, except Unit, square foot and per Unit amounts)

1. Organization

SmartCentres Real Estate Investment Trust and its subsidiaries (collectively, “the Trust”), is an unincorporated open-ended mutual fund trust governed by the laws of the Province of Alberta created under a declaration of trust, dated December 4, 2001, subsequently amended and last restated on December 9, 2020 (“the Declaration of Trust”). The Trust develops, leases, constructs, owns and manages shopping centres, office buildings, high-rise and low-rise condominiums and rental residences, seniors’ housing, townhome units, and self-storage rental facilities in Canada, both directly and through its subsidiaries, Smart Limited Partnership, Smart Limited Partnership II, Smart Limited Partnership III, Smart Limited Partnership IV, Smart Oshawa South Limited Partnership, Smart Oshawa Taunton Limited Partnership, Smart Boxgrove Limited Partnership, ONR Limited Partnership, ONR Limited Partnership I, and SmartVMC West Limited Partnership. The exchangeable securities of these subsidiaries, which are presented as non-controlling interests or as a liability, as appropriate, are economically equivalent to voting trust units (“Trust Units”) as a result of voting, exchange and distribution rights as more fully described in Note 14(a). The address of the Trust’s registered office is 3200 Highway 7, Vaughan, Ontario, L4K 5Z5. The Units of the Trust are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbol “SRU.UN”.

These unaudited interim condensed consolidated financial statements have been approved for issue by the Board of Trustees on August 11, 2022. The Board of Trustees has the power to amend the unaudited interim condensed consolidated financial statements after issue.

As at June 30, 2022, the Penguin Group of Companies (“Penguin”), owned by Mitchell Goldhar, owned approximately 20.8% (December 31, 2021 – 20.8%) of the issued and outstanding Units of the Trust and Limited Partnerships (see also Note 20, “Related party transactions”).

2. Summary of significant accounting policies

2.1 *Basis of presentation*

These unaudited interim condensed consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of unaudited interim condensed consolidated financial statements, International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). The unaudited interim condensed consolidated financial statements contain disclosures that are supplemental to the Trust’s annual consolidated financial statements. They do not include all the information and disclosures required by IFRS applicable for annual consolidated financial statements and, therefore, they should be read in conjunction with the annual audited consolidated financial statements as at and for the years ended December 31, 2021 and 2020.

2.2 *Accounting policies*

The accounting policies followed in these unaudited interim condensed consolidated financial statements are consistent with the policies and method of their application used in the preparation of the audited consolidated financial statements as at and for the years ended December 31, 2021 and 2020, with the following additions:

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract

On January 1, 2022, the Trust adopted the amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract. The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. There was no material impact to the Trust’s unaudited interim condensed consolidated financial statements on the adoption.

Amendments to IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities

On January 1, 2022, the Trust adopted the amendments to IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities. The amendments clarify the types of fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendments specify that only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf, should be included. There was no material impact to the Trust’s unaudited interim condensed consolidated financial statements on the adoption.

Reclassification of comparative figures

The comparative figures relating to “Deferred financing costs”, in the amount of \$1,269, have been grouped to “Prepaid expenses and deposits” (see also Note 9, “Amounts receivable and other, prepaid expenses, deposits and deferred financing costs”) to conform with the current period presentation.

The comparative figures relating to “Increase in cash held as collateral”, in the amount of \$25,105 for the six months ended June 30, 2021, have been presented as “Cash flows used in investing activities” (see also Statements of Cash Flows) to conform with the current period presentation. (See also Note 7, “Other financial assets”).

3. Acquisitions and Earnouts

Acquisitions and Earnouts completed during the six months ended June 30, 2022

- a. In January 2022, the Trust acquired, from its unrelated partner, a 50% interest in each of three co-owned properties located in Ottawa (Laurentian), Ontario, Edmonton Capilano, Alberta, and Lachenaie, Quebec, for a total purchase price of \$100,000 and adjusted for costs of acquisition and other working capital amounts, which was paid in cash and funded from the Trust's existing operating facilities. Upon completion of the acquisition, the Trust became the 100% owner of these properties.
- b. In January 2022, the Trust acquired a 25% interest in parcels of land from its unrelated partner located in Mirabel, Quebec, for a purchase price of \$2,609, paid in cash and adjusted for costs of acquisition. Upon completion of the acquisition, the Trust's interest in these parcels of land increased to 50%.
- c. In June 2022, the Trust acquired a parcel of land in Pickering, Ontario, for investment property development for gross proceeds of \$16,635, paid in cash and adjusted for costs of acquisition and other working capital amounts.
- d. During the six months ended June 30, 2022, pursuant to development management agreements referred to in Note 4, "Investment properties" (see also Note 20, "Related party transactions"), the Trust completed the purchase of Earnout transactions on 2,447 square feet of retail space and two land parcels. The purchase price was \$620 for retail space and \$6,743 for land parcels, of which \$964 was satisfied through the issuance of 18,655 Class B Series 1 Smart LP IV Units and 12,419 Class B Series 6 Smart LP III Units (see also Note 11(b) and Note 14 "Unit equity"), and the balance was paid in cash, adjusted for other working capital amounts.

The following table summarizes the consideration for Acquisitions and Earnouts completed for the six months ended June 30, 2022:

	Note	Acquisitions	Earnouts	Total
Cash		119,356	6,404	125,760
LP Units issued	11(b)	—	964	964
Adjustments for other working capital amounts		2,013	(5)	2,008
		121,369	7,363	128,732

The following table summarizes the consideration for Acquisitions and Earnouts completed for the six months ended June 30, 2021:

	Note	Acquisitions	Earnouts	Total
Cash		13,307	2,085	15,392
LP Units issued	11(b)	—	1,509	1,509
Adjustments for other working capital amounts		15	6,746	6,761
		13,322	10,340	23,662

See also Note 5, "Equity accounted investments", for additional details on acquisitions reflected in equity accounted investments.

4. Investment properties

The following table summarizes the activities in investment properties:

	Six Months Ended June 30, 2022			Year Ended December 31, 2021			
	Note	Income Properties	Properties Under Development	Total	Income Properties	Properties Under Development	Total
Balance – beginning of period		8,395,077	1,452,001	9,847,078	8,267,430	582,960	8,850,390
Additions (deductions):							
Acquisitions, Earnouts and related adjustments of investment properties		102,124	25,986	128,110	22,015	499,700	521,715
Earnout Fees on properties subject to development management agreements	4(d)(ii)	612	—	612	2,397	—	2,397
Transfer to income properties from properties under development		24,300	(24,300)	—	40,555	(40,555)	—
Transfer from income properties to properties under development		(3,849)	3,849	—	(2,400)	2,400	—
Transfer from properties under development to equity accounted investments		—	—	—	—	(6,850)	(6,850)
Capital expenditures		5,023	—	5,023	17,472	—	17,472
Leasing costs		929	—	929	3,057	—	3,057
Development expenditures		—	32,394	32,394	—	53,186	53,186
Capitalized interest		—	15,315	15,315	—	14,333	14,333
Dispositions		(384)	(24,338)	(24,722)	(62,865)	(37,285)	(100,150)
Fair value adjustment on revaluation of investment properties	23	39,668	241,346	281,014	107,416	384,112	491,528
Balance – end of period		8,563,500	1,722,253	10,285,753	8,395,077	1,452,001	9,847,078

The historical costs of both income properties and properties under development as at June 30, 2022 totalled \$6,736,824 and \$1,306,615, respectively (December 31, 2021 – \$6,603,696 and \$1,273,350, respectively).

Secured debt with a carrying value of \$1,167,493 (December 31, 2021 – \$1,294,546) is secured by investment properties with a fair value of \$2,778,069 (December 31, 2021 – \$3,206,478).

Presented separately from investment properties is \$78,863 (December 31, 2021 – \$76,042) of net straight-line rents receivable and tenant incentives (these amounts are included in Note 8, "Other assets") arising from the recognition of rental revenues on a straight-line basis and amortization of tenant incentives over the respective lease terms. The fair value of investment properties has been reduced by these amounts.

a) Valuation methods underlying management's estimation of fair value

i) Income properties

The Trust applies the discounted cash flow valuation method to estimate the value of income properties, which include: freehold properties, properties with leasehold interests with purchase options, and properties with leasehold interests without purchase options. The Trust applies this valuation method as it believes that the discounted cash flow valuation method represents the Trust's estimate of fair values of income properties based on expectations of changes in rental rates, occupancy rates, lease renewal rates, leasing costs, expected credit losses and downtime on lease expiries, among others.

ii) Properties under development

Properties under development are valued using two primary methods: i) discounted cash flow method, factoring in future cash inflows and outflows such as construction costs to complete development, leasing costs and other fees, and Earnout Fees, if any; or ii) land, development and construction costs are recorded at market value, factoring in development risks such as planning, zoning, timing and market conditions.

The following table summarizes significant assumptions in Level 3 valuations along with corresponding fair values for investment properties:

June 30, 2022						
Valuation Method	Carrying Value	Terminal Capitalization Rate		Discount Rate		
		Weighted Average (%)	Range (%)	Weighted Average (%)	Range (%)	
<i>Income properties</i>						
Discounted cash flow	8,563,500	5.84	4.18 – 7.43	6.35	4.58 – 7.93	
<i>Properties under development</i>						
Land, development and construction costs recorded at market value	1,605,955	N/A	N/A	N/A	N/A	
Discounted cash flow	116,298	6.54	5.64 – 7.80	5.95	4.89 – 7.30	
	1,722,253					
Total	10,285,753					
December 31, 2021						
Valuation Method	Carrying Value	Terminal Capitalization Rate		Discount Rate		
		Weighted Average (%)	Range (%)	Weighted Average (%)	Range (%)	
<i>Income properties</i>						
Discounted cash flow	8,395,077	5.83	4.18 – 7.43	6.34	4.58 – 7.93	
<i>Properties under development</i>						
Land, development and construction costs recorded at market value	1,324,263	N/A	N/A	N/A	N/A	
Discounted cash flow	127,738	6.53	5.64 – 7.80	5.92	4.89 – 7.30	
	1,452,001					
Total	9,847,078					

The estimates of fair value are most sensitive to changes in the discount rates and forecasted future cash flows for each property. The sensitivity analysis in the table below indicates the approximate impact on the fair values of the Trust's investment property portfolio resulting from changes in discount rates and in assuming no changes in other assumptions.

Rate Sensitivity (%)	(1.00)	(0.50)	(0.25)	+0.25	+0.50	+1.00
Increase (decrease) in fair value of income properties due to:						
Changes in discount rates	1,851,400	835,400	397,500	(366,000)	(700,500)	(1,295,500)
Forecasted Future Cash Flows Sensitivity (%)	(10.00)	(5.00)	(2.50)	+2.50	+5.00	+10.00
Increase (decrease) in fair value of income properties due to:						
Changes in forecasted future cash flows	(852,000)	(426,700)	(213,900)	212,000	424,400	849,800

b) Dispositions

Disposition of investment properties during the six months ended June 30, 2022

In January 2022, the Trust sold its 40% interest in a parcel of land totalling 1.39 acres located in Markham, Ontario, for gross proceeds of \$800 to a joint venture, Boxgrove Self Storage Limited Partnership, for development of a self-storage facility (see also, Note 5(b)).

In March 2022, the Trust sold a parcel of land totalling 4.62 acres located in Laval East, Quebec, for gross proceeds of \$5,600, which was satisfied by cash.

In April 2022, the Trust sold a parcel of land totalling 6.48 acres located in Stouffville, Ontario, for gross proceeds of \$18,365, which was satisfied by cash.

Disposition of investment properties during the six months ended June 30, 2021

In January 2021, the Trust sold a parcel of land totalling 13.2 acres located in Niagara Falls, Ontario, for gross proceeds of \$4,725, of which \$1,415 was paid in cash and the balance was granted as an interest-bearing loan to the purchaser. See also Note 3, "Acquisitions and Earnouts" and Note 6, "Mortgages, loans and notes receivable".

In February 2021, the Trust contributed its interest in a parcel of land totalling 1.5 acres located in Brampton, Ontario, for a value of \$3,250 to a joint venture, Kingspoint Self Storage LP, for development of a self-storage facility (see also, Note 5(b)).

In March 2021, the Trust sold a parcel of land totalling 2.4 acres located in Mascouche, Quebec, for gross proceeds of \$3,068, which was satisfied by cash.

In March 2021, the Trust contributed its interest in a parcel of land totalling 2.7 acres located in Mascouche, Quebec for a value of \$3,600 to a joint venture, Mascouche North Apartments Limited Partnership, for development of a rental apartment complex (see also, Note 5(b)).

c) Leasehold property interests

At June 30, 2022, 16 (December 31, 2021 – 16) investment properties with a fair value of \$971,478 (December 31, 2021 – \$977,376) are leasehold property interests accounted for as leases.

i) Leasehold property interests without bargain purchase options

The Trust previously prepaid its entire lease obligations for the 14 leasehold interests with Penguin (see also Note 20, "Related party transactions") in the amount of \$889,931 (December 31, 2021 – \$889,931), including prepaid land rent of \$229,846 (December 31, 2021 – \$229,846).

ii) Leasehold property interests with bargain purchase options

One leasehold interest commenced in 2003 under the terms of a 35-year lease with Penguin (see also Note 20, "Related party transactions"). The lease requires a \$10,000 payment at the end of the lease term in 2038 to exercise a purchase option, which is considered to be a bargain purchase option. The Trust prepaid its entire lease obligation for this property of \$57,997 (December 31, 2021 – \$57,997). As the Trust expects to exercise the purchase option in 2038, the purchase option price has been included in accounts payable in the amount of \$2,245 (December 31, 2021 – \$2,145), net of imputed interest at 9.18% of \$7,755 (December 31, 2021 – \$7,855) (see also Note 12, "Accounts and other payables").

A second leasehold interest was acquired on February 11, 2015 and includes a land lease that expires on September 1, 2054. The land lease requires monthly payments ranging from \$450 to \$600 annually until September 1, 2054, and a \$6,000 payment between September 1, 2023 and September 1, 2025 to exercise a purchase option that is considered to be a bargain purchase option. As the Trust expects to exercise the purchase option on September 1, 2023, the purchase option price and the monthly payments up to September 1, 2023 have been included in accounts payable in the amount of \$6,100 (December 31, 2021 – \$6,138), net of imputed interest at 6.25% of \$500 (December 31, 2021 – \$649) (see also Note 12, "Accounts and other payables").

d) Properties under development

The following table presents properties under development:

As at	June 30, 2022	December 31, 2021
Properties under development not subject to development management agreements i)	1,672,446	1,391,301
Properties under development subject to development management agreements ii)	49,807	60,700
	1,722,253	1,452,001

For the three months ended June 30, 2022, the Trust capitalized a total of \$7,977 (three months ended June 30, 2021 – \$3,781) of borrowing costs related to properties under development. For the six months ended June 30, 2022, the Trust capitalized a total of \$15,315 (six months ended June 30, 2021 – \$7,473) of borrowing costs related to properties under development.

i) Properties under development not subject to development management agreements

During the six months ended June 30, 2022, the Trust completed the development and leasing of certain properties under development not subject to development management agreements, for which the value of land and development costs incurred has been reclassified from properties under development to income properties.

For the three months ended June 30, 2022, the Trust incurred land and development costs of \$4,383 (three months ended June 30, 2021 – \$20,103). For the six months ended June 30, 2022, the Trust incurred land and development costs of \$24,293 (six months ended June 30, 2021 – \$22,514).

ii) Properties under development subject to development management agreements (Earnout agreements)

These properties under development (including certain leasehold property interests) are subject to various development management agreements with Penguin and Walmart.

In certain events, the developer/vendor may sell a portion of undeveloped land to accommodate the construction plan that provides the best use of the property, reimbursing the Trust its costs related to such portion, and provides a profit based on a pre-negotiated formula. Pursuant to the development management agreements, the developers/vendors assume responsibility for managing the development of the land on behalf of the Trust and are granted the right for a period of up to ten years to earn an Earnout Fee (subject to options and extensions in certain circumstances). On completion and rental of additional space on these properties, the Trust is obligated to pay the Earnout Fee and any additional development costs not previously incurred by the Trust, at a total price calculated by a formula using the net operating rents and predetermined negotiated capitalization rates, on the date rent becomes payable on the additional space ("Gross Cost"). The Earnout Fee is calculated as the Gross Cost less the associated land and development costs incurred by the Trust.

For certain of these properties under development, Penguin and others have been granted Earnout options that give them the right, at their option, to invest up to 40% of the Earnout Fee for one of the agreements and up to 30% to 40% of the Gross Cost for the remaining agreements in Trust Units, Class B, D and F Smart LP Units, Class B and D Smart LP III Units, Class B Smart LP IV Units, Class B and D Smart Oshawa South LP Units, Class B and D Smart Oshawa Taunton LP Units, Class B Smart Boxgrove LP Units and Class B ONR LP I Units at predetermined option strike prices subject to a maximum number of Units. On December 9, 2020, the Trust entered into an Omnibus Agreement with Mitchell Goldhar that provided a right to extend the terms of certain Earnout agreements for an additional two years. As a result, the Earnout agreements for Earnout options that were originally set to expire between 2020 to 2025 may be extended to 2022 to 2027. See also Note 11, "Other financial liabilities".

The following table summarizes the development costs incurred (exclusive of the cost of land previously acquired) and Earnout Fees paid to vendors relating to the completed retail spaces (see also Note 3, "Acquisitions and Earnouts") that have been reclassified to income properties:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Development costs incurred	—	4,155	6,735	5,280
Earnout Fees paid	—	1,476	612	2,160
	—	5,631	7,347	7,440

5. Equity accounted investments

The following table summarizes key components relating to the Trust's equity accounted investments:

	Six Months Ended June 30, 2022			Year Ended December 31, 2021		
	Investment in Associates	Investment in Joint Ventures	Total	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of period	489,230	165,212	654,442	354,992	108,212	463,204
Operating Activities:						
Earnings (losses)	3,598	(387)	3,211	183,431	27,989	211,420
Distributions – VMC Residences condominium unit closings ⁽¹⁾	(24,321)	—	(24,321)	(52,824)	—	(52,824)
Distributions – operating activities	(1,725)	(234)	(1,959)	(3,358)	(714)	(4,072)
Financing Activities:						
Fair value adjustment on loan	1,981	—	1,981	3,995	—	3,995
Investing Activities:						
Cash contribution	3,796	15,062	18,858	6,355	29,589	35,944
Property contribution	—	—	—	—	6,850	6,850
Return of contributions	(1,725)	—	(1,725)	(3,361)	(6,714)	(10,075)
Investment – end of period	470,834	179,653	650,487	489,230	165,212	654,442

(1) During the six months ended June 30, 2022, the distribution in the amount of \$24,321 was satisfied by a non-cash settlement of the PCVP loan payable (for the year ended December 31, 2021 – the distribution in the amount of \$52,824 was satisfied by a non-cash settlement of the PCVP loan payable) (see Note 10(b)(iii)).

a) Investment in associates

The following table summarizes the Trust's ownership interest in investment in associates as reflected in the Trust's unaudited interim condensed consolidated financial statements:

Business Focus	Partner(s)	Principal Intended Activity	Ownership Interest (%), As at	
			June 30, 2022	December 31, 2021
Mixed-use real estate development				
<i>Penguin-Calloway Vaughan Partnership ("PCVP")</i>	<i>Penguin⁽¹⁾</i>	Own, develop and operate investment properties in the SmartVMC (Eastern 52.0 acres)	50.0	50.0
Residential condominium developments				
<i>VMC Residences Limited Partnership ("Residences LP")</i>	<i>Penguin⁽¹⁾, CentreCourt</i>	Own, develop and sell two residential condominium towers and 22 townhomes (Transit City 1 and 2) at SmartVMC	25.0	25.0
<i>Residences III LP</i>	<i>Penguin⁽¹⁾, CentreCourt</i>	Own, develop and sell a residential condominium tower (Transit City 3) at SmartVMC	25.0	25.0
<i>East Block Residences LP</i>	<i>Penguin⁽¹⁾, CentreCourt</i>	Own, develop and sell two residential condominium towers (Transit City 4 and 5) at SmartVMC	25.0	25.0
<i>Residences (One) LP</i>	<i>Penguin⁽¹⁾</i>	Own, develop and sell residential condominium towers (ArtWalk)	50.0	50.0
<i>Residences (Two) LP</i>	<i>Penguin⁽¹⁾</i>	Own, develop and sell residential condominium towers (Park Place)	66.7	—

(1) See also Note 20, "Related party transactions".

In December 2019, the Trust acquired, as part of a 50:50 joint arrangement with Penguin, through PCVP, a 50% interest in a parcel of land ("700 Applewood") with approximately 15.5 acres in Vaughan, Ontario, proximate to SmartVMC to relocate Walmart from SmartVMC and for other future development, for a purchase price of \$109,218 paid in cash, adjusted for other working capital amounts. In connection with this acquisition, an interest-free loan with a value of \$98,679 and a maturity of December 2029 was extended to Penguin to finance its interest in PCVP's acquisition of 700 Applewood. In March 2020, the Trust assumed this loan receivable from Penguin (see also Note 6(b), footnote 3), along with an offsetting non-interest-bearing note payable of an equal amount (see Note 10(b)(iii), footnote 2).

Note that the limited partnerships involved in residential condominium developments, as noted in the above table: Residences LP, Residences III LP, East Block Residences LP, Residences (One) LP, and Residences (Two) LP are herein collectively referred to as "VMC Residences".

i) Summary of balance sheets

The following table summarizes the balance sheets for investment in associates:

As at	June 30, 2022			December 31, 2021		
	PCVP	VMC Residences	Total	PCVP	VMC Residences	Total
Non-current assets	1,378,579	—	1,378,579	1,322,717	—	1,322,717
Current assets	20,378	389,746	410,124	19,284	373,691	392,975
Total assets	1,398,957	389,746	1,788,703	1,342,001	373,691	1,715,692
Non-current liabilities ⁽¹⁾	378,194	135,049	513,243	327,443	81,203	408,646
Current liabilities	111,522	200,674	312,196	111,782	157,729	269,511
Total liabilities	489,716	335,723	825,439	439,225	238,932	678,157
Net assets	909,241	54,023	963,264	902,776	134,759	1,037,535
Trust's share of net assets before adjustments	454,620	14,707	469,327	451,387	34,135	485,522
Fair value adjustment on loan	1,101	406	1,507	1,216	2,492	3,708
Trust's share of net assets	455,721	15,113	470,834	452,603	36,627	489,230

(1) Balance as at June 30, 2022 includes loan payable to the Trust of \$47,863 (December 31, 2021 – \$47,214), see also Note 6(b).

The following table summarizes existing commitments with various development construction contracts:

As at	June 30, 2022		December 31, 2021	
	Commitments	Trust's Share	Commitments	Trust's Share
PCVP	70,705	35,352	87,712	43,856
East Block Residences LP	81,603	20,401	128,923	32,231
	152,308	55,753	216,635	76,087

ii) Summary of earnings

The following table summarizes the earnings (losses) for investment in associates for:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	PCVP	VMC Residences	Total	PCVP	VMC Residences	Total
Revenue						
Rental revenue ⁽¹⁾	7,990	—	7,990	6,901	—	6,901
Condominium sales revenue ⁽²⁾	—	17,178	17,178	—	205,385	205,385
Operating expense						
Rental operating costs	(3,463)	53	(3,410)	(2,713)	—	(2,713)
Condominium cost of sales	—	(12,927)	(12,927)	—	(154,964)	(154,964)
Revenue net of operating expense	4,527	4,304	8,831	4,188	50,421	54,609
Interest income (expense)	(1,799)	66	(1,733)	(1,680)	139	(1,541)
Earnings	3,640	4,370	8,010	2,508	50,560	53,068
Trust's share of earnings before supplemental cost and additional profit sharing	1,821	966	2,787	1,253	12,641	13,894
Additional Trust's share of earnings ⁽³⁾	—	234	234	—	1,402	1,402
Supplemental cost	(549)	—	(549)	(966)	—	(966)
Trust's share of earnings	1,272	1,200	2,472	287	14,043	14,330

(1) Includes office rental revenue from the Trust in the amount of \$740 for the three months ended June 30, 2022 (three months ended June 30, 2021 – \$667).

(2) Includes condominium sales revenue recognized on the closings of units in Transit City 3 for the three months ended June 30, 2021.

(3) Additional profit allocated to the Trust for Transit City 3 closings pursuant to the development agreement and limited partnership agreement.

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	PCVP	VMC Residences	Total	PCVP	VMC Residences	Total
Revenue						
Rental revenue ⁽¹⁾	15,461	—	15,461	13,838	—	13,838
Condominium sales revenue ⁽²⁾	—	17,198	17,198	—	206,060	206,060
Operating expense						
Rental operating costs	(6,672)	—	(6,672)	(5,639)	—	(5,639)
Condominium cost of sales	—	(12,921)	(12,921)	—	(155,358)	(155,358)
Revenue net of operating expense	8,789	4,277	13,066	8,199	50,702	58,901
Fair value adjustment on revaluation of investment properties	1,730	—	1,730	13,344	—	13,344
Interest (expense) income	(3,520)	78	(3,442)	(3,345)	139	(3,206)
Earnings	6,999	4,355	11,354	18,198	50,841	69,039
Trust's share of earnings before supplemental cost and additional profit sharing	3,500	951	4,451	9,099	12,711	21,810
Additional Trust's share of earnings ⁽³⁾	—	234	234	—	1,418	1,418
Supplemental cost	(1,087)	—	(1,087)	(967)	—	(967)
Trust's share of earnings	2,413	1,185	3,598	8,132	14,129	22,261

(1) Includes office rental revenue from the Trust in the amount of \$1,344 for the six months ended June 30, 2022 (six months ended June 30, 2021 – \$1,344).

(2) Includes condominium sales revenue recognized on the closings of units in Transit City 3 for the six months ended June 30, 2021.

(3) Additional profit allocated to the Trust for Transit City 3 closings pursuant to the development agreement and limited partnership agreement.

In accordance with the Supplemental Development Fee Agreement, the Trust invoiced PCVP a net amount of \$2,174 related to associated development fees for the six months ended June 30, 2022 (six months ended June 30, 2021 – \$1,934).

iii) Summary of development credit facilities

The development financing relating to PCVP and VMC Residences comprise pre-development, construction and letters of credit facilities. With respect to the development credit facilities relating to PCVP, the obligations are joint and several to each of the PCVP limited partners; however, by virtue of an indemnity agreement between the PCVP limited partners, the obligations are effectively several. From time to time, the original facility amounts are reduced through repayments and through amended agreements with the financial institutions from which the facilities were obtained.

The following table shows the development facilities available:

(in thousands of dollars)	June 30, 2022	December 31, 2021
Development facilities – beginning of period	753,562	796,740
Reduction	(4,434)	(131,154)
Repayments	(7,222)	(48,500)
Letters of credit released	—	(21,024)
Additional development credit facilities obtained	13,234	157,500
Development facilities – end of period	755,140	753,562
Amount drawn on development credit facilities	(418,425)	(317,105)
Letters of credit – outstanding	(64,713)	(42,832)
Remaining unused development credit facilities	272,002	393,625
Trust's share of remaining unused development credit facilities	102,163	146,742

PCVP and VMC Residences had the following credit facilities available:

As at			June 30, 2022		December 31, 2021	
(in thousands of dollars)	Maturity in	Annual Interest Rate (%) ⁽¹⁾	Facility Amount	The Trust's Share	Facility Amount	The Trust's Share
PCVP						
Development credit facility	December 2022	BA + 1.35	15,876	7,938	15,876	7,938
Construction credit facility	June 2027	BA + 1.20	400,000	200,000	386,766	193,383
Letters of credit facility ⁽²⁾	May 2023	N/A	60,000	30,000	60,000	30,000
			475,876	237,938	462,642	231,321
VMC Residences						
Development credit facility	April 2022	BA + 1.75	—	—	11,656	2,914
Development credit facility	September 2023	BA + 1.60	279,264	69,816	279,264	69,816
			279,264	69,816	290,920	72,730
			755,140	307,754	753,562	304,051

(1) Annual interest rate is a function of Canadian Banker's Acceptance rate ("BA") rates plus a premium.

(2) Letter of credit fee rate is 0.75%.

b) Investment in joint ventures

The following table summarizes the Trust's ownership interest in each joint venture investment grouped by their principal intended activities as reflected in the Trust's unaudited interim condensed consolidated financial statements:

As at		June 30, 2022		December 31, 2021	
Business Focus	Joint Venture Partner	Number of Projects	Ownership Interest (%)	Number of Projects	Ownership Interest (%)
Retail investment properties					
Joint Venture: 1500 Dundas East LP	Fieldgate	1	30.0	1	30.0
Self-storage facilities					
Joint Ventures: Leaside SAM LP, Oshawa South Self Storage LP, Bramport SAM LP, Vaughan NW SAM LP, Dupont Self Storage LP, Aurora Self Storage LP, Scarborough East Self Storage LP, Kingspoint Self Storage LP, Jane Self Storage LP, Gilbert Self Storage LP, Boxgrove Self Storage LP, Whitby Self Storage LP and Regent Self Storage LP	SmartStop	13	50.0	10	50.0
Seniors' apartments					
Joint Venture: Vaughan NW SA PropCo LP	Revera	1	50.0	1	50.0
Retirement residences					
Joint Ventures: Vaughan NW RR (PropCo and OpCo LPs), Baymac RR PropCo LP, Oakville Garden Drive RR PropCo LP and Markham Main Street RR PropCo LP	Revera	4	50.0	5	50.0
Joint Ventures: Ottawa SW (PropCo and OpCo LPs)	Groupe Sélection	1	50.0	1	50.0
Residential apartments					
Joint Venture: Laval C Apartments LP	Jadco	1	50.0	1	50.0
Joint Venture: Balliol/Pailton LP	Greenwin	1	75.0	1	75.0
Joint Venture: Mascouche North Apartments LP	Cogir	1	80.0	1	80.0
Total		23		21	

Acquisitions completed during the six months ended June 30, 2022

In January 2022, pursuant to a 50:50 joint venture formed with SmartStop known as Boxgrove Self Storage Limited Partnership, each joint venture party contributed \$1,000 into the joint venture to fund the purchase of a parcel of land located in Markham, Ontario, totalling 1.39 acres, in which the Trust had a 40% interest, with the intention to develop and operate a self-storage facility.

In May 2022, the Trust formed a 50:50 joint venture with SmartStop known as Regent Self Storage Limited Partnership, and pursuant to the joint venture agreement, each joint venture party contributed \$3,490 into the joint venture to fund the purchase of a parcel of land located in Burnaby, British Columbia, totalling 0.89 acres with the intention to develop and operate a self-storage facility. See also Note 4, "Investment properties".

i) Summary of balance sheets

The following table summarizes the balance sheets for investment in joint ventures:

As at	June 30, 2022	December 31, 2021
Non-current assets	613,599	545,946
Current assets	16,142	2,009
Total assets	629,741	547,955
Non-current liabilities	258,014	163,840
Current liabilities	25,237	66,662
Total liabilities	283,251	230,502
Net assets	346,490	317,453
Trust's share of net assets	179,653	165,212

The joint ventures listed above have entered into various development construction contracts with existing commitments totalling \$62,330, of which the Trust's share is \$35,078 (December 31, 2021 – \$77,053, of which the Trust's share is \$47,497).

ii) Summary of earnings (losses)

The following table summarizes the earnings (losses) for investment in joint ventures for:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Revenue	6,137	3,812	11,675	7,955
Operating expense	(2,560)	(1,317)	(5,502)	(3,192)
Revenue net of operating expense	3,577	2,495	6,173	4,763
Fair value adjustments on revaluation of investment properties	557	14,194	739	28,360
Interest expense	(1,631)	(1,263)	(2,860)	(2,582)
Earnings	2,503	15,426	4,052	30,541
Trust's share of earnings before supplemental cost	1,369	7,421	1,793	14,808
Supplemental cost	(55)	—	(2,180)	—
Trust's share of earnings (losses)	1,314	7,421	(387)	14,808

In accordance with the Supplemental Development Fee Agreement, the Trust invoiced certain investments in joint ventures for a net amount of \$4,360 related to associated supplemental development fees for the six months ended June 30, 2022 (six months ended June 30, 2021 – \$nil).

iii) Summary of credit facilities

Development financing includes a credit facility relating to Laval C Apartments comprising a pre-development and construction facility, and a construction facility relating to additional self-storage facilities. From time to time, the facilities amounts may be reduced through repayments and through amended agreements with the financial institutions from which the facilities were obtained. The development facilities are presented as follows:

(in thousands of dollars)	June 30, 2022	December 31, 2021
Development facilities – beginning of period	177,922	95,417
Repayment	—	—
Additional development facility obtained ⁽¹⁾	25,000	69,100
Development facilities – end of period	202,922	164,517
Amount drawn on development facility – Laval C Apartments	(7,344)	(35,417)
Amount drawn on development facility – Markham Main Street	(10,000)	(10,000)
Amount drawn on development facility – Self-storage	(101,170)	(85,213)
Amount drawn on development facility – Mascouche	(19,829)	—
Letters of credit – outstanding	(887)	(887)
Remaining unused development facilities	63,692	33,000
Trust's share of remaining unused development facilities	31,846	16,500

(1) This additional development facility was provided by the Trust to fund construction costs relating to additional self-storage facilities. See details in table below.

As at June 30, 2022 and December 31, 2021, the Trust's joint ventures had the following credit facilities:

As at	June 30, 2022			December 31, 2021		
(in thousands of dollars)	Maturity in	Annual Interest Rate (%) ⁽¹⁾	Facility Amount	The Trust's Share	Facility Amount	The Trust's Share
Laval C Apartments LP						
Construction facility – Tower A ⁽²⁾	February 2022	BA + 1.60	—	—	35,417	17,709
Construction facility – Tower B ⁽²⁾	November 2024	BA + 1.60	48,822	24,411	—	—
SmartStop						
Construction facility ⁽³⁾	May 2024	BA + 2.20	118,100	59,050	118,100	59,050
Markham Main Street						
Development facility	December 2023	BA + 1.75	11,000	5,500	11,000	5,500
Mascouche North Apartments LP						
Construction facility ⁽³⁾	August 2022	BA + 1.20	25,000	20,000	—	—
			202,922	108,961	164,517	82,259

(1) Annual interest rate is a function of BA rates plus a premium.

(2) Management is renegotiating the facility.

(3) This construction facility was provided by the Trust and is used to fund construction and development costs.

6. Mortgages, loans and notes receivable

The following table summarizes mortgages, loans and notes receivable:

As at	Note	June 30, 2022	December 31, 2021
Mortgages receivable (a)	20	139,286	139,589
Loans receivable (b)		305,965	274,523
Notes receivable (c)	20	2,924	2,924
		448,175	417,036
Current		95,254	71,947
Non-current		352,921	345,089
		448,175	417,036

- a) Mortgages receivable of \$139,286 (December 31, 2021 – \$139,589) are provided pursuant to agreements with Penguin (see also Note 20, “Related party transactions”). These amounts are provided to fund costs associated with both the original acquisition and development of seven properties (December 31, 2021 – seven properties). The Trust is committed to lend up to \$293,718 (December 31, 2021 – \$300,796) to assist with the further development of these properties.

The following table provides further details on the mortgages receivable (by maturity date) provided to Penguin:

Property	Committed	Maturity Date	Extended Maturity Date ⁽³⁾	Annual Variable Interest Rate at Period-End (%)	Purchase Option of Property (%) ⁽¹⁾	June 30, 2022	December 31, 2021
Aurora (South), ON ⁽⁵⁾	31,733	August 2028	N/A	5.79	50	16,295	17,940
Innisfil, ON ⁽²⁾⁽⁷⁾⁽⁸⁾	33,100	October 2023	N/A	6.34	—	16,781	16,642
Salmon Arm, BC ⁽²⁾⁽⁴⁾	29,920	August 2028	N/A	6.46	—	16,247	15,860
Pitt Meadows, BC ⁽⁶⁾	85,653	November 2023	August 2028	5.20	50	32,595	31,894
Vaughan (7 & 427), ON ⁽⁵⁾	36,100	December 2023	August 2028	4.93	50	19,991	19,588
Caledon (Mayfield), ON ⁽⁷⁾	26,688	April 2024	August 2028	5.06	50	10,979	10,750
Toronto (StudioCentre), ON ⁽²⁾⁽⁶⁾	50,524	August 2028	N/A	4.85	25	26,398	26,915
	293,718			5.44 ⁽⁹⁾		139,286	139,589

- (1) The Trust has a purchase option from the borrower in these properties upon a certain level of development and leasing being achieved. As at June 30, 2022, it is management's expectation that the Trust will exercise these purchase options.
- (2) The Trust owns a 50% interest in these properties, with the other 50% interest owned by Penguin. These loans are secured against Penguin's interest in the property.
- (3) The maturity dates for these mortgages are automatically extended to August 31, 2028 unless written notice is delivered from the borrower. During the extended maturity period, the mortgages receivable accrue interest at a variable rate based on the Canadian Banker's Acceptance rate plus 4.00% to 5.00%.
- (4) The weighted average interest rate on this mortgage is subject to an upper limit of 6.50%.
- (5) The weighted average interest rate on this mortgage is subject to an upper limit of 6.75%.
- (6) The weighted average interest rate on this mortgage is subject to an upper limit of 6.90%.
- (7) The weighted average interest rate on this mortgage is subject to an upper limit of 7.00%.
- (8) This property was disposed in October 2021, and \$6,243 of this mortgage receivable was repaid upon the disposition. A vendor take-back loan was issued to the purchaser, with Penguin assigning its 50% interest in the vendor take-back loan to the Trust as security for the mortgage receivable.
- (9) Represents the weighted average interest rate on the loan balance.

Mortgages receivable amendments

Interest on these mortgages accrues monthly as follows: from December 9, 2020 to the maturity date of each mortgage, at a variable rate based on the Canadian Banker's Acceptance rate plus 2.75% to 4.20%; and from the maturity date of each mortgage to the extended maturity date (August 31, 2028), at a variable rate based on the Canadian Banker's Acceptance rate plus 4.00% to 5.00%. Prior to December 9, 2020, interest on these mortgages accrued as follows: i) at a variable rate based on the Canadian Banker's Acceptance rate plus 1.75% to 4.20% or at the Trust's cost of capital (as defined in the applicable mortgage agreement) plus 0.25%; or ii) at fixed rates of 6.35% to 7.50%, which was added to the outstanding principal up to a predetermined maximum accrual, after which it was payable in cash on a monthly or quarterly basis. Additional interest of \$100,833 (December 31, 2021 – \$103,808) on the existing credit facilities may be accrued on certain of the mortgages receivable before cash interest must be paid.

The mortgage security includes a first or second charge on properties, assignments of rents and leases and general security agreements. In addition, the outstanding balance is guaranteed by Penguin. The loans are subject to individual loan guarantee agreements that provide additional guarantees for all interest and principal advanced on outstanding amounts. The amounts that are guaranteed decrease on achievement of certain specified value-enhancing events. Management considers all mortgages receivable to be fully collectible.

b) The following table presents loans receivable (by maturity date):

Issued to	Committed	Maturity Date	Interest Rate (%)	Note	June 30, 2022	December 31, 2021
Penguin ⁽¹⁾	12,493	January 2023	Variable	20	7,152	9,707
Penguin ⁽²⁾	26,227	January 2023	Variable	20	13,950	14,027
Penguin ⁽³⁾	N/A	December 2029	Interest-free	10(b)(iii), 20	78,315	77,828
Penguin ⁽⁴⁾	18,450	August 2030	Variable	20	16,128	15,404
Total loans issued to Penguin					115,545	116,966
PCVP ⁽⁵⁾	N/A	January 2023	2.76	20	47,863	47,214
Self-storage facilities ⁽⁶⁾	115,100	May 2024	Variable		101,170	91,938
Mascouche North Apartments ⁽¹¹⁾	25,000	August 2022	Variable		23,982	—
Total loans issued to equity accounted investments					173,015	139,152
Other ⁽⁷⁾	N/A	January 2023	5.00		2,308	3,308
Greenwin ⁽⁸⁾	11,694	September 2024	Variable		—	—
Greenwin ⁽⁹⁾	1,280	January 2025	Variable		—	—
Other ⁽¹⁰⁾	N/A	October 2023	4.00		15,097	15,097
Total loans issued to unrelated parties					17,405	18,405
					305,965	274,523

- (1) This loan receivable was provided pursuant to a development management agreement with Penguin with a total loan facility of \$12,493. Repayment of the pro rata share of the outstanding loan amount is due upon the completion of each Earnout event. The loan bears interest at ten basis points plus the lower of: i) the Canadian prime rate plus 45 basis points, and ii) the Canadian Dealer Offer Rate plus 145 basis points. The loan receivable's maturity was extended from June 2021 to August 2021, subsequently to December 2021, and presently to January 2023.
- (2) In March 2019, the Trust entered into a loan agreement with Penguin for a non-revolving principal advance facility of \$13,227 and a non-revolving construction facility of \$13,000, which combine for a total loan facility of \$26,227, bearing interest accruing at a fixed rate of 2.76% and a variable rate based on Canadian Banker's Acceptance rate plus 150 basis points, respectively. The loan security includes a first or second charge on the property, assignments of rents and leases and general security agreements, and is guaranteed by Penguin. The principal advance facility was advanced in full in March 2019. Unless prepaid in accordance with the terms of the loan agreement, principal and any accrued and unpaid interest in respect of the loan receivable were to be repaid in full in June 2021. The loan receivable's maturity was extended from June 2021 to December 2021, and subsequently to June 2022, and then further extended to January 2023.
- (3) This loan receivable relates to the acquisition of a parcel of land in Vaughan, Ontario, through PCVP in December 2019 ("700 Applewood purchase"). In March 2020, the Trust assumed this loan receivable from Penguin in regards to PCVP. The loan has a principal amount outstanding of \$98,679, is non-interest-bearing, and is repayable at the end of ten years. As at June 30, 2022, the loan balance of \$78,315 is net of a cumulative fair value adjustment totalling \$20,364. See also Note 10(b)(iii) reflecting the corresponding non-interest-bearing loan payable amount.
- (4) This loan receivable was provided in December 2021 in connection with the acquisition of a 50% interest in development lands in Toronto (Leaside), Ontario. The loan bears interest at: i) the Canadian Banker's Acceptance rate plus 220 basis points, up to 60% of the facility limit, and ii) the Canadian Banker's Acceptance rate plus 370 basis points, for the remainder.
- (5) In April 2019, the Trust entered into a loan agreement with PCVP (in which the Trust has a 50% interest) for a total loan facility of \$90,600, bearing interest accruing at 2.76% per annum. The loan security includes a first or second charge on properties, assignments of rents and leases and general security agreements, and is guaranteed by Penguin up to its 50% share of the loan. This loan facility was advanced in full in April 2019. Unless prepaid in accordance with the terms of the loan agreement, principal and any accrued and unpaid interest in respect of the loan receivable were to be repaid in full in June 2021. The loan receivable's maturity was extended from June 2021 to December 2021, and subsequently to June 2022, and then further extended to January 2023. The Trust reflects the activity from the PCVP as an equity accounted investment (see also Note 5, "Equity accounted investments") and 100% of the loan provided to the PCVP is recorded in the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.
- (6) In July 2020, the Trust entered into a master credit loan agreement with its partner SmartStop to provide funding for the development of certain self-storage facilities. The master credit loan agreement matures in July 2023 and bears interest at a variable rate based on the Canadian Banker's Acceptance rate plus 245 basis points. In April 2021, this master credit loan agreement was amended which resulted in an increase to total committed amounts from \$65,500 to \$80,800, and the maturity was extended to May 2024. Also in April 2021, the Trust entered into a second master credit loan agreement with SmartStop to provide funding for the development of additional self-storage facilities. This second master credit loan agreement matures in May 2024 with a committed amount of \$34,300. See further details in Note 5(b).
- (7) In January 2021, the Trust entered into a loan agreement pursuant to the closing of the Niagara Falls parcel sale to a third party. The Trust agreed to take back a first charge as security for the loan. The loan agreement matures in January 2023 and bears interest at 5.0% per annum, calculated semi-annually.
- (8) In September 2019, the Trust entered into a loan agreement with Greenwin in connection with the acquisition of a 50% interest in development lands in Barrie, Ontario. As at June 30, 2022, the total remaining credit facility was \$11,694. The loan security includes a first charge on the development lands and is guaranteed by Greenwin. This loan matures in September 2024, and bears interest at the greater of: i) 7.0% per annum, and ii) the Trust's weighted average cost of capital plus 1.25% per annum. In August 2020, Greenwin repaid this loan in advance of the maturity date.
- (9) In January 2020, the Trust entered into a loan agreement with Greenwin, whereby the Trust assisted Greenwin to fund the acquisition of its 25% interest in development lands in Toronto, Ontario (see also Note 5, "Equity accounted investments"). As at June 30, 2022, the total remaining non-revolving term acquisition credit facility was \$1,280. The loan agreement also includes a non-revolving put exercise credit facility in an amount equal to the put purchase price plus any associated closing costs at the time of exercise. The loan security includes a first charge on the development lands and is guaranteed by Greenwin. This loan matures in January 2025, and bears interest at the greater of: i) 7.0% per annum, and ii) the Trust's weighted average cost of capital plus 1.25% per annum. In August 2020, Greenwin repaid this loan in advance of the maturity date.
- (10) In October 2021, the Trust entered into a loan agreement pursuant to the sale of the Innisfil property to a third party. The Trust agreed to take back a first charge as security for the loan. The loan matures in October 2023 and bears interest at 4.00% per annum, calculated annually. Penguin has assigned its 50% interest in the vendor take-back loan to the Trust as security for the mortgage receivable.
- (11) In 2022, the Trust entered into a loan agreement with Mascouche North Apartments Limited Partnership to provide Construction Facility Loan with maximum limit up to \$14,000 which bears Canadian Banker's Acceptance rate plus 120 basis points maturing on May 6, 2022. This agreement was amended in April 2022 with increased limit up to \$17,000 maturing June 10, 2022, and further amended in May 2022 with increased limit up to \$20,000 maturing July 8, 2022, and further amended in June 2022 with increased limit up to \$25,000 maturing August 10, 2022. This loan was fully repaid upon its maturity.

Management considers all outstanding loans to be fully collectible.

c) Notes receivable of \$2,924 (December 31, 2021 – \$2,924) have been granted to Penguin (see also Note 20, "Related party transactions"). As at June 30, 2022, these secured demand notes bear interest at the rate of 9.00% per annum (December 31, 2021 – 9.00%).

The estimated fair values of mortgages, loans and notes receivable are based on their respective current market rates, bearing similar terms and risks. This information is disclosed in Note 13, "Fair value of financial instruments".

7. Other financial assets

The following table summarizes the components of other financial assets:

As at	Note	June 30, 2022	December 31, 2021
Cash held as collateral (a)		100,611	50,279
Total return swap receivable (b)		96,201	46,869
Interest rate swap agreements	11	31,895	—
		228,707	97,148

a) Cash held as collateral

The Trust has pledged \$100,611 (December 31, 2021 – \$50,279) of cash and cash equivalents with a Canadian financial institution as collateral to secure the payment and performance of all secured obligations under the total return swap agreement, see also Note 7(b).

b) Total return swap receivable

The following table summarizes the activity in the total return swap receivable:

	December 31, 2021	Additions	Distributions received	Fair value adjustments	June 30, 2022
Total return swap receivable	46,869	56,917	(1,347)	(6,238)	96,201

8. Other assets

The following table summarizes the activity in other assets:

	December 31, 2021	Additions	Write-offs	Amortization and other adjustments	June 30, 2022
Straight-line rents receivable	43,564	4,289	(127)	(3,765)	43,961
Tenant incentives	32,478	5,708	(25)	(3,259)	34,902
	76,042	9,997	(152)	(7,024)	78,863
Equipment	1,285	283	—	(306)	1,262
Right-of-use assets	3,613	—	—	(924)	2,689
	80,940	10,280	(152)	(8,254)	82,814

9. Amounts receivable and other, prepaid expenses, deposits and deferred financing costs

The following table presents the components of amounts receivable and other, prepaid expenses, deposits and financing costs:

As at	June 30, 2022	December 31, 2021
Amounts receivable and other		
Tenant receivables	31,492	36,305
Unbilled other tenant receivables	14,068	11,847
Receivables from related party – excluding equity accounted investments	5,138	6,966
Receivables from related party – equity accounted investments	883	581
Other non-tenant receivables	1,939	1,414
Other ⁽¹⁾	13,491	11,383
	67,011	68,496
Allowance for ECL	(11,182)	(18,954)
Amounts receivable and other, net of allowance for ECL	55,829	49,542
Prepaid expenses, deposits and deferred financing costs	44,393	12,289
	100,222	61,831

(1) The amount includes a related party amount of \$9,121 (December 31, 2021 – \$7,987).

Allowance for expected credit loss

The Trust records the ECL to comply with IFRS 9's simplified approach for amounts receivable where its allowance for ECL is measured at initial recognition and throughout the life of the amounts receivable at a total equal to lifetime ECL.

The following table summarizes the reconciliation of changes in the allowance for ECL on amounts receivable:

	Six Months Ended June 30	
	2022	2021
Balance – beginning of period	18,954	19,742
Net allowance recognized as expense (reversal)	(2,055)	4,741
Tenant receivables written off	(5,717)	(2,300)
Balance – end of period	11,182	22,183

10. Debt

The following table presents debt balances:

As at	June 30, 2022	December 31, 2021
Secured debt (a)	1,167,493	1,294,546
Unsecured debt (b)	3,577,071	3,262,356
Revolving operating facilities (c)	384,040	297,625
	5,128,604	4,854,527
Current	378,239	678,406
Non-current	4,750,365	4,176,121
	5,128,604	4,854,527

a) Secured debt

Secured debt bears interest at a weighted average interest rate of 3.67% as at June 30, 2022 (December 31, 2021 – 3.49%). Total secured debt of \$1,167,493 (December 31, 2021 – \$1,294,546) includes \$1,050,117 (December 31, 2021 – \$1,182,078) at fixed interest rates, \$18,267 (December 31, 2021 – \$70,277) at variable interest rates of the Canadian Banker's Acceptance rate plus 170 basis points, and \$99,109 (December 31, 2021 – \$42,191) at a variable interest rate of CDOR plus 106 basis points. Except for the \$99,109 variable rate secured debt noted above, secured debt matures at various dates between 2022 and 2031 and is secured by first or second registered mortgages over specific income properties and properties under development and first general assignments of leases, insurance and registered chattel mortgages.

As at June 30, 2022, secured debt of \$99,109 carries variable rate interest at a rate of CDOR plus 106 basis points and is secured by the Trust's security bank deposit. The Trust borrowed this non-cash secured debt from a Canadian financial institution concurrent with entering the TRS agreement in February 2021. The interest on this secured debt includes floating amounts that are payable at each May, August, November and February commencing in May 2021 to the date the TRS agreement matures or is unwound. See also Note 7(b), "Other financial assets", for further details.

b) Unsecured debt

The following table summarizes the components of unsecured debt:

As at	June 30, 2022	December 31, 2021
Unsecured debentures i)	2,651,449	2,650,571
Credit facilities ii)	753,638	416,223
Other unsecured debt iii)	171,984	195,562
	3,577,071	3,262,356

ij) Unsecured debentures

As at June 30, 2022, unsecured debentures totalled \$2,651,449 (December 31, 2021 – \$2,650,571). Unsecured debentures mature at various dates between 2023 and 2030, with interest rates ranging from 1.74% to 3.99%, and a weighted average interest rate of 3.17% as at June 30, 2022 (December 31, 2021 – 3.17%).

Unsecured debenture activities for the six months ended June 30, 2022

There was no significant activity relating to unsecured debentures during the six months ended June 30, 2022.

Unsecured debenture activities for the six months ended June 30, 2021**Redemptions and Maturity**

In January 2021, the Trust completed the redemption of its 3.730% Series M senior unsecured debentures and 2.876% Series Q senior unsecured debentures, in aggregate principal amounts of \$150,000 and \$150,000, respectively, with yield maintenance costs and accrued interest payable. The yield maintenance costs of \$11,084 relating to the redemptions were recorded in the Trust's consolidated financial statements for the year ended December 31, 2020.

In June 2021, the Trust's 2.757% Series T senior unsecured debentures (the "Senior T Debentures") matured. Aggregate principal amount of Senior T Debentures outstanding was \$323,120 and was fully repaid on maturity.

Credit rating of unsecured debentures

Dominion Bond Rating Services (“DBRS”) provides credit ratings of debt securities for commercial issuers that indicate the risk associated with a borrower’s capabilities to fulfil its obligations. An investment-grade rating must exceed “BB”, with the highest rating being “AAA”. In December 2021, DBRS confirmed the Trust’s BBB(high) rating and changed the trend from stable to negative.

ii) Credit facilities

The following table summarizes the activity for unsecured credit facilities:

(Issued In)	Maturity Date	Annual Interest Rate (%)	Facility Amount	June 30, 2022	December 31, 2021
Non-revolving:					
August 2018 ⁽¹⁾	January 31, 2025	2.980	80,000	80,000	80,000
March 2019 ⁽¹⁾	July 31, 2026	3.520	150,000	150,000	150,000
May 2019 ⁽¹⁾	June 24, 2024	3.146	170,000	170,000	170,000
January 2022	January 19, 2027	BA + 1.20	300,000	300,000	—
Revolving:					
May 2020	May 11, 2024	BA + 1.20	60,000	57,000	17,000
				757,000	417,000
	Less:				
	Unamortized financing costs			(1,403)	(777)
	Unamortized debt modification adjustments			(1,959)	—
				753,638	416,223

(1) The Trust entered into interest rate swap agreements to convert the variable interest rate of the Canadian Banker’s Acceptance rate plus 1.20% into a weighted average fixed interest rate of 3.26% per annum. The weighted average term to maturity of the interest rate swaps is 2.76 years. Hedge accounting has not been applied to the interest rate swap agreements.

iii) Other unsecured debt

Other unsecured debt net of fair value adjustments totalling \$171,984 (December 31, 2021 – \$195,562) at the Trust’s share pertains to loans received from equity accounted investments in connection with contribution agreements relating to joint ventures. The loans are non-interest-bearing with repayment terms based on the distributions that are to be paid pursuant to the limited partnership agreements. The balances of the loans are expected to be paid at the end of their respective terms.

The following table summarizes components of the Trust’s other unsecured debt:

As at	June 30, 2022	December 31, 2021
PCVP (5.00% discount rate) ⁽¹⁾	80,516	80,259
PCVP (5.75% discount rate) ⁽²⁾	78,315	77,828
Vaughan NW RR PropCo LP	12,500	12,500
VMC Residences ⁽³⁾	653	24,975
	171,984	195,562

(1) In connection with the 700 Applewood purchase, in December 2019, the loan has a principal amount outstanding of \$98,679 (December 31, 2021 – \$100,404), is non-interest-bearing, and is repayable at the end of ten years. As at June 30, 2022, the loan balance of \$80,516 is net of a fair value adjustment totalling \$18,163 (December 31, 2021 – the loan balance of \$80,259 is net of a fair value adjustment totalling \$20,145).

(2) In connection with the 700 Applewood purchase, in March 2020, the Trust assumed a loan payable to PCVP from Penguin. The loan has a principal amount outstanding of \$98,679 (December 31, 2021 – \$100,404), is non-interest bearing, and is repayable at the end of ten years. As at June 30, 2022, the loan balance of \$78,315 is net of a fair value adjustment totalling \$20,364 (December 31, 2021 – the loan balance of \$77,828 is net of a fair value adjustment totalling \$22,576). See also Note 6(b) reflecting offsetting loan receivable amount.

(3) In connection with the Transit City condominium closings, \$nil was received and \$24,321 was settled during the six months ended June 30, 2022 (year ended December 31, 2021 – \$24,321 was received and \$52,824 was settled). See Note 5, “Equity accounted investments.”

c) Revolving operating facilities

As at June 30, 2022, the Trust had:

i) a \$500,000 unsecured revolving operating facility bearing interest at a variable interest rate based on either bank prime rate plus 20 basis points or the Canadian Banker’s Acceptance rate plus 120 basis points, which matures on August 20, 2026 (in addition, the Trust has an accordion feature of \$250,000 whereby the Trust has an option to increase its facility amount with the lenders to sustain future operations as required); and

ii) a \$150,000 revolving senior unsecured term facility under which the Trust has the ability to draw funds based on bank prime rates and Canadian Banker’s Acceptance rate for Canadian dollar-denominated borrowings, and LIBOR rates or U.S.

prime rates for U.S. dollar-denominated borrowings. Concurrently with the U.S. dollar draws, the Trust enters into cross currency swaps to exchange its U.S. dollar borrowings into Canadian dollar borrowings.

The following table summarizes components of the Trust's revolving operating facilities:

	Annual Interest Rate (%)	Facility Amount	Amount Drawn	Outstanding Letters of Credit	Remaining Undrawn Facilities	
					June 30, 2022	December 31, 2021
Revolving facility maturing August 2026	BA + 1.20	500,000	235,000	14,082	250,918	341,715
Revolving facility maturing February 2024 ⁽¹⁾	US\$ LIBOR + 1.20	150,000	149,040	—	—	—
			384,040		250,918	341,715

(1) The Trust has drawn in U.S. dollars the equivalent of CAD \$150,000, which was translated to \$149,040 as at June 30, 2022 (December 31, 2021 – \$147,625).

d) Interest expense

The following table summarizes interest expense:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Interest at stated rates	38,900	38,412	76,629	77,141
Amortization of acquisition date fair value adjustments on assumed debt	(122)	(132)	(247)	(270)
Adjustment on debt modification	(1,960)	—	(1,960)	—
Amortization of deferred financing costs	884	1,008	1,906	2,045
	37,702	39,288	76,328	78,916
Interest capitalized to properties under development	(5,408)	(3,781)	(10,178)	(7,473)
Interest capitalized to residential development inventory	(252)	(242)	(497)	(478)
	A	32,042	35,265	70,965
Distributions on Units classified as liabilities and vested deferred units	4,379	1,388	8,669	2,889
Distributions capitalized to properties under development	(2,569)	—	(5,137)	—
	B	1,810	3,532	2,889
	A + B	33,852	36,653	73,854

The following table presents a reconciliation between the interest expense and the cash interest paid:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Interest expense	33,852	36,653	69,185	73,854
Amortization of acquisition date fair value adjustments on assumed debt	122	132	247	270
Adjustment on debt modification	1,960	—	1,960	—
Amortization of deferred financing costs	(884)	(1,008)	(1,906)	(2,045)
Distributions on Units classified as liabilities and vested deferred units	(4,379)	(1,388)	(8,669)	(2,889)
Change in accrued interest payable	12,363	15,184	358	15,727
Cash interest paid	43,034	49,573	61,175	84,917

For the six months ended June 30, 2022, including cash interest paid of \$61,175 (six months ended June 30, 2021 – \$84,917) and interest capitalized to both properties under development and residential development inventory of \$10,675 (six months ended June 30, 2021 – \$7,951), total interest paid was \$71,850 (six months ended June 30, 2021 – \$92,868).

e) **Liquidity**

The Trust's liquidity position is monitored by management on a regular basis. The table below provides the contractual maturities of the Trust's material financial obligations including debentures, mortgage receivable advances and development commitments:

	Total	2022	2023	2024	2025	2026	Thereafter
Secured debt	1,168,775	101,296	238,028	151,032	510,449	98,121	69,849
Unsecured debt	3,627,512	13,153	200,000	327,000	590,000	400,000	2,097,359
Revolving operating facilities	385,000	—	385,000	—	—	—	—
Interest obligations ⁽¹⁾	642,817	118,256	136,068	121,357	106,318	83,934	76,884
Accounts payable	251,313	251,313	—	—	—	—	—
Other payable	38,306	11,607	8,037	72	8,590	—	10,000
Long term incentive plan	741	—	741	—	—	—	—
	6,114,464	495,625	967,874	599,461	1,215,357	582,055	2,254,092
Mortgage receivable advances (repayments) ⁽²⁾	154,432	430	6,768	32,749	(30,502)	7,408	137,579
Development obligations (commitments)	20,408	20,408	—	—	—	—	—
Total	6,289,304	516,463	974,642	632,210	1,184,855	589,463	2,391,671

(1) Interest obligations represent expected interest payments on secured debt, unsecured debt, and revolving operating facilities under the assumption that the balances are repaid at maturity, and do not represent a separate contractual obligation.

(2) Mortgages receivable of \$139,286 at June 30, 2022, and further forecasted commitments of \$154,432, mature over a period extending to 2028 if the Trust does not exercise its option to acquire the investment properties. Refer to Note 6, "Mortgages, loans and notes receivable", for timing of principal repayments.

11. Other financial liabilities

The following table summarizes the components of other financial liabilities:

As at	Note	June 30, 2022	December 31, 2021
Units classified as liabilities (a)		217,104	254,223
Deferred unit plan (c)		47,004	50,660
LTIP (d)		741	697
EIP (e)		13,119	10,377
Currency swap agreement		976	2,374
Interest rate swap agreements	7	—	7,754
		278,944	326,085

a) Units classified as liabilities

The following table represents the number and carrying value of Units classified as liabilities that are issued and outstanding. The fair value measurement of the Units classified as liabilities is described in Note 13, "Fair value of financial instruments".

	Number of Units Issued and Outstanding (#)	Carrying Value (\$)
Balance – January 1, 2022	7,897,571	254,223
Change in carrying value	N/A	(37,119)
Balance – June 30, 2022	7,897,571	217,104
Balance – January 1, 2021	2,100,470	48,479
Change in carrying value	N/A	13,212
Balance – June 30, 2021	2,100,470	61,691

b) Earnout options

As part of the consideration paid for certain investment property acquisitions, the Trust has granted options in connection with the development management agreements (see also Note 4(d)).

The following table summarizes the number of Earnout options exercised and proceeds received during the six months ended June 30, 2022 and June 30, 2021:

Options	Strike Price	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
		Options Exercised (#)	Amounts from Options Exercised (\$)	Options Exercised (#)	Amounts from Options Exercised (\$)
Options to acquire Class B Smart LP III Units ⁽¹⁾	Market price	121,426	392	33,287	814
Options to acquire Class B Smart LP IV Units ⁽²⁾	Market price	21,785	572	24,516	695
Options to acquire Class B ONR LP I Units ⁽³⁾	Market price	—	—	52,487	—
		143,211	964	110,290	1,509

(1) Each option is represented by a corresponding Class C Smart LP III Unit.

(2) Each option is represented by a corresponding Class C Smart LP IV Unit.

(3) Each option is represented by a corresponding Class C ONR LP I Unit.

c) *Deferred unit plan*

The following table summarizes the number of outstanding deferred units:

	Outstanding	Vested	Unvested
Balance – January 1, 2022	1,667,421	1,397,141	270,280
Granted			
Trustees	44,970	44,970	—
Eligible associates	181,388	92,043	89,345
Reinvested units from distributions	56,407	47,129	9,278
Vested	—	47,566	(47,566)
Redeemed for cash	(82,637)	(82,637)	—
Forfeited	(8,969)	—	(8,969)
Balance – June 30, 2022	1,858,580	1,546,212	312,368
Balance – January 1, 2021	1,305,275	1,068,243	237,032
Granted			
Trustees	71,205	71,205	—
Eligible associates	231,360	115,680	115,680
Reinvested units from distributions	51,898	43,009	8,889
Vested	—	46,103	(46,103)
Exchanged for Trust Units	(197)	(197)	—
Redeemed for cash	(9,687)	(9,687)	—
Forfeited	(621)	—	(621)
Balance – June 30, 2021	1,649,233	1,334,356	314,877

The following table summarizes the change in the carrying value of the deferred unit plan:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Carrying value – beginning of period	54,265	36,541	50,660	28,051
Deferred units granted for trustee fees	—	50	712	846
Deferred units granted for bonuses	1,486	1,544	2,900	2,702
Reinvested distributions on vested deferred units	729	416	1,405	948
Compensation expense – reinvested distributions and amortization	848	1,004	1,576	1,778
Exchanged for Trust Units	—	(4)	—	(4)
Redeemed for cash	(1,423)	(62)	(2,593)	(258)
Fair value adjustment – vested and unvested deferred units	(8,901)	4,046	(7,656)	9,472
Carrying value – end of period	47,004	43,535	47,004	43,535

d) *LTIP*

The following table summarizes the activities in the LTIP:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Balance – beginning of period	722	902	697	1,540
Amortization	72	104	144	343
Fair value adjustment	(53)	(96)	(100)	30
LTIP vested and paid out	—	—	—	(1,003)
Balance – end of period	741	910	741	910

e) **EIP**

The following summarizes the outstanding number of performance units associated with the EIP:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Balance – beginning of period ⁽¹⁾	1,359,457	911,047	1,339,699	—
Granted				
Mitchell Goldhar ⁽²⁾	—	—	—	900,000
Eligible associates ⁽²⁾	—	471,000	—	471,000
Reinvested units from distributions	21,051	14,768	40,809	25,815
Balance – end of period	1,380,508	1,396,815	1,380,508	1,396,815

(1) The beginning balance of 2022 includes performance units that were granted to Mitchell Goldhar and eligible associates during the year ended December 31, 2021, as well as performance units that were reinvested from distributions, and certain performance units that were terminated.

(2) Under the EIP granted to Mitchell Goldhar, the \$26.00 Unit price threshold was achieved on April 5, 2021, and the \$28.00 Unit price threshold was achieved on May 18, 2021, and under the EIP granted to Mitchell Goldhar and other eligible associates, the \$30.00 Unit price threshold was achieved on September 22, 2021, and the \$32.00 Unit price threshold was achieved on April 5, 2022. The performance units for these Unit price thresholds will vest on April 4, 2024, May 17, 2024, September 21, 2024 and April 4, 2025, respectively.

The following table summarizes the change in the carrying value of the EIP:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Balance – beginning of period	14,052	1,385	10,377	—
Amortization costs – Mitchell Goldhar ⁽¹⁾	1,171	1,361	2,559	2,433
Amortization costs – eligible associates	568	214	1,377	214
Fair value adjustment – Mitchell Goldhar ⁽²⁾	(1,898)	832	(625)	1,145
Fair value adjustment – eligible associates ⁽²⁾	(774)	(9)	(569)	(9)
Balance – end of period	13,119	3,783	13,119	3,783

(1) These amounts were capitalized to properties under development in connection with Mitchell Goldhar's role in leading and completing development activities.

(2) Represents the fair value adjustments on EIP, see Note 23, "Fair value adjustments".

12. Accounts and other payables

The following table presents accounts payable and the current portion of other payables that are classified as current liabilities:

As at	Note	June 30, 2022	December 31, 2021
Accounts payable		69,024	75,148
Accounts payable and accrued liabilities with Penguin	20	2,223	3,370
Tenant prepaid rent, deposits, and other payables		123,617	118,457
Residential sales deposits		8,954	375
Accrued interest payable		13,052	13,410
Distributions payable		26,567	26,600
Realty taxes payable		7,876	3,193
Current portion of other payables		12,078	12,525
		263,391	253,078

The following table presents other payables that are classified as non-current liabilities:

As at	Note	June 30, 2022	December 31, 2021
Future land development obligations with Penguin	12(a)	18,798	18,931
Lease liability – investment properties ⁽¹⁾	4(c)(ii)	8,345	8,283
Lease liability – other		2,667	3,554
Total other payables		29,810	30,768
Less: Current portion of other payables		(12,078)	(12,525)
Total non-current portion of other payables		17,732	18,243

(1) Leasehold properties with bargain purchase options are accounted for as leases.

a) Future land development obligations

The future land development obligations represent payments required to be made to Penguin (see also Note 20, “Related party transactions”) for certain undeveloped lands acquired from 2006 to 2015, either on completion and rental of additional space on the undeveloped lands or, if no additional space is completed on the undeveloped lands, at the expiry of the development management agreement periods ending in 2022 to 2025, which may be extended up to 2027. The accrued future land development obligations are measured at their amortized values using imputed interest rates ranging from 4.50% to 5.50%. For the six months ended June 30, 2022, imputed interest of \$209 (six months ended June 30, 2021 – \$426) was capitalized to properties under development.

13. Fair value of financial instruments

The fair value of financial instruments is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's-length transaction based on the current market for assets and liabilities with the same risks, principal and remaining maturity. The following table summarizes the fair value of the Trust's financial instruments:

As at	June 30, 2022			December 31, 2021		
	FVTPL	Amortized cost	Total	FVTPL	Amortized cost	Total
Financial assets						
Mortgages, loans and notes receivable	—	449,677	449,677	—	414,215	414,215
Amounts receivable and other	—	55,829	55,829	—	49,542	49,542
Cash and cash equivalents	—	34,686	34,686	—	62,235	62,235
Cash held as collateral	—	100,611	100,611	—	50,279	50,279
Total return swap receivable	96,201	—	96,201	46,869	—	46,869
Interest rate swap agreements	31,895	—	31,895	—	—	—
Financial liabilities						
Accounts and other payables	—	263,391	263,391	—	253,078	253,078
Secured debt	—	1,152,282	1,152,282	—	1,344,257	1,344,257
Unsecured debt	—	3,278,619	3,278,619	—	3,284,160	3,284,160
Revolving operating facilities	—	384,040	384,040	—	297,625	297,625
Units classified as liabilities	217,104	—	217,104	254,223	—	254,223
Deferred unit plan	47,004	—	47,004	50,660	—	50,660
LTIP	741	—	741	697	—	697
EIP	13,119	—	13,119	10,377	—	10,377
Currency swap agreements	976	—	976	2,374	—	2,374
Interest rate swap agreements	—	—	—	7,754	—	7,754

Fair value hierarchy

The Trust values financial assets and financial liabilities carried at fair value using quoted closing market prices, where available. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities. When quoted market prices are not available, the Trust maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. Valuations at this level are more subjective and, therefore, more closely managed. Such assessment has not indicated that any material difference would arise due to a change in input variables. The following table categorizes the inputs used in valuation methods for the Trust's financial liabilities measured under FVTPL:

As at	June 30, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Recurring measurements:						
Financial asset						
Fair value of total return swap agreements	—	96,201	—	—	46,869	—
Fair value of interest rate swap agreements	—	31,895	—	—	—	—
Financial liabilities						
Units classified as liabilities	—	217,104	—	—	254,223	—
Deferred unit plan	—	47,004	—	—	50,660	—
LTIP	—	741	—	—	697	—
EIP	—	13,119	—	—	10,377	—
Fair value of currency swap agreements	—	976	—	—	2,374	—
Fair value of interest rate swap agreements	—	—	—	—	7,754	—

Refer to Note 11, "Other financial liabilities", for a reconciliation of fair value measurements.

14. Unit equity

The following table presents the number of Units issued and outstanding and the related carrying value of Unit equity. The Limited Partnership Units are classified as non-controlling interests in the unaudited interim condensed consolidated balance sheets and the unaudited interim condensed consolidated statements of equity.

	Note	Number of Units Issued and Outstanding (#)			Carrying Value (\$)		
		Trust Units	Smart LP Units	Total Units	Trust Units	Smart LP Units	Total
Balance – January 1, 2022		144,625,322	25,568,688	170,194,010	3,090,368	641,944	3,732,312
Options exercised	4(d), 11(b)	—	31,074	31,074	—	964	964
Unit issuance costs		—	—	—	(250)	—	(250)
Balance – June 30, 2022		144,625,322	25,599,762	170,225,084	3,090,118	642,908	3,733,026
Balance – January 1, 2021		144,618,657	25,502,085	170,120,742	3,090,188	640,206	3,730,394
Options exercised	4(d), 11(b)	—	58,840	58,840	—	1,509	1,509
Deferred units exchanged for Trust Units	11(c)	135	—	135	4	—	4
Unit issuance costs		—	—	—	(18)	—	(18)
Balance – June 30, 2021		144,618,792	25,560,925	170,179,717	3,090,174	641,715	3,731,889

The following table presents the number and carrying values of LP Class B Units issued and outstanding:

LP Class B Unit Type	Number of Units Issued and Outstanding (#)			Carrying Value (\$)		
	Balance – January 1, 2022	Options Exercised (Note 11(b))	Balance – June 30, 2022	Balance – January 1, 2022	Value From Options Exercised (Note 11(b))	Balance – June 30, 2022
Smart Limited Partnership	16,424,430	—	16,424,430	392,327	—	392,327
Smart Limited Partnership II	756,525	—	756,525	17,680	—	17,680
Smart Limited Partnership III	4,039,184	12,419	4,051,603	108,097	392	108,489
Smart Limited Partnership IV	3,093,910	18,655	3,112,565	88,857	572	89,429
Smart Oshawa South Limited Partnership	710,416	—	710,416	20,441	—	20,441
Smart Oshawa Taunton Limited Partnership	374,223	—	374,223	11,033	—	11,033
Smart Boxgrove Limited Partnership	170,000	—	170,000	3,509	—	3,509
	25,568,688	31,074	25,599,762	641,944	964	642,908

LP Class B Unit Type	Number of Units Issued and Outstanding (#)			Carrying Value (\$)		
	Balance – January 1, 2021	Options Exercised (Note 11(b))	Balance – June 30, 2021	Balance – January 1, 2021	Value From Options Exercised (Note 11(b))	Balance – June 30, 2021
Smart Limited Partnership	16,416,667	—	16,416,667	392,097	—	392,097
Smart Limited Partnership II	756,525	—	756,525	17,680	—	17,680
Smart Limited Partnership III	4,006,661	32,523	4,039,184	107,284	814	108,098
Smart Limited Partnership IV	3,067,593	26,317	3,093,910	88,162	695	88,857
Smart Oshawa South Limited Partnership	710,416	—	710,416	20,441	—	20,441
Smart Oshawa Taunton Limited Partnership	374,223	—	374,223	11,033	—	11,033
Smart Boxgrove Limited Partnership	170,000	—	170,000	3,509	—	3,509
	25,502,085	58,840	25,560,925	640,206	1,509	641,715

a) Authorized Units*Trust Units (authorized – unlimited)*

Each voting Trust Unit represents an equal undivided interest in the Trust. All Trust Units outstanding from time to time are entitled to participate pro rata in any distributions by the Trust and, in the event of termination or windup of the Trust, in the net assets of the Trust. All Trust Units rank among themselves equally and rateably without discrimination, preference or priority. Unitholders are entitled to require the Trust to redeem all or any part of their Trust Units at prices determined and payable in accordance with the conditions provided for in the Declaration of Trust. A maximum amount of \$50 may be redeemed in total in any one month unless otherwise waived by the Board of Trustees.

In accordance with the Declaration of Trust, distributions to Unitholders are declared at the discretion of the Trustees. The Trust endeavours to declare distributions in each taxation year in such an amount as is necessary to ensure that the Trust will not be subject to tax on its net income and net capital gains under Part I of the *Tax Act*.

The Trust is authorized to issue an unlimited number of Special Voting Units that will be used to provide voting rights to holders of securities exchangeable, including all series of Class B Smart LP Units, Class D Smart LP Units, Class B Smart LP II Units, Class B Smart LP III Units, Class B Smart LP IV Units, Class B Smart Oshawa South LP Units, Class D Smart Oshawa South LP Units, Class B Smart Oshawa Taunton Units, Class D Oshawa Taunton Units, Class B Smart Boxgrove LP Units, Class B ONR LP Units and Class B ONR LP I Units, into Trust Units. Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust. Each Special Voting Unit entitles the holder to the number of votes at any meeting of Unitholders of the Trust that is equal to the number of Trust Units into which the exchangeable security is exchangeable or convertible. Special Voting Units are cancelled on the issuance of Trust Units on exercise, conversion or cancellation of the corresponding exchangeable securities.

As at June 30, 2022, there were 33,519,699 (December 31, 2021 – 33,457,551) Special Voting Units outstanding, which are associated with those LP Units that have voting rights. There is no value assigned to the Special Voting Units. These Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust; nor are they convertible into any Trust securities.

Pursuant to the Voting Top-Up Right agreement made in December 2020 between the Trust and Penguin, which was approved by Unitholders, the following amendments were made: i) extension of the Voting Top-Up Right for five years, ending December 31, 2025, ii) extension of the designation of Units as Variable Voting Units until December 31, 2025, and iii) an increase to the alternative ownership threshold from 20,000,000 Units to 22,800,000 Units, including exchangeable LP Units. The total number of Special Voting Units is adjusted for each annual meeting of the Unitholders based on changes in Penguin's ownership interest (see also Note 20, "Related party transactions").

15. Unit distributions

Pursuant to the Declaration of Trust, the Trust endeavours to distribute annually such amount as is necessary to ensure the Trust will not be subject to tax on its net income under Part I of the *Tax Act*. The following table presents Unit distributions declared:

Unit Type Subject to Distributions	Six Months Ended June 30	
	2022	2021
Trust Units	133,781	133,775
Limited Partnership Units	23,677	23,629
Other non-controlling interest	283	—
Distributions on Units classified as equity	157,741	157,404
Distributions on Units classified as liabilities	7,303	1,941
Total Unit distributions	165,044	159,345

On July 22, 2022, the Trust declared a distribution for the month of July 2022 of \$0.15417 per Unit, representing \$1.85 per Unit on an annualized basis, to Unitholders of record on July 29, 2022.

16. Rentals from investment properties and other

The following table presents rentals from investment properties and other:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Gross base rent	128,831	125,352	255,790	249,013
Less: Amortization of tenant incentives	(1,599)	(1,852)	(3,284)	(4,183)
Net base rent	127,232	123,500	252,506	244,830
Property tax and insurance recoveries	44,788	45,370	89,850	92,744
Property operating cost recoveries	20,331	18,625	47,655	43,033
	65,119	63,995	137,505	135,777
Miscellaneous revenue	3,416	2,998	5,731	5,839
Rentals from investment properties	195,767	190,493	395,742	386,446
Service and other revenues ⁽¹⁾	2,529	3,444	5,077	6,329
Rentals from investment properties and other	198,296	193,937	400,819	392,775

(1) For the three months ended June 30, 2022, service and other revenues included \$2,202 relating to the fees associated with the Development and Services Agreement with Penguin (three months ended June 30, 2021 – \$3,122). For the six months ended June 30, 2022, service and other revenues included \$4,314 relating to the recovery of costs and billed as fees associated with the Development and Services Agreement with Penguin (six months ended June 30, 2021 – \$5,636). See also Note 17, "Property operating costs and other" and Note 20, "Related party transactions".

The following table summarizes the future contractual minimum base rent payments under non-cancellable operating leases expected from tenants in investment properties:

As at	June 30, 2022	June 30, 2021
2021 ⁽¹⁾	—	245,265
2022 ⁽¹⁾	251,927	465,038
2023	468,180	397,493
2024	396,815	325,963
2025	327,986	260,198
2026	264,222	198,835
Thereafter	644,098	477,008

(1) Amounts related to remainder of the year.

17. Property operating costs and other

The following table summarizes property operating costs and other:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Recoverable property operating costs ⁽¹⁾	68,354	67,404	145,440	143,148
Property management fees and costs	882	172	1,940	461
Bad debt expense adjustments/ECL	(1,237)	2,262	(2,350)	4,571
Non-recoverable costs	2,435	1,508	4,939	2,982
Property operating costs	70,434	71,346	149,969	151,162
Other expenses ⁽²⁾	2,898	3,459	5,472	6,344
Property operating costs and other	73,332	74,805	155,441	157,506

(1) Includes recoverable property tax and insurance costs.

(2) Includes expenses relating to service and other revenues as disclosed in Note 16, "Rentals from investment properties and other" in the amount of \$2,529 for the three months ended June 30, 2022 and \$5,077 for the six months ended June 30, 2022, and marketing costs for residential inventory in the amount of \$369 for the three months ended June 30, 2022 and \$395 for the six months ended June 30, 2022.

18. General and administrative expense, net

The following table summarizes general and administrative expense, net:

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
Salaries and benefits		17,770	15,534	35,712	31,420
Services fee – by Penguin	20	1,818	1,625	3,641	3,416
Professional fees		1,724	1,522	2,964	2,906
Public company costs		525	613	1,031	1,074
Amortization of intangible assets		333	333	666	666
Other costs including office rent, information technology, marketing, communications, and other employee expenses		2,852	2,668	5,579	5,980
Subtotal		25,022	22,295	49,593	45,462
Previously capitalized general and administrative expenses on completed developments		60	733	60	733
Previously capitalized general and administrative expenses on sale of real estate assets		332	—	332	—
Total general and administrative expense before allocation		25,414	23,028	49,985	46,195
Less:					
Capitalized to properties under development and other assets		(10,492)	(8,605)	(21,092)	(17,791)
Allocated to property operating costs		(4,479)	(3,674)	(9,136)	(7,611)
Recoverable costs billed to Penguin and others		(2,527)	(3,445)	(4,974)	(6,009)
Total amounts capitalized, allocated and charged		(17,498)	(15,724)	(35,202)	(31,411)
General and administrative expense, net		7,916	7,304	14,783	14,784

19. Supplemental cash flow information

The following table presents items not affecting cash and other items relating to the Trust's operating activities:

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
Fair value adjustments	23	(71,166)	3,268	(360,493)	33,095
Loss (gain) on sale of investment properties		(18)	68	104	58
Earnings from equity accounted investments	5	(3,785)	(21,751)	(3,211)	(37,069)
Interest expense	10(d)	33,852	36,653	69,185	73,854
Other financing costs		(30)	135	(1,017)	(126)
Interest income		(3,866)	(3,395)	(6,826)	(6,997)
Amortization of other assets and intangible assets		2,217	1,805	4,783	7,429
Lease obligation interest		138	141	281	281
Deferred unit compensation expense, net of redemptions	11	(575)	942	(1,017)	1,520
LTIP and EIP amortization, net of payment	11	640	104	1,521	(660)
		(42,593)	17,970	(296,690)	71,385

The following table presents changes in other non-cash operating items:

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
Amounts receivable and other	9	(5,957)	112	(6,287)	749
Prepaid expenses, deposits and deferred financing costs	9	(19,356)	(17,988)	(19,279)	(24,170)
Accounts payable	12	(13,404)	(5,658)	(13,404)	(9,211)
Realty taxes payable	12	(9,488)	(9,457)	(9,488)	5,670
Tenant prepaid rent, deposits and other payables	12	10,352	25,651	10,352	16,698
Other working capital changes		4,143	849	9,238	2,472
		(33,634)	(6,491)	(28,868)	(7,792)

The following table presents the Trust's non-cash investing and financing activities:

Non-cash investing and financing activities	Note	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
Units issued on acquisition	3	—	348	964	1,509
Liabilities assumed on acquisition, net of other assets	3	2,008	—	2,008	—
Distributions payable	12	26,567	26,560	26,567	26,600

The following table presents the composition of Trust's cash and cash equivalents:

As at	June 30, 2022	December 31, 2021
Cash	34,686	62,235
Cash and cash equivalents	34,686	62,235

20. Related party transactions

Transactions with related parties are conducted in the normal course of operations.

The following table presents Units owned by Penguin (the Trust's largest Unitholder) as at June 30, 2022, which in total represent approximately 20.8% of the issued and outstanding Units (December 31, 2021 – 20.8%) of the Trust:

Type	Class	Units owned by Penguin	
		June 30, 2022	December 31, 2021
Trust Units	N/A	15,032,063	15,032,063
Smart Limited Partnership	Class B	13,584,561	13,584,561
Smart Limited Partnership	Class F	8,708	8,708
Smart Limited Partnership III	Class B	4,051,603	4,039,184
Smart Limited Partnership IV	Class B	2,873,132	2,858,950
Smart Oshawa South Limited Partnership	Class B	630,880	630,880
Smart Oshawa Taunton Limited Partnership	Class B	374,223	374,223
Smart Boxgrove Limited Partnership	Class B	170,000	170,000
ONR Limited Partnership I	Class B	272,183	272,183
Units owned by Penguin		36,997,353	36,970,752
		Six Months Ended June 30, 2022	Year ended December 31, 2021
Distributions declared to Penguin (in thousands of dollars)		34,218	68,372

Pursuant to the Declaration of Trust, provided certain ownership thresholds are met, the Trust is required to issue or cancel such number of additional Special Voting Units to Penguin that will entitle Penguin to cast 25.0% of the aggregate votes eligible to be cast at a meeting of the Unitholders and Special Voting Unitholders ("Voting Top-Up Right"). As at June 30, 2022, there were 10,053,123 additional Special Voting Units outstanding (December 31, 2021 – 8,163,976). These Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust, nor are they convertible into any Trust securities. There is no value assigned to the Special Voting Units. A five-year extension of the Voting Top-Up Right was approved by Unitholders at the Trust's annual general and special meeting held on December 9, 2020. For further details, see the Trust's management information circular dated November 6, 2020, filed on the System for Electronic Document Analysis and Retrieval ("SEDAR").

The following table presents those Units which Penguin has Earnout options to acquire, upon completion of Earnout events:

Type	Class	June 30, 2022	December 31, 2021
Trust Units	N/A	1,286,833	1,286,833
Smart Limited Partnership	Class B	5,031,072	5,031,072
Smart Limited Partnership III	Class B	1,725,046	1,846,472
Smart Limited Partnership IV	Class B	353,135	369,472
Smart Oshawa South Limited Partnership	Class B	16,082	16,082
Smart Oshawa Taunton Limited Partnership	Class B	132,711	132,711
Smart Boxgrove Limited Partnership	Class B	267,179	267,179
ONR Limited Partnership I	Class B	429,599	429,599
		9,241,657	9,379,420

At June 30, 2022, Penguin's ownership would increase to 24.5% (December 31, 2021 – 24.6%) if Penguin were to exercise all remaining Earnout options.

Pursuant to its rights under the Declaration of Trust, at June 30, 2022, Penguin has appointed two Trustees out of eight.

The other non-controlling interest, which is included in equity, represents a 5.0% equity interest by Penguin in five consolidated investment properties.

The Trust entered into various agreements with Penguin in November 2020 coincident with the extension of the term of the Voting Top-Up Right. For further details, see the Trust's management information circular dated November 6, 2020, filed on SEDAR and below.

Supplement to Development Services Agreement between the Trust and its Affiliates and Penguin

The following represent the key elements of this agreement which is effective from July 1, 2020 until December 31, 2025:

- a) Penguin shall be reimbursed for 50% of disposition fees otherwise payable pursuant to the Development Services Agreement related to Penguin's interest in properties sold by the Trust,
- b) for future SmartVMC commercial phases and certain properties currently owned by Penguin (for which the Trust has historically assisted with development and planning requirements), all development fees are payable to Penguin and all other fees (management, leasing, etc.) are payable to the Trust,
- c) when Penguin utilizes employees of the Trust to assist with its development projects, Penguin will pay for these services provided by employees of the Trust based on annual estimates of time billings related to these projects, charged at estimated total cost, including compensation,
- d) for a property owned by a third party which is managed by Penguin in Richmond, British Columbia, the Trust will be paid 50% of the management and leasing fees, and 100% of costs associated with the Trust's employees/personnel who service this particular property,
- e) for Penguin's 50% interest in a property in Toronto co-owned with Revera to develop a retirement home, Penguin will pay 50% of the development fees it earns to the Trust for the development services provided by the Trust, and
- f) the Trust will continue to manage and develop all other Penguin properties.

Support services are provided for a fee based on an allocation of the Trust's relevant costs of the support services to Penguin. Such relevant costs include: office administration, human resources, information technology, insurance, legal and marketing.

Penguin Services Agreement

The amended and restated services agreement entered into on November 5, 2020 (the "Penguin Services Agreement"), and effective from February 2018 reflects the additional services provided by Penguin since that time. Under the agreement, Penguin provides specified services to the Trust in connection with the development of its projects. In return for those services, Penguin is entitled to receive: i) a fixed quarterly fee of \$1,000 (subject to inflation-related increments after 2018) and ii) an annual variable fee between \$1,500 and \$3,500 (also inflation-adjusted after 2018) that is based on the achievement of the Trust-level targets for "New Development Initiatives" and "New Projects" that the Trust uses to measure the performance of its executive officers and other annual targets (other than such Trust-level targets) of a similar nature that the Trust uses to measure the performance of its executive officers as determined by the Board of Trustees from time to time.

Omnibus Agreement between the Trust and Penguin

Effective December 9, 2020, pursuant to an omnibus agreement between the Trust and Penguin (the "Omnibus Agreement"), Penguin has the option to extend all Earnouts by two years from the previous expiry date, and the Trust has been given a right of first offer in connection with the sale of the economic and financial benefits and rights of any such development parcel during any extended period. In addition, this agreement provides for the payment of certain outstanding amounts between the parties.

Mezzanine Loan Amending Agreements between the Trust and its Affiliates and Penguin

Effective November 5, 2020, all loan maturity dates have been extended to August 31, 2028, with a new rate structure for the extension period of each mortgage receivable (see also Note 6, "Mortgages, loans and notes receivable"). The Trust's purchase option periods have been extended and because these properties may now be subject to mixed-use development projects, the agreements provide that the parties establish a new framework for the purchase options for the Trust related to mixed-use development.

Non-Competition Agreement

Effective November 2020, a non-competition agreement with Penguin replaced and superseded the previous non-competition agreement extending the term by five years and broadening restricted competing initiatives to include various forms of mixed-use development.

Executive Employment Agreement

This agreement confirms Mr. Goldhar's position as Executive Chairman of the Trust for the period from February 14, 2018 to December 31, 2025, for which Mr. Goldhar receives a salary, bonus, customary benefits, and is eligible to participate in the Trust's Deferred Unit Plan and the Equity Incentive Plan (see below).

Equity Incentive Plan

In January 2021, the Trust granted 900,000 performance units to Mitchell Goldhar pursuant to the EIP adopted by Unitholders effective December 9, 2020, which are subject to the achievement of Unit price thresholds. The performance period for this award granted under the EIP is from January 1, 2021 to December 31, 2027. The vesting period for these performance units will commence on the date that the applicable performance measure is achieved, and will end on the earlier of the third anniversary of the date that the applicable performance period is achieved and the end of the performance period. Distributions on these performance units will accumulate from January 1, 2021. Provided the various performance measures are achieved, the performance units will be exchanged for Trust Units or paid out in cash. See also Note 11, "Other financial liabilities".

Related party transactions and balances are also disclosed elsewhere in these unaudited interim condensed consolidated financial statements, which include:

- Note 3(c) referring to the purchase of Earnouts
- Note 4(c) referring to Leasehold property interests
- Note 5(a)(ii) referring to a Supplemental Development Fee Agreement
- Note 6 referring to Mortgages, loans and notes receivable
- Note 8 referring to Other assets
- Note 9 referring to Amounts receivable and other
- Note 11 referring to Other financial liabilities
- Note 12 referring to Accounts and other payables (including future land obligations)
- Note 16 referring to Rentals from investment properties and other
- Note 17 referring to Property operating costs and other, and
- Note 18 relating to General and administrative expenses, net.

The following table summarizes related party transactions and balances with Penguin and other related parties, including amounts relating to the Trust's share in equity accounted investments:

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
Related party transactions with Penguin					
Acquisitions and Earnouts:					
Earnouts		—	8,202	7,363	10,340
Revenues:					
Service and other revenues:					
Management fee and other services revenue pursuant to the Development and Services Agreement		662	1,498	1,234	2,154
Supplement to the Development Services Agreement fees – time billings		1,274	1,274	2,548	2,548
Support services		266	350	532	934
	16	2,202	3,122	4,314	5,636
Interest income from mortgages and loans receivable	6	2,020	1,549	3,673	3,083
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of \$74 (three months ended June 30, 2021 – \$69))		254	45	366	306
		4,476	4,716	8,353	9,025
Expenses and other payments:					
Fees paid – capitalized to properties under development	18	1,819	1,625	3,642	3,416
EIP – capitalized to properties under development		1,172	1361	2,559	2,433
Development fees and interest expense (capitalized to investment properties)		—	12	—	114
Opportunity fees capitalized to properties under development ⁽¹⁾		15	788	30	1,557
Marketing, time billings and other administrative costs (included in general and administrative expense and property operating costs)		1	24	1	44
Disposition fees (included in general and administrative expenses)		—	222	48	280
		3,007	4,032	6,280	7,844
Related party transactions with PCVP					
Revenues:					
Interest income from mortgages and loans receivable	6	327	637	649	1,284
Expenses and other payments:					
Rent and operating costs (included in general and administrative expense and property operating costs)	17, 18	740	667	1,344	1,344

(1) These amounts include prepaid land costs that will offset the purchase price of future Earnouts.

As at	Note	June 30, 2022	December 31, 2021
Related party balances with Penguin disclosed elsewhere in the financial statements			
Receivables:			
Amounts receivable and other ⁽¹⁾	9	14,261	14,953
Mortgages receivable	6(a)	139,286	139,589
Loans receivable	6(b)	115,545	116,966
Notes receivable	6(c)	2,924	2,924
Total receivables		272,016	274,432
Payables and other accruals:			
Accounts payable and accrued liabilities	12	2,223	3,370
Future land development obligations	12	18,798	18,931
Total payables and other accruals		21,021	22,301

(1) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of \$5,140 and other of \$9,121 (December 31, 2021 – \$6,966 and other of \$7,987).

The following table summarizes the related party balances with the Trust's equity accounted investments:

As at	Note	June 30, 2022	December 31, 2021
Related party balances disclosed elsewhere in the financial statements			
Amounts receivable ⁽¹⁾	9	883	581
Loans receivable ⁽²⁾	6(b)	173,015	139,152
Other unsecured debt ⁽³⁾	10(b)(iii)	171,984	195,562

(1) Amounts receivable includes Penguin's portion, which represents \$10 (December 31, 2021 – \$4) relating to Penguin's 50% investment in the PCVP and 50% in Residences (One) LP.

(2) Loans receivable includes Penguin's portion, which represents \$23,932 (December 31, 2021 – \$23,607) relating to Penguin's 50% investment in the PCVP.

(3) Other unsecured debt includes Penguin's portion, which represents \$163 (December 31, 2021 – \$6,243) relating to Penguin's 25% investment in the Residences LP.

Other related party transactions

The following table summarizes other related party transactions:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Legal fees incurred from a law firm in which a partner is a Trustee:				
Capitalized to investment properties	539	72	1,122	150
Included in general and administrative expense	121	434	685	925
	660	506	1,807	1,075

21. Key management and Trustees' compensation

The following table presents the compensation relating to key management:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Salaries and other short-term employee benefits	692	900	1,385	1,752
Deferred unit plan	679	942	1,338	1,678
EIP	(893)	2,366	2,590	3,751
LTIP	19	8	44	373
	497	4,216	5,357	7,554

The following table presents the compensation relating to Trustees:

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Trustees' fees	168	158	337	302
Deferred unit plan	168	158	337	302
	336	316	674	604

22. Segmented information

As at June 30, 2022, the Trust has one reportable segment, which comprises the development, ownership, management and operation of investment properties located in Canada. In measuring performance, the Trust does not distinguish or group its operations on a geographical or any other basis and, accordingly, has a single reportable segment for disclosure purposes.

The Trust's major tenant is Walmart, accounting for 25.4% of the Trust's annualized rentals from investment properties for the six months ended June 30, 2022 (six months ended June 30, 2021 – 25.3%).

23. Fair value adjustments

The following table summarizes the fair value adjustments:

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2022	2021	2022	2021
Investment properties					
Income properties	4	9,464	14,961	39,668	(7,917)
Properties under development	4	205	(4,107)	241,346	12
Fair value adjustment on revaluation of investment properties		9,669	10,854	281,014	(7,905)
Financial instruments					
Total return swap receivable	7	(7,843)	557	(6,238)	1,070
Units classified as liabilities	11(a)	42,173	(5,293)	37,119	(13,212)
Deferred unit plan	11(c)	8,901	(4,046)	7,656	(9,472)
Long term incentive plan	11(d)	53	96	100	(30)
Equity incentive plan	11(e)	2,672	(1,136)	1,194	(1,136)
Interest rate swap agreements	7,11	15,541	(4,300)	39,648	(2,410)
Fair value adjustment on financial instruments		61,497	(14,122)	79,479	(25,190)
Total fair value adjustments		71,166	(3,268)	360,493	(33,095)

24. Risk management

The Trust analyzes its interest rate exposure on a regular basis. The Trust monitors the historical movement of 10-year Government of Canada bonds and performs a sensitivity analysis to identify the possible impact on net income of an interest rate shift. The simulation is performed on a regular basis to ensure the maximum loss potential is within the limit acceptable to management. Management performs the simulation for secured debt, unsecured debt, revolving operating facilities, and mortgages and loans receivable:

Change in interest rate of:	-1.50%	-1.00%	-0.50%	+0.50%	+1.00%	+1.50%
Net income increase (decrease) from variable-rate debt	12,876	8,584	4,292	(4,292)	(8,584)	(12,876)
Net income increase (decrease) from variable-rate mortgages and loans receivable	(4,322)	(2,881)	(1,441)	1,441	2,881	4,322

The Trust is managing risks arising from the interest rate benchmark reform through: i) managing the maturities of its debt agreements, ii) designating successor rates, and iii) holding onto CDOR and LIBOR rates for as long as practicable, prior to transitioning its financial and debt instruments to successor rates.

From time to time, the Trust may enter into interest rate swaps as part of its strategy for managing certain interest rate risks. The Trust recognizes any change in fair value associated with interest rate swap agreements in the unaudited interim condensed consolidated statements of income and comprehensive income.

The sensitivity analysis in the table below reflects the fair value gain (loss) on interest rate swap agreements from possible changes in interest rates.

Change in interest rate of:	-1.50%	-1.00%	-0.50%	+0.50%	+1.00%	+1.50%
Fair value gain (loss) on interest rate swap agreements	(33,520)	(21,999)	(10,647)	11,568	22,440	33,161

The Trust's exposure to interest rate risk is monitored by management on a regular basis (see also Note 10, "Debt").

25. Commitments and contingencies

The Trust has certain obligations and commitments pursuant to development management agreements to complete the purchase of Earnouts totalling approximately 142,000 square feet (December 31, 2021 – 131,000 square feet) of development space from Penguin and others, based on a pre-negotiated formula, as more fully described in Note 4, "Investment properties". As at June 30, 2022, the carrying value of these obligations and commitments included in properties under development was \$49,807 (December 31, 2021 – \$60,700). The timing of completion of the purchase of the Earnouts, and the final prices, cannot be readily determined because they are a function of future tenant leasing.

The Trust has also entered into various other development construction contracts totalling \$20,408 (December 31, 2021 – \$14,934) and commitments relating to equity accounted investments that total \$214,637 (December 31, 2021 – \$293,688), of which the Trust's share is \$90,831 (December 31, 2021 – \$123,584) – see Note 5, "Equity accounted investments", that will be incurred in future periods.

The Trust entered into agreements with Penguin in which the Trust will lend funds in the form of mortgages receivable, as disclosed in Note 6(a). The maximum amount that may be provided under the agreements totals \$293,718 (December 31, 2021 – \$300,796) (see also Note 6, "Mortgages, loans and notes receivable"), of which \$139,286 has been provided as at June 30, 2022 (December 31, 2021 – \$139,589).

As at June 30, 2022, letters of credit totalling \$43,231 (December 31, 2021 – \$34,783) – including letters of credit drawn down under the revolving operating facilities described in Note 10(c) – have been issued on behalf of the Trust by financial institutions as security for debt and for maintenance and development obligations to municipal authorities.

The Trust carries insurance and indemnifies its Trustees and officers against any and all claims or losses reasonably incurred in the performance of their services to the Trust to the extent permitted by law.

The Trust, in the normal course of operations, is subject to a variety of legal and other claims. Management and the Trust's legal counsel evaluate all claims on their apparent merits and accrue management's best estimate of the likely cost to satisfy such claims. Management believes the outcome of current legal and other claims filed against the Trust, after considering insurance coverage, will not have a significant impact on the Trust's unaudited interim condensed consolidated financial statements.

CORPORATE INFORMATION

TRUSTEES

Mitchell Goldhar²
Executive Chairman and CEO
SmartCentres Real Estate Investment Trust,
Owner
The Penguin Group of Companies

Janet Bannister¹
Managing Partner
Real Ventures

Garry Foster^{1,2}
Chief Executive Officer
Cortleigh Capital Inc.

Gregory Howard^{2,3}
Partner
Davies Ward Phillips & Vineberg LLP

Sylvie Lachance¹
Managing Director
Tribal Partners Canada Inc.

Jamie McVicar^{1,3}
Trustee

Sharm Powell^{2,3}
Trustee

Michael Young^{2,3}
Principal
Quadrant Capital Partners Inc.

¹ Audit Committee

² Investment Committee

³ Corporate Governance and Compensation Committee

EXECUTIVE OFFICERS

Mitchell Goldhar
Executive Chairman and CEO

Peter Sweeney
Chief Financial Officer

Mauro Pambianchi
Chief Development Officer

Rudy Gobin
Executive Vice President
Portfolio Management & Investments

Paula Bustard
Executive Vice President of Development

Allan Scully
Executive Vice President of Development

BANKERS

BMO Capital Markets
Canaccord Genuity Corp.
CIBC World Markets
Desjardins Securities Inc.
HSBC Bank Canada
Mizuho Bank, Ltd.
National Bank of Canada
RBC Capital Markets
Scotia Capital
TD Bank Financial Group

AUDITORS

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Toronto, Ontario

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Toronto, Ontario

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