

2023 FIRST QUARTER REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended
March 31, 2023

SMARTCENTRES®
REAL ESTATE INVESTMENT TRUST

SMARTLIVING



COMMITTED TO CANADIAN
RETAIL • RESIDENTIAL • INDUSTRIAL • COMMERCIAL
COMMUNITIES.

TABLE OF CONTENTS

1	Section I — About this Management’s Discussion and Analysis	49	Section VII — Financing and Capital Resources
1	Presentation of Certain Terms Including Non-GAAP Measures	49	Capital Resources and Liquidity
2	Non-GAAP Measures	52	Maintenance Capital Requirements
8	Forward-Looking Statements	53	Debt
		57	Interest Income and Interest Expense
10	Section II — Business Overview, Outlook and Strategic Direction	58	Financial Covenants
10	Creating Exceptional Places to Shop, Live and Work in Canada	59	Unitholders’ Equity
11	Outlook	60	Section VIII — Related Party Transactions
13	Key Business Development, Financial and Operational Highlights for the Three Months Ended March 31, 2023	64	Section IX — Accounting Policies, Risk Management and Compliance
17	Quarterly Results and Trends	64	Significant Accounting Estimates and Policies
		64	Risks and Uncertainties
19	Section III — Development Activities	64	Income Taxes and the REIT Exception
19	Mixed-Use Development Initiatives	64	Environmental, Social and Governance
24	Residential Development Inventory	65	Disclosure Controls and Procedures and Internal Control Over Financial Reporting
25	Properties Under Development		
26	Completed and Future Earnouts and Developments on Existing Properties	65	Section X — Glossary of Terms
28	Section IV — Business Operations and Performance		
28	Results of Operations - Balance Sheets, Income Statements, NOI, SPNOI, Adjusted EBITDA		
32	Other Measures of Performance - FFO, AFFO, Weighted Average Units, ACFO, Distributions		
37	General and Administrative Expense		
38	Section V — Leasing Activities and Lease Expiries		
38	Leasing Activities		
39	Tenant Profile		
41	Lease Expiries		
43	Section VI — Asset Profile		
43	Investment Properties		
45	Equity Accounted Investments		
47	Amounts Receivable and Other, and Prepaid Expenses, Deposits and Deferred Financing Costs		
48	Mortgages, Loans and Notes Receivable		

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 months ended March 31, 2023, 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, 2022 and 2021, and the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023, 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 months ended March 31, 2023.

This MD&A is dated May 10, 2023, which is the date of the press release announcing the Trust's results for the three months ended March 31, 2023. 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"), Adjusted Debt, Adjusted Funds From Operations ("AFFO"), AFFO with adjustments, AFFO per Unit, AFFO with adjustments per Unit, 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, Debt to Aggregate Assets, Debt to Aggregate Assets excluding TRS debt and receivable, Debt to Gross Book Value, Fixed Charge Coverage Ratio, Fixed Rate to Variable Rate Debt Ratio, Forecasted Annualized NOI, Funds From Operations ("FFO"), FFO with adjustments, FFO per Unit, FFO with adjustments per Unit, Interest Coverage Ratio, Net Operating Income ("NOI"), Investment Properties – non-GAAP, Payout Ratio to ACFO, Payout Ratio to AFFO, Payout Ratio to AFFO with adjustments, Proportionate Share Reconciliation, Recovery Ratio, Same Properties NOI ("SPNOI"), Total Proportionate Share, Transactional FFO, Unencumbered Assets, Unencumbered Assets to Unsecured Debt, and 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 months ended March 31, 2023 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")	<p>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. 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 January 2023.</p> <p>ACFO is 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.</p>	Section IV — Business Operations and Performance, "Other Measures of Performance"
Adjusted Debt and Net Debt	<p>Adjusted Debt is defined as Debt, inclusive of the Trust's share of debt in equity accounted investments, net of loans receivable and cash-on-hand. Net Debt is defined as Debt, inclusive of the Trust's share of debt in equity accounted investments, net of cash-on-hand.</p> <p>Adjusted Debt and Net 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 and Net Debt to calculate certain covenant ratios, and to assess the Trust's level of indebtedness.</p>	Section VII — Financing and Capital Resources, "Debt", "Financial Covenants"
Adjusted Debt to Adjusted EBITDA	<p>Adjusted Debt to Adjusted EBITDA is defined as Adjusted Debt divided by Adjusted EBITDA.</p> <p>The ratio is 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 ratio to assess the Trust's level of leverage and its capacity to borrow.</p>	Section IV — Business Operations and Performance, "Results of Operations"
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 (loss) 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"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
<p>Adjusted Interest Expense including Capitalized Interest</p> <p>and</p> <p>Debt Service Expense</p>	<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>	<p>Section VII — Financing and Capital Resources, "Financial Covenants"</p>
<p>Adjusted Funds From Operations ("AFFO")</p> <p>and</p> <p>AFFO with adjustments</p> <p>and</p>	<p>AFFO is non-GAAP financial measure of operating performance widely used by the real estate industry in Canada. AFFO is calculated as FFO less straight-line rent, normalized capital expenditures and leasing costs. The Trust calculates AFFO in accordance with the recommendations of REALpac's January 2022 guidance. AFFO with adjustments is calculated as AFFO less non-recurring items such as TRS gain (loss), FFO sourced from condominium and townhome closings, and gain (loss) on sale of land to co-owners.</p> <p>AFFO per Unit, and AFFO with adjustments per Unit are defined as AFFO, and AFFO with adjustments divided by weighted average number of Units.</p>	<p>Section IV — Business Operations and Performance, "Other Measures of Performance"</p>
<p>AFFO per Unit</p> <p>and</p> <p>AFFO with adjustments per Unit</p>	<p>Management considers AFFO, AFFO with adjustments, AFFO per Unit, and AFFO with adjustments per Unit as meaningful measures of recurring economic earnings and relevant in understanding the Trust's ability to service its debt, funding capital expenditures and determining an appropriate level of distributions.</p> <p>Management also considers these measures to be useful measures of operating performance as they further adjust FFO for capital expenditures that sustain income producing properties and eliminates the impact of straight-line rent.</p>	
<p>Aggregate Assets</p> <p>and</p> <p>Gross Book Value</p>	<p>Aggregate Assets is defined as the Trust's total proportionate share of assets, less cash-on-hand. Gross Book Value is defined as the total proportionate share of assets, less cash-on-hand and fair value adjustments on investment properties net of accumulated amortization.</p> <p>Aggregate Assets, 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, and Gross Book Value to calculate certain covenant ratios, and to assess the Trust's ability to continue to grow.</p>	<p>Section VII — Financing and Capital Resources, "Financial Covenants"</p>

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Debt to Aggregate Assets and Debt to Aggregate Assets (excluding TRS debt and receivable)	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). 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.	Section VII — Financing and Capital Resources, "Financial Covenants"
Debt to Gross Book Value	Debt to Gross Book Value is defined as Net Debt divided by Gross Book Value. 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.	Section VII — Financing and Capital Resources, "Financial Covenants"
Fixed Charge Coverage Ratio	Fixed Charge Coverage Ratio is defined as Adjusted EBITDA divided by Debt Service Expense. 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.	Section VII — Financing and Capital Resources, "Financial Covenants"
Fixed Rate to Variable Rate Debt Ratio	Fixed Rate to Variable Rate Debt Ratio is defined as the percentage of Fixed Rate Debt out of total Debt compared with the percentage of Variable Rate Debt (excluding interest rate swap agreements with fixed interest rates) out of total Debt. The ratio is intended to be used by investors to assess the Trust's ability to service its debt against the fluctuation of interest rate.	Section VII — Financing and Capital Resources, "Financial Covenants"
Forecasted Annualized NOI	Forecasted Annualized NOI is defined as management's estimate of NOI for the next fiscal year, based on the current period's NOI. 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.	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") and FFO with adjustments and FFO per Unit and FFO with adjustments per Unit	<p>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.</p> <p>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.</p> <p>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 TRS gain (loss), FFO sourced from condominium and townhome closings, and gain (loss) on sale of land to co-owners.</p> <p>FFO per Unit, and FFO with adjustments per Unit are defined as FFO, and FFO with adjustments divided by weighted average number of Units.</p> <p>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.</p>	Section IV — Business Operations and Performance, "Other Measures of Performance"
Interest Coverage Ratio	<p>Interest Coverage Ratio is defined as Adjusted EBITDA divided by Adjusted Interest Expense including Capitalized Interest.</p> <p>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.</p>	Section VII — Financing and Capital Resources, "Financial Covenants"
Investment Properties – non-GAAP	<p>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.</p> <p>The measure is intended to be used by investors to measure the amount of the Trust's entire portfolio.</p>	Section VI — Asset Profile, "Investment Properties"
Net Operating Income ("NOI")	<p>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".</p> <p>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.</p>	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	Payout Ratio to ACFO, Payout Ratio to AFFO, and Payout Ratio to AFFO with adjustments are defined as distributions declared divided by ACFO, AFFO, and AFFO with adjustments. It is the proportion of earnings paid out as dividends to Unitholders.	Section IV — Business Operations and Performance, "Other Measures of Performance"
and	The measures are 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.	
Payout Ratio to AFFO		
and		
Payout Ratio to AFFO with adjustments		
Proportionate Share Reconciliation	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"
and		
Total Proportionate Share	"Proportionate Share Reconciliation" represents the adjustment to account for the Trust's proportionate share of equity accounted investments.	
	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	The Recovery Ratio is defined as property operating cost recoveries divided by recoverable costs.	Section IV — Business Operations and Performance, "Results of Operations"
	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.	

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Same Properties NOI ("SPNOI")	<p>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 current period and the same period in the prior year. Any NOI from properties either acquired, Earnouts, developed or disposed of, outside of the periods mentioned above, are excluded from Same Properties NOI. Certain non-cash items including straight-line rent and amortization of tenant incentives are also excluded to present the SPNOI on a cash basis.</p> <p>Same Properties NOI is intended to be used by investors and management as profitability growth indicators on the Trust's existing investment property portfolio.</p>	Section IV — Business Operations and Performance, "Results of Operations"
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"
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”, including forward-looking information within the meaning of applicable Canadian securities laws, 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 March 31, 2023”, “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 Capital Requirements”, “Debt” (which includes “Unencumbered Assets”), and “Risks and Uncertainties”.

More specifically, certain statements contained in this MD&A, 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; 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 capital requirements, 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; 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 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 not be re-imposed in any material respects; that there will be a return to a reasonably stable retail environment; a rising interest rate environment; a continuing trend toward land use intensification, including residential development in urban and suburban markets; access to equity and debt capital markets, and to bank and mortgage financing, to fund, at acceptable costs, future capital requirements and to enable the refinancing of debts as they mature on acceptable terms; the availability of investment opportunities for growth in Canada; the timing and ability of the Trust to sell certain properties; the timing and ability of the Trust and its joint venture partners to pre-sell and close on the sale of condominium and townhome units as well as lease available residential rental units; 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 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 continued to perform well. The in-place and committed occupancy rate of the Trust shopping centres was 98.0% at March 31, 2023.

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 has Evolved 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 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 over 100 acres in its flagship Vaughan Metropolitan Centre in Vaughan, Ontario ("SmartVMC"). 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 that, once completed, is expected to have over 20 million square feet of mixed-use space. 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 completion of two AAA class office buildings, a new YMCA and community centre, and the closings of the 1,763 condo and townhome units, these projects have already delivered significant FFO. Future phases are expected to continue to contribute to FFO, including the Transit City 4 and 5 residential towers which began closing in March 2023. The Trust is now working on planning for similar city centre style developments in Oakville, Scarborough, Pickering and Cambridge, all in Ontario, and Laval, Quebec, with more to come.

In addition, the Trust has commenced integrating self-storage and industrial into communities where such needs arise.

An Illustration of SmartCentres' Investment Strengths

The Trust has a formidable array of investment strengths for investors to consider. First and foremost, the Trust has evolved into a diversified Real Estate Investment Trust ("REIT") with recurring revenue from two major sources: i) core 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 core rental income from national well-known retailers such as Walmart, Canadian Tire, Home Depot, Costco and Loblaws. The Trust has continued 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 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, office buildings, and recently industrial and warehouse space. The closing of Transit City 4 condominiums provided additional FFO of

approximately \$3.8 million and additional net income of approximately \$4.1 million in Q1 2023. Creating entire city centres has become a major new growth avenue for SmartCentres. Workers around the world have discovered they can work productively and live away from the downtown core of major cities in suburban environments where 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 to the growth of the REIT is the size and growth of the Trust's mixed-use development initiatives. See details in "Mixed-Use Development Initiatives" section.

Outlook

Following the notable achievements during the year of 2022, SmartCentres delivered a solid Q1 which included: a) an industry-leading in-place and committed occupancy rate of 98.0% in its retail shopping portfolio, which was primarily due to the Trust's portfolio of predominately Walmart-anchored shopping centres that has continued to create strong traffic to the Trust's properties; b) 194 condominium closings at Transit City 4 at the VMC; c) occupancy at The Millway at the VMC (which commenced at the end of the quarter and we expect further suites to be rented out over the balance of the year); d) the opening of the self-storage facility at Brampton Kingspoint; and e) significant progress on the pipeline of mixed-use development initiatives, with planning and zoning entitlements advancing.

The Trust expects the balance of 2023 to reflect continued stability through its retail portfolio and continued strength in occupancy across all of the Trust's shopping centres. The Trust expects to continue to fortify its balance sheet and limit new financing initiatives primarily to upcoming maturities and those required to advance the Trust's development initiatives, particularly those where construction is expected to commence this year.

Although the Canadian economy continues to experience heightened levels of inflation and rising interest rates, the Trust remains confident in its ability to manage through these challenges. While the Trust's retail portfolio continues to act as the anchor to cash flow, 83% of the Trust's debt is fixed, with a staggered ladder of manageable maturities and strong relationships with Canada's lending community that should assure strong levels of liquidity for the future. Several projects will continue under construction over the course of 2023, all in the midst of the current inflationary cycle that has created financial pressures on tenants and consumers alike. New development initiatives will only commence when market conditions permit and when appropriate financing has been arranged.

Leasing

The Trust's 34.8 million square foot portfolio of predominately Walmart-anchored shopping centres continues to demonstrate strong occupancy levels. Leasing activity has been brisk and a substantial portion of the space vacated during the pandemic is either under contract or is expected to be re-leased in the near term. The Trust remains exceptionally well positioned to attract high-quality tenants with strong covenants as Canada's largest provider of retail space in Walmart-anchored open-format shopping centres. With the significant traffic drivers, new tenants are also being attracted to each site. As of March 31, 2023, the Trust had an in-place and committed occupancy rate of 98.0% at its shopping centres.

Mixed-Use Development on SmartVMC

Since the commencement of the Trust's SmartVMC development, a total of 1,763 condominium and townhome units have closed. As a result, SmartVMC has become a community, with approximately 3,000 new residents in occupancy. In Q1 2023, 194 units of the sold out 1,026 units at Transit City 4 and 5, closed, representing \$4.1 million of net profit or \$3.8 million of FFO for the three months ended March 31, 2023. The remaining units at Transit City 4 and 5 are expected to be closed by the end of 2023, with most of the closing scheduled for Q2 and Q3.

The Millway, the Trust's first purpose-built 458-unit residential rental building, commenced occupancy during February 2023. Upon completion, this project is expected to provide accommodation for over 2,000 additional residents at SmartVMC. These residents will all benefit from, among other things, the world-class YMCA, municipal library and community centre at SmartVMC which opened in Q2 2022. 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. The condominium portion of the new residential project has been entirely pre-sold.

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

Mixed-Use Development on Other Initiatives

As expected, the SmartStop project at Brampton (Kingspoint) was completed in Q1 2023, which represents approximately 464,000 square feet (at the Trust's 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 Trust's 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 Avenue East, one property in Burnaby, British Columbia, and one property on Boulevard St-Regis in Dorval, Quebec, on which, once zoning approvals are in place, it intends to build additional self-storage facilities.

Construction nears completion on the 241,000 square feet of industrial space for the 16-acre Phase 1 development in Pickering which was purchased in Q2 2022, with completion expected in Q2 2023. Approximately 53% of the space has been pre-leased with tenants taking possession in April 2023. The Trust completed the purchase of approximately 38 acres of industrial lands in Pickering, Ontario adjacent to Hwy 407. Subsequent to the completion, the Trust expects yields from this initial phase of the project to be in the range of 6.0%–6.5%.

The Trust, together with its partner, Penguin, have also commenced preliminary siteworks for a 215,000 square foot retail project on Laird Avenue in Toronto. This project is expected to feature a flagship 190,000 square foot Canadian Tire store, together with 25,000 square feet of additional retail space. Canadian Tire is expected to take possession in 2025.

Investment Properties – Valuation

Notwithstanding recent increases in interest rates, the property market remains healthy and demand for institutional quality retail real estate continues to be strong. With the Trust's vast pipeline of mixed-use initiatives, the Trust expects to recognize fair value enhancements over time through the planning, zoning and development progress for the intensification of many of its investment properties.

The Trust did not make any significant changes to the assumptions used in determining the value of the Trust's retail property portfolio during the three months ended March 31, 2023. This reflects the Trust's conservative valuation assumptions and was consistent with the assumptions used in external appraisals that the Trust regularly commissions from independent and reputable national appraisal firms. Nevertheless, the Trust will continue to monitor market trends and changes in capitalization rates and other macro-assumptions, while working closely with the external appraisal community, to assess whether any changes to valuation assumptions may be appropriate in 2023.

Financing

Current economic pressures, following upon the COVID-19 pandemic, have resulted in unparalleled global supply chain constraints and an inflationary environment not experienced in almost 30 years. To combat inflation, the Bank of Canada and other central banks globally have been active in increasing overnight interest rates. From January 1, 2022, the Bank of Canada has increased its overnight rate eight times for a total of 425 bps to 4.50%. As a result of this unparalleled period of interest rate hikes, short- and long-term borrowing costs have experienced significant increases over the past several months. Accordingly, as at March 31, 2023, the Trust's overall weighted average interest rate increased to 3.89% from 3.86% at December 31, 2022. Approximately 17% of the Trust's debt is at variable rates, with a significant portion of that being linked to development projects.

In December 2022, DBRS confirmed the Trust's BBB(high) credit rating and maintained its negative trend, consistent with its report in December 2021. The Trust is continuing to work on various financing alternatives and debt repayment initiatives with the intent to improve its credit rating further.

The Trust has continued to focus on its long-term mixed-use development initiatives, of which 10 projects are under construction and 48 projects are expected to commence construction within the next two years. Each of these projects is subject to arranging appropriate financing, market conditions and completing zoning entitlements. As Canadians continue to return to a new level of "normalcy", the Trust will continue to follow its credo of "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.

Key Business Development, Financial and Operational Highlights for the Three Months Ended March 31, 2023

Operational

- Shopping centre leasing activity remains strong, with industry-leading in-place and committed occupancy rate of 98% as at March 31, 2023 (December 31, 2022 – 98%).
- Executed leases on 3,172,749 sq. ft. consisting of 102,853 sq. ft. of new deals and 3,069,896 sq. ft. of renewals during the three months ended March 31, 2023. Non-anchor tenant renewed at an average rental rate of \$22.00 per sq. ft., as compared to \$17.42 per sq. ft. for the three months ended March 31, 2022.

Development

- Park Place condominium pre-development is underway on the 53 acre SmartVMC West lands strategically acquired in December 2021. Pre-sales for this development have commenced. The Trust's acquisition in December 2021 of a two-thirds interest in the SmartVMC West lands more than doubled the Trust's holdings in the 105-acre SmartVMC city centre development.
- Construction nears completion on the 100% pre-sold Transit City 4 (45 storeys) and 5 (50 storeys) condo towers, representing 1,026 residential units. First occupancy and condo closings for Transit City 4 commenced in March 2023, with 194 units closed generating additional FFO of \$3.8 million. Occupancy of the balance of Transit City 4 and 5 will take place over the next two quarters.
- The 458-unit rental project, the Millway, includes 45 rental units in the podium of Transit City 4 and 47 rental units in the podium of Transit City 5. First occupancy of the rental units located in the podium of Transit City 4 took place in February 2023. Initial occupancy of the rental units located in the podium of Transit City 5 is expected in May 2023. The remaining 366 units, located in a 36-storey purpose-built tower, are nearing completion, with initial occupancy expected to commence in late Q2/early Q3.
- VMC ArtWalk condominium Phase 1 sold out 320 released units, with construction expected to begin in the second half of this year.
- Occupancy in the completed first phase of the two-phase, purpose-built residential rental project in Laval, Quebec, ended Q1 2023 with 98% of the 171 units leased. Pre-leasing has commenced on the next phase and construction continues, with a target completion date at the beginning of Q3 2023.
- Initial occupancy in the two purpose-built residential rental towers (238 units) in Mascouche, Quebec began in July 2022, with the final floor opened in November 2022. More than 171 units have been leased and current lease-up activity is in line with initial expectations. A second phase is planned with construction expected to commence in late 2023.
- All of the six developed and operating self-storage facilities (Toronto (Leaside), Vaughan NW, Brampton, Oshawa South, Dupont and Scarborough East) have been very well received by their local communities, with current occupancy levels ahead of expectations. A seventh facility, Aurora, opened in December 2022, and an eighth facility in Brampton, at Kingspoint Plaza, opened in March 2023.
- Two self-storage facilities in Whitby and Markham are currently under construction. Additional self-storage facilities have been approved by the Board of Trustees and the Trust is in the process of obtaining municipal approvals in Stoney Creek and two locations in Toronto (Gilbert Ave. and Jane St.). The municipal approval process is also underway for three sites outside of Ontario. They are in New Westminster and Burnaby, British Columbia, and in Dorval, Quebec.
- Construction has paused on the new retirement residence and seniors' apartment project, totalling 402 units, at the Trust's Laurentian Place shopping centre in Ottawa. Groupe Sélection (formerly Réseau Sélection), the partner on the project, is currently in proceedings pursuant to the *Companies' Creditors Arrangement Act* and, as a result, the Trust is actively reviewing alternative scenarios for the completion and operation of this project. The project valuation and development metrics are expected to remain intact with SmartCentres' ongoing support to substantial completion.
- By way of a Minister's Zoning Order, the Trust has permissions that would allow for the redevelopment of the 73-acre Cambridge retail property (which is subject to a leasehold interest with Penguin) including 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 million square feet of development.

- The Trust, together with its partner, Penguin, has also commenced preliminary siteworks for the 215,000 square foot 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. Canadian Tire is expected to take possession in 2025.

Financial

- Same Properties NOI⁽²⁾ increased by \$5.3 million or 4.3% as compared to the same period in 2022, mainly attributable to higher lease-up and step-up rent.
- FFO per Unit⁽²⁾ was \$0.54 for the three months ended March 31, 2023 (compared to \$0.51 for the three months ended March 31, 2022). FFO with adjustments per Unit⁽²⁾ was \$0.51 for the three months ended March 31, 2023 (three months ended March 31, 2022 – \$0.50).
- The Payout Ratio to AFFO⁽²⁾ for the three months ended March 31, 2023 was 93.0%, as compared to 96.1% for the same period ended March 31, 2022. The Payout Ratio to AFFO⁽²⁾ with adjustments for the three months ended March 31, 2023 was 99.9%, as compared to 97.9% for the three months ended March 31, 2022.
- Net rental income for the three months ended March 31, 2023 increased by \$4.1 million or 3.4% as compared to the three months ended March 31, 2022.
- Net income and comprehensive income per Unit⁽¹⁾ was \$0.63 (three months ended March 31, 2022 – \$2.06).
- The Payout Ratio to cash flows provided by operating activities for the three months ended March 31, 2023 was 100.6%, as compared to 80.1% for the three months ended March 31, 2022.
- Rentals from investment properties and other⁽¹⁾ was \$210.6 million, as compared to \$202.8 million for the same period in 2022, representing an increase of \$7.8 million or 3.8%, primarily due to: i) increase in net base rent, ii) increase in net CAM and taxes recoveries principally due to higher occupancy, and iii) increase in miscellaneous income mainly attributable to higher short-term rental, percentage rent and parking revenue.
- Net income and comprehensive income⁽¹⁾ was \$112.9 million as compared to \$370.1 million for the same period in 2022, representing a decrease of \$257.2 million. This decrease was primarily attributed to: i) \$236.4 million decrease in fair value adjustment on investment properties; and ii) \$25.1 million decrease in fair value adjustments on financial instrument; and was partially offset by i) \$5.5 million increase in net rental income and other mainly due to higher base rent in 2023; and ii) \$4.1 million increase in net profit on condo and townhome unit closings.
- As at March 31, 2023, the Trust increased its unsecured/secured debt ratio⁽²⁾⁽³⁾ to 78%/22% (December 31, 2022 – 74%/26%).
- The Trust continues to add to its unencumbered pool of high-quality assets. As at March 31, 2023, this unencumbered portfolio of investment properties was valued at \$8.7 billion (March 31, 2022 – \$8.4 billion).
- The Trust's fixed rate/variable rate debt ratio⁽²⁾⁽³⁾ was 83%/17% as at March 31, 2023 (December 31, 2022 – 82%/18%).
- For the three months ended March 31, 2023, there was a shortfall of cash flows provided by operating activities⁽¹⁾ over distributions declared of \$0.5 million (three months ended March 31, 2022 – surplus of \$20.5 million).
- For the three months ended March 31, 2023, there was a surplus of AFFO⁽²⁾ over distributions declared of \$6.2 million (three months ended March 31, 2022 – surplus of \$3.4 million).

(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 \$29.7 million as at March 31, 2023 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)	March 31, 2023	December 31, 2022	March 31, 2022
Portfolio Information (Number of properties)			
Retail properties	155	155	155
Office properties	4	4	4
Self-storage properties	8	6	6
Residential properties	1	1	1
Properties under development	20	19	19
Total number of properties with an ownership interest	188	185	185
Leasing and Operational Information⁽¹⁾			
Gross leasable retail and office area (in thousands of sq. ft.)	34,777	34,750	34,664
In-place and committed occupancy rate (%)	98.0	98.0	97.2
Average lease term to maturity (in years)	4.2	4.2	4.4
Net annualized retail rental rate excluding Anchors (per occupied sq. ft.) (\$)	22.47	22.20	22.17
Mixed-Use Development Information			
Trust's share of future development area (in thousands of sq. ft.)	40,275	41,200	40,600
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)	10,775	10,000	9,800
Total number of estimated future projects currently in development planning stage	273	274	283
Financial Information			
Total assets ⁽²⁾	11,719,131	11,702,153	11,721,953
Investment properties ⁽²⁾	10,264,253	10,250,392	10,244,143
Total unencumbered assets ⁽³⁾	8,653,321	8,415,900	8,364,500
Debt ⁽²⁾	4,956,957	4,983,265	4,951,171
Debt to Aggregate Assets (%) ⁽³⁾⁽⁴⁾⁽⁵⁾	43.2	43.6	42.5
Adjusted Debt to Adjusted EBITDA ⁽³⁾⁽⁴⁾⁽⁵⁾	10.0X	10.3X	9.4X
Weighted average interest rate (%) ⁽³⁾⁽⁴⁾	3.89	3.86	3.09
Weighted average term of debt (in years)	3.9	4.0	4.7
Interest coverage ratio ⁽³⁾⁽⁴⁾	2.9X	3.1X	3.5X

(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 March 31, 2023, cash-on-hand of \$29.7 million was excluded for the purposes of calculating the applicable ratios (December 31, 2022 – \$33.4 million, March 31, 2022 – \$60.0 million).

Year-to-Date Comparison to Prior Year

The following table presents key financial, per Unit, and payout ratio information for the three months ended March 31, 2023 and March 31, 2022:

(in thousands of dollars, except per Unit information)	March 31, 2023	March 31, 2022	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other ⁽¹⁾	210,594	202,828	7,766
Net income and comprehensive income ⁽¹⁾	112,861	370,110	(257,249)
Cash flows provided by operating activities ⁽¹⁾	81,931	102,819	(20,888)
Net rental income and other ⁽¹⁾	124,821	120,719	4,102
NOI ⁽²⁾	133,468	123,868	9,600
NOI from condominium and townhome closings and other adjustments ⁽²⁾	4,078	(25)	4,103
SPNOI ⁽²⁾	129,004	123,671	5,333
Change in net rental income and other ⁽²⁾	3.4 %	3.7 %	(0.3)%
Change in SPNOI ⁽²⁾	4.3 %	2.3 %	2.0 %
FFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	97,133	92,235	4,898
FFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	91,013	90,654	359
AFFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	88,601	85,700	2,901
AFFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	82,481	84,119	(1,638)
Distributions declared	82,405	82,339	66
Units outstanding ⁽⁶⁾	178,176,825	178,122,655	54,170
Weighted average – basic	178,159,373	178,108,771	50,602
Weighted average – diluted ⁽⁷⁾	179,891,028	179,590,588	300,440
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income ⁽¹⁾	\$0.63/\$0.63	\$2.08/\$2.06	\$-1.45/\$-1.43
FFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	\$0.55/\$0.54	\$0.52/\$0.51	\$0.03/\$0.03
FFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	\$0.51/\$0.51	\$0.51/\$0.50	\$0.00/\$0.01
AFFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	\$0.50/\$0.49	\$0.48/\$0.48	\$0.02/\$0.01
AFFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	\$0.46/\$0.46	\$0.47/\$0.47	\$-0.01/\$-0.01
Distributions declared	\$0.463	\$0.463	\$—
Payout Ratio Information			
Payout Ratio to cash flows provided by operating activities	100.6 %	80.1 %	20.5 %
Payout Ratio to AFFO ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	93.0 %	96.1 %	(3.1)%
Payout Ratio to AFFO with adjustments ⁽²⁾⁽³⁾⁽⁴⁾	99.9 %	97.9 %	2.0 %

(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 AFFO and related payout ratios, including comparative amounts, are financial metrics that were determined based on the REALpac White Paper on FFO and AFFO issued in January 2022. Comparison with other reporting issuers may not be appropriate. The payout ratio to AFFO is calculated as declared distributions divided by AFFO.

(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)

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Results of operations								
Net income and comprehensive income	112,861	100,310	3,548	161,997	370,110	652,081	178,051	96,985
Per Unit								
Basic	\$0.63	\$0.56	\$0.02	\$0.91	\$2.08	\$3.77	\$1.03	\$0.56
Diluted ⁽³⁾	\$0.63	\$0.56	\$0.02	\$0.90	\$2.06	\$3.74	\$1.03	\$0.56
Net base rent ⁽¹⁾⁽²⁾	134,007	133,201	132,303	131,543	129,354	128,571	128,487	126,658
Rentals from investment properties and other	210,594	206,223	196,678	198,296	202,828	192,812	195,171	193,937
NOI ⁽¹⁾⁽²⁾	133,468	133,632	130,986	130,034	123,868	129,679	133,333	136,091
Same properties NOI	129,004	133,489	130,829	128,456	123,671	128,376	126,923	122,335
Other measures of performance								
FFO ⁽²⁾	97,133	102,471	88,403	88,464	92,235	97,452	97,887	100,457
Per Unit								
Basic ⁽²⁾	\$0.55	\$0.58	\$0.50	\$0.50	\$0.52	\$0.56	\$0.57	\$0.58
Diluted ⁽²⁾⁽³⁾	\$0.54	\$0.57	\$0.49	\$0.49	\$0.51	\$0.56	\$0.56	\$0.58
FFO with adjustments ⁽²⁾	91,013	104,090	93,520	95,206	90,654	93,673	91,574	87,005
Per Unit								
Basic ⁽²⁾	\$0.51	\$0.58	\$0.53	\$0.53	\$0.51	\$0.54	\$0.53	\$0.51
Diluted ⁽²⁾⁽³⁾	\$0.51	\$0.58	\$0.52	\$0.53	\$0.50	\$0.54	\$0.53	\$0.50
Cash flows provided by operating activities	81,931	134,668	97,011	43,970	102,819	133,673	96,298	62,168
AFFO ⁽²⁾	88,601	86,102	81,094	81,437	85,700	83,952	90,827	95,091
AFFO with adjustments ⁽²⁾	82,481	87,723	86,210	88,180	84,119	80,432	92,140	95,160
Distributions declared	82,405	82,386	82,382	82,422	82,339	79,725	79,683	79,685
Payout ratio to AFFO with adjustments	99.9 %	93.9 %	95.6 %	93.5 %	97.9 %	99.1 %	86.5 %	83.7 %
Units outstanding⁽⁴⁾	178,176,825	178,133,853	178,126,285	178,122,655	178,122,655	178,091,581	172,287,950	172,280,187
Weighted average Units outstanding								
Basic	178,159,373	178,129,000	178,123,918	178,122,655	178,108,771	172,983,636	172,285,503	172,275,798
Diluted ⁽³⁾	179,891,028	179,696,944	179,678,009	179,662,689	179,590,588	174,380,800	173,644,091	173,543,923
Total assets	11,719,131	11,702,153	11,862,633	11,905,066	11,721,953	11,293,248	10,191,592	10,036,672
Total unencumbered assets ⁽²⁾	8,653,321	8,415,900	8,383,900	8,413,000	8,364,500	6,640,600	6,002,800	5,937,900
Debt	4,956,957	4,983,265	5,159,860	5,128,604	4,951,171	4,854,527	4,539,594	4,492,948
Total leasable area (sq. ft.)	34,777,002	34,750,379	34,685,033	34,660,693	34,663,687	34,118,613	34,225,087	34,185,729
In-place occupancy rate (%)	97.4	97.6	97.6	97.2	97.0	97.4	97.3	97.1
In-place and committed occupancy rate (%)	98.0	98.0	98.1	97.6	97.2	97.6	97.6	97.3

(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 do have an 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, the Trust's income-producing property portfolio is quite stable. Quarterly fluctuations in revenue and operating results are mainly attributable to ECL provisions, occupancy levels, Same Properties NOI growth, acquisitions, Earnouts, developments and dispositions.

Sequentially, net income and comprehensive income increased by \$12.6 million in Q1 2023 from Q4 2022. This increase was mainly attributable to the \$15.8 million higher investment property revaluation adjustments and \$9.6 million higher earning from equity accounted investments which was mainly due to Transit City closing profits, partially offset by \$7.2 million fair value loss on financial instruments and \$4.3 million lower net rental income during Q1 2023. Year-over-year, net income and comprehensive income decreased by \$257.2 million in Q1 2023 compared to Q1 2022, primarily attributable to the increase in fair value adjustment of certain properties under development in Q1 2022 as a result of changes in the market and the progress made on planning entitlements.

Other Measures of Performance

FFO decreased by \$5.3 million in Q1 2023 from Q4 2022, mainly attributable to the lower TRS gain and lower net rental income in Q1 2023, partially offset by Transit City closing profits. Year-over-year, FFO increased by \$4.9 million in Q1 2023 compared to Q1 2022, primarily due to higher base rents and Transit City closing profits, partially offset by an increase in general & administrative and interest expense.

Units Outstanding

The increase in Units outstanding in Q1 2023 from Q4 2022 and compared to Q1 2022 was mainly due to the options exercised in connection with Earnout transactions.

Total Assets and Debt

Total assets increased by \$17.0 million in Q1 2023 from Q4 2022, which was mainly due to: i) the net increase in investment properties of \$13.9 million which was mainly driven by development activities and fair value gains over the quarter, partially offset by the sale of SmartVMC West lands; and ii) the increase of \$7.3 million in equity accounted investments mainly due to earnings during the quarter, and partially offset by iii) a decrease of \$6.2 million in mortgages, loans and notes receivable as a result of repayment. Total debt decreased by \$26.3 million in Q1 2023 from Q4 2022 as a result of repayment.

Total assets decreased by \$2.8 million in Q1 2023 compared to Q1 2022, principally attributable to repayment of mortgages receivable, and partially offset by an increase in investment properties and other financial assets. Total debt increased by \$5.8 million in Q1 2023 compared to Q1 2022, mainly due to new unsecured credit facilities and TRS debt borrowed, and partially offset by repayment.

Leasing

The Trust's in-place and committed occupancy rate was 98.0% at the end of Q1 2023, remaining stable compared to Q4 2022. The Trust's in-place and committed occupancy rate was 98.1% at the end of Q3 2022, representing a 50 basis points increase as compared to prior quarters due to high demand for retail space. The Trust's in-place and committed occupancy rate was 97.2% in Q1 2022. Strengthening retail leasing is being experienced across all provinces with improved NOI and occupancy expected throughout 2023. New retailers entering the market are drawn to SmartCentres' high traffic centres. In addition, the covenant quality of retailers continue to improve across the portfolio as tenants continue to expand their omnichannel offering.

Section III — Development Activities

Mixed-Use Development Initiatives

The following table summarizes the 273 identified mixed-use, recurring rental income and development income initiatives, which are included in the Trust's large development pipeline:

Description	Under construction		Construction 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	
	Q1 2023	Q4 2022	Q1 2023	Q4 2022	Q1 2023	Q4 2022	Q1 2023	Q4 2022	Q1 2023	Q4 2022
Section A										
Number of projects in which the Trust has an ownership interest										
Residential Rental	3	3	16	22	30	24	71	61	120	110
Seniors' Housing	1	1	1	3	6	7	12	14	20	25
Self-storage	2	3	6	7	10	8	12	15	30	33
Office Buildings / Industrial	1	1	1	—	1	1	5	6	8	8
Hotels	—	—	—	—	—	—	3	3	3	3
Subtotal – Recurring rental income initiatives	7	8	24	32	47	40	103	99	181	179
Condominium developments	2	2	10	15	28	25	45	46	85	88
Townhome developments	1	1	1	1	2	2	3	3	7	7
Subtotal – Development income initiatives	3	3	11	16	30	27	48	49	92	95
Total	10	11	35	48	77	67	151	148	273	274
Section B										
Planning entitlements (#) ⁽¹⁾	10	11	31	38	52	47	84	86	177	182
Section C										
Project area (in thousands of sq. ft.) – at 100% ⁽²⁾										
Recurring rental income initiatives	1,600	1,750	4,150	6,050	7,550	6,600	17,250	17,900	30,550	32,300
Development income initiatives	1,200	1,200	3,600	4,200	8,500	7,400	11,600	11,000	24,900	23,800
Total project area (in thousands of sq. ft.) – at 100%	2,800	2,950	7,750	10,250	16,050	14,000	28,850	28,900	55,450	56,100
Trust's share of project area (in thousands of sq. ft.)										
Recurring rental income initiatives	900	1,000	3,000	4,450	4,800	4,300	12,075	12,500	20,775	22,250
Development income initiatives	400	400	3,000	3,650	5,800	4,700	10,300	10,200	19,500	18,950
Total Trust's share of project area (in thousands of sq. ft.)	1,300	1,400	6,000	8,100	10,600	9,000	22,375	22,700	40,275	41,200
Section D										
Total estimated costs (in millions of dollars) – at 100% based on current planning budgets ⁽²⁾										
	1,200	1,200	4,800	5,700	9,950	8,000	– ⁽³⁾	– ⁽³⁾	15,950	14,900
Trust's share of such estimated costs (in millions of dollars)	550	550	3,625	4,450	6,600	5,000	– ⁽³⁾	– ⁽³⁾	10,775	10,000

(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. 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; v) a townhome project in Vaughan, Ontario; and vi) an industrial project in Pickering, 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.

The following table provides additional details on the Trust's 10 development initiatives that are currently under construction (in order of estimated initial occupancy/closing date):

Projects under construction (Location/Project Name)	Type	Trust's Share (%)	Estimated initial occupancy / closing date	% of completion	GFA ⁽²⁾ (sq. ft.)	No. of units
Vaughan / Transit City 4	Condo	25	Q1 2023	88 %	—	498
Vaughan / Transit City 5	Condo	25	Q2 2023	88 %	—	528
Vaughan / The Millway	Apartment	50	Q1 2023	81 %	—	458
Pickering (Seaton Lands)	Industrial	100	Q2 2023	77 %	241,000	—
Laval Centre	Apartment	50	Q3 2023	70 %	—	211
Markham East / Boxgrove	Self Storage	50	Q1 2024	44 %	133,332	910
Whitby	Self Storage	50	Q1 2024	38 %	126,135	811
Ottawa SW ⁽¹⁾	Retirement Residence	50	Q3 2024	29 %	—	402
Ottawa SW ⁽¹⁾	Senior Apartments	50	Q3 2024	29 %	—	402
Vaughan NW	Townhouse	50	Q3 2024	15 %	—	174

In millions of dollars

Total Capital Spend to Date at 100% ⁽³⁾	785.3
Estimated Cost to Complete at 100%	447.1
Total Expected Capital Spend by Completion at 100% ⁽³⁾	1,232.4
Total Capital Spend to Date at Trust's share ⁽³⁾	315.9
Estimated Cost to Complete at Trust's share	216.6
Total Expected Capital Spend by Completion at Trust's share ⁽³⁾	532.5

(1) Figure represents capital spend of both retirement residence and senior apartments projects.

(2) GFA represents Gross Floor Area.

(3) Total capital spent to date and total expected capital spend by completion include land value.

SmartVMC Development Initiatives

In December 2021, the Trust acquired a two-thirds interest in approximately 53 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 100% of the office space leased;
- ii) the 225,000 square foot PwC-YMCA office and community-use complex, with fully occupied office space and community-use space, including a new world-class YMCA facility and municipal library, both of which opened in 2022;
- iii) the new 140,000 square foot Walmart store which opened in 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 have been pre-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 pre-sales 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
KPMG Tower	N/A	Retail	30,000 sq. ft.	Completed	50
PwC-YMCA Complex/Tower	9	Office	225,000 sq. ft. ⁽¹⁾	Completed	50
Office Tower #3 – Proposed	TBD ⁽²⁾	Office	500,000 sq. ft.	2028	50
Office Tower #4 – Proposed	TBD ⁽²⁾	Office	500,000 sq. ft.	2029	50
			1,585,000 sq. ft.		
The Millway	36	Apartments	458 units ⁽³⁾	2023	50
Transit City 1	55	Condo	551 units	Completed (2020)	25
Transit City 2	55	Condo	559 units	Completed (2020)	25
Transit City 1 and 2 Townhomes	N/A	Townhomes	22 units	Completed (2022)	25
Transit City 3	55	Condo	631 units	Completed (2021)	25
Transit City 4 and 5	45 and 50	Condo	1,026 units ⁽³⁾	2023	25
ArtWalk	38,18 and 6	Condo/ Apartments	627 units	2026–2027	50
Park Place	48 and 56	Condo	1,094 units	2027	67
Apple Mill Road and Jane Street	64	Condo	798 units	TBD	50
			5,766 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) Ninety-two of the 458 units attributable to the purpose-built residential rental apartment, The Millway, are located in the podiums of Transit City 4 and 5. These 92 units are anticipated to be completed commensurate with Transit City 4 and 5.

Residential and Other Mixed-Use Development Initiatives

In addition to the Trust's 10 development initiatives that are currently under construction, the following table shows the mixed-use development initiatives which have been completed during the last two years:

Project	Type	Estimated Total Building Area (sq. ft./units)	Year of Construction Completion ⁽¹⁾	Trust's Share (%)
Brampton (Kingspoint Plaza) SmartStop (ON)	Self-storage facility	132,954 sq. ft. (1,135 units)	2023	50
Aurora SmartStop (ON)	Self-storage facility	140,000 sq. ft. (926 units)	2022	50
Mascouche N Phase 1 (QC)	Residential rental	238 units	2022	80
Vaughan NW SmartStop (ON)	Self-storage facility	118,067 sq. ft. (875 units)	2021	50
Brampton SmartStop (ON)	Self-storage facility	134,687 sq. ft. (1,052 units)	2021	50
Oshawa S SmartStop (ON)	Self-storage facility	132,812 sq. ft. (948 units)	2021	50
Scarborough E SmartStop (ON)	Self-storage facility	136,969 sq. ft. (974 units)	2021	50

(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.

In addition, 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. Please refer to the "Forward-Looking Statements" section for more information.

Residential

- 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 5.5 million square feet of predominately residential space, in various forms, at Oakville North in Oakville, Ontario, with the official plan and zoning amendment applications for an initial two-tower 587-unit residential phase submitted in 2021, and a supporting site plan application submitted in March 2022;
- iii. 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, lot servicing has been completed, and new home construction is soon expected to commence. Official Plan and Zoning Approval was obtained in June 2022 for five mid-rise buildings, of which Site Plan Approval was obtained for the Phase I development;
- iv. 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, but subject to the urban planning revision process by the city of Pointe-Claire;
- v. the development of up to 200,000 square feet of residential townhomes at Oakville South in Oakville, Ontario;
- vi. 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 and approved in September 2022;
- vii. the development of a 35-storey high-rise purpose-built residential rental tower containing 442 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. Zoning approval was received in July 2022 and site plan approval is expected in Q3 2023;
- viii. 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, with the remaining six floors opened in sequence until the last and tenth floor was made available on November 1, 2022. Construction of a second phase is expected to commence in Q4 2023;
- ix. the development of residential density at the Trust's shopping centre at 1900 Eglinton Avenue East in Scarborough, Ontario, with Official Plan Approval obtained in August 2022 for 4.65 million square feet of density. Approval was also obtained in August 2022 of a Phase I development to include two residential towers (46 and 48 storeys), permitting 975 residential units comprising up to 806,000 square feet. Site plan application and approvals for Phase I are ongoing. In addition, applications for Phase II, consisting of approximately 1.4 million square feet were submitted in September 2022;
- x. the development of the first phase, a 46-unit rental building, which is part of a multi-phase master plan in Alliston, Ontario, with a rezoning application approved by town council in December 2020, a site plan application approved in July 2022, and the full building permit received in December 2022;
- xi. 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 2023. Master plan of development for the site is subject to approval;
- xii. the development of a new residential block consisting of three phases totalling 500 units at Laval Centre in Quebec. The application for architecture approval for Phase 1 (155 units) and Phase 2 (155 units) was submitted in Q4 2021 and approved in Q3 2022. The application for the construction permit was made in Q4 2022. Issuance of the construction permit is expected in Q2 2023;
- xiii. 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;

- xiv. the development of up to 900,000 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 in July 2021 and resubmitted in April 2022 and an appeal filed to the Ontario Land Tribunal in March 2023;
- xv. 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, and an appeal was filed in July 2022 for the initial Official Plan Amendment & Zoning Bylaw Amendment submission. In Q1 2023 Revera agreed to sell its interests in proposed retirement living projects in Markham and Vaughan NW that were subject to site-specific joint venture agreements with Revera to SmartCentres. A settlement agreement was entered into with the City of Markham and presented to the Ontario Land Tribunal on March 14, 2023. The settlement agreement and accompanying Zoning Bylaw will permit as-of-right, the development of an approximately 260,000 square foot residential mixed-use project (apartment or condo);
- xvi. the development of approximately 900,000 square feet of residential density on the Trust's Parkway Plaza Centre in Stoney Creek, Ontario, with a rezoning application underway that includes a Phase 1 development of a two-tower (each 20 storeys), approximately 400,000 square foot, 494-unit condo project. The proposal was presented at the Hamilton Design Review Panel in March 2022 and a public information meeting was held in May 2022. Design changes were incorporated, and the rezoning application was resubmitted in Q4 2022. The application is expected to go before city council in July 2023 for approval;
- xvii. the development of approximately 404,000 square feet of residential space in various forms on the Trust's undeveloped lands situated in Owen Sound, Ontario, with a Phase I application submitted on January 31, 2023, that will permit two 4-storey apartment form buildings totaling 156 units, along with 87 traditional townhouses. Phase II is proposed to accommodate three 4-storey apartment form buildings totaling 234 units. A public meeting was held on this application on March 27, 2023, without opposition. Enacting Bylaws are scheduled to go before Council for approval on May 29, 2023;

Office Buildings / Industrial

- xviii. the intensification of the Toronto StudioCentre in Toronto, Ontario (zoning allows for up to 1.2 million square feet);
- xix. during the second quarter of 2022, 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 with tenants taking possession in April;

Seniors' Housing

- xx. the development of a retirement residential building at the Trust's shopping centre at Bayview and Major Mackenzie in Richmond Hill, Ontario, with a rezoning application for a nine-storey building submitted in Q1 2021 and a site plan application submitted in Q4 2021. The application was appealed to the Ontario Land Tribunal and a hearing on the matter is scheduled to take place in July 2023;

Self-storage

- xxi. besides the nine self-storage projects completed or under construction, there are six additional self-storage facilities in Ontario, British Columbia, and Quebec with the Trust's partner, SmartStop, in Stoney Creek, Toronto (2), New Westminister, Burnaby, and Dorval with zoning and/or site plan approval obtained or applications well underway. Project agreements for another two locations are being finalized;

Mixed-Use

- xxii. 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 city council in June 2022;
- xxiii. 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 a zoning application for the first 35-storey mixed-use tower submitted in 2021 and work continuing collaboratively with the City. The Bylaw is anticipated to be presented at city council in spring/summer 2023 for approval. A site plan application is being concurrently processed;
- xxiv. the Trust is planning 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 on the overall property once completed. Work is underway to start the site plan approval process for an initial phase for a high-rise condominium and a mid-rise apartment. Discussions with City staff continue as a site plan application submission is anticipated in 2023.

Residential Development Inventory

Vaughan NW Residential Development

As reflected in the Trust's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023, 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 March 31, 2023, approximately 60% 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)	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Balance – beginning of period	40,373	27,399
Development costs	1,002	11,931
Capitalized interest for the period	326	1,043
Balance – end of period	41,701	40,373

SmartVMC Residential Development

Taking into account the Trust's proportionate share in equity accounted investments (non-GAAP), residential development inventory refers to the residential development concerning SmartVMC, which are recorded as equity accounted investments (investment in associates) in the Trust's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023 (included in Note 5(a) in the Trust's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023). The following summarizes the status of condominium closings at Transit City:

	Three months ended March 31, 2023		
	Transit City 4	Transit City 5	Total
Total units sold	498	528	1026
Total units closed	194	—	194
Total units to be closed	304	528	832
% of units closed	39 %	— %	19 %

The following table summarizes the net profits and FFO from the closings of Transit City 4:

(in thousands of dollars)	Three months ended March 31, 2023	
	Total	Transit City 4 Trust's share
Condominium sales revenue	99,331	24,833
Cost of goods sold	(80,010)	(20,003)
Other	(453)	(113)
NOI before additional partnership profit ⁽¹⁾	18,868	4,717
General and administrative expenses ⁽²⁾	—	(646)
Net profit	18,868	4,071
Adjustment for previously capitalized interest associated with Transit City 4 closings		(266)
FFO⁽¹⁾		3,805
Per Unit – basic/diluted ⁽³⁾ :		
FFO⁽¹⁾		0.02 / 0.02

(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) See the "General and Administrative Expense" section for further details.

(3) Diluted FFO is adjusted for the dilutive effect of vested deferred units, which are not dilutive for net income purposes. To calculate diluted FFO for the three months ended March 31, 2023, 1,731,655 vested deferred units are added back to the weighted average Units outstanding.

Properties Under Development

As at March 31, 2023, the fair value of properties under development including properties under development recorded in equity accounted investments totalled \$2,317.9 million as compared to \$2,337.4 million at December 31, 2022, resulting in a net decrease of \$19.5 million presented in the following table. The net decrease of \$19.5 million was primarily due to the sale of land parcels located in Vaughan, Ontario (VMC), which was partially offset by the development expenditures incurred during the three months ended March 31, 2023. For additional details on the factors influencing this change, see "Investment Properties".

(in thousands of dollars)	March 31, 2023	December 31, 2022	Variance (\$)
Developments	1,671,538	1,698,652	(27,114)
Earnouts subject to option agreements ⁽¹⁾	53,496	54,847	(1,351)
Total	1,725,034	1,753,499	(28,465)
Equity accounted investments	592,848	583,898	8,950
Total including equity accounted investments⁽²⁾	2,317,882	2,337,397	(19,515)
Less: Properties under development classified as held for sale	—	(58,371)	58,371
Total including equity accounted investments (excluding properties classified as held for sale)⁽²⁾	2,317,882	2,279,026	38,856

(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 months ended March 31, 2023. 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 2.1 million square feet. With respect to the future pipeline, commitments have been negotiated on 0.3 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 March 31, 2023:

(in thousands of square feet)	Committed	Years 0–2	Years 3–5	Beyond Year 5	Total ⁽¹⁾
Developments	257	521	629	124	1,531
Earnouts	11	26	77	—	114
	268	547	706	124	1,645
Mezzanine Financing	—	—	—	489	489
	268	547	706	613	2,134

(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 March 31, 2023, the future retail properties under development pipeline decreased by 38,000 square feet to a total of 1.6 million square feet. The change is summarized in the following table:

(in thousands of square feet)	Total Area
Future retail properties under development pipeline – January 1, 2023	1,683
Add:	
Properties transferred from investment properties to properties under development	18
Net adjustment to project densities	91
Less:	
Completion of Earnouts and Developments	(147)
Net change	(38)
Future retail properties under development pipeline – March 31, 2023	1,645

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	144,179	246,350	59,184	449,713	147,985	301,728
Earnouts	6,525	25,099	—	31,624	8,150	23,474
	150,704	271,449	59,184	481,337	156,135	325,202

Approximately 6.0% of the retail properties under development, representing a proportion of gross investment cost (committed and uncommitted) relating to Earnouts (\$37.6 million, divided by total estimated costs of \$622.2 million), representing 114,000 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 1.5 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 March 31, 2023, \$21.5 million of Earnouts and Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, as compared to \$26.7 million in the same period in 2022.

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
	Area (sq. ft.)	Investment (\$ millions)	Area (sq. ft.)	Investment (\$ millions)
Earnouts ⁽¹⁾	6,642	3.2	1,224	0.6
Retail Developments	—	—	3,839	4.3
Redevelopment – transfers from properties under development to income properties	41,829	6.4	76,407	21.8
Self-storage facilities – equity accounted investments	98,956	11.9	—	—
	147,427	21.5	81,470	26.7

(1) The Earnouts for the three months ended March 31, 2023 excluded one land parcel sale totalling \$2.4 million of investment and the area for this parcel sale is not reflected in the table above (for the three months ended March 31, 2022: one land parcel sale totalling \$5.6 million of investment was excluded).

The following table summarizes future retail Developments, Earnouts and Mezzanine Financing as at March 31, 2023:

	Area (sq. ft.)	Total Area (%)	Income (\$000s)	Gross Commitment (\$000s)	Invested To Date (\$000s)	Net Commitment (\$000s)	Yield / Cap Rate (%)
Developments							
Committed Developments							
2023	115,497	7.0	1,572	47,676 ⁽²⁾	26,737 ⁽²⁾	20,939	3.3 ⁽³⁾
2024 and beyond	140,751	8.6	4,614	87,274 ⁽²⁾	18,336 ⁽²⁾	68,938	5.3 ⁽³⁾
Total Committed Developments	256,248	15.6	6,186	134,950	45,073	89,877	4.6
Uncommitted Developments							
2023	45,308	2.8	738	13,036 ⁽²⁾	5,115 ⁽²⁾	7,921	5.7 ⁽³⁾
2024 and beyond	1,229,320	74.6	25,598	436,677 ⁽²⁾	142,870 ⁽²⁾	293,807	5.9 ⁽³⁾
Total Uncommitted Developments	1,274,628	77.4	26,336	449,713	147,985	301,728	5.9
Total Developments	1,530,876	93.0	32,522	584,663	193,058 ⁽¹⁾	391,605	5.6
Earnouts							
Committed Earnouts							
2023	10,697	0.7	338	5,579	2,604	2,975	6.1
2024 and beyond	747	—	23	357	1,163	(806)	6.5
Total Committed Earnouts	11,444	0.7	361	5,936	3,767	2,169	6.1
Uncommitted Earnouts							
2023	—	—	—	—	—	—	—
2024 and beyond	103,004	6.3	2,183	31,624	8,150	23,474	6.9
Total Uncommitted Earnouts	103,004	6.3	2,183	31,624	8,150	23,474	6.9
Total Earnouts	114,448	7.0	2,544	37,560	11,917 ⁽¹⁾	25,643	6.8
Total Before Non-cash Development Cost	1,645,324	100.0	35,066	622,223	204,975	417,248	5.6
Non-cash development cost ⁽⁴⁾					14,384 ⁽¹⁾		
Land / Intensification projects					1,505,675 ⁽¹⁾		
Equity accounted investments					592,848 ⁽¹⁾		
Total	1,645,324	100.0	35,066	622,223	2,317,882 ⁽¹⁾	417,248	5.6
Options through Mezzanine Financing	488,440						
Total Potential Pipeline	2,133,764						

(1) Under "Completed and Future Earnouts and Developments on Existing Properties" in the MD&A for the three months ended March 31, 2023, Earnouts of \$53.5 million, Developments of \$1,671.5 million and Equity Accounted Investments of \$592.8 million comprise the total amount of \$2,317.9 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 3.2%, 5.3%, 4.0%, and 5.2%, 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 three months ended March 31, 2023. This information should be read in conjunction with the Trust's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023.

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)	March 31, 2023			December 31, 2022		
	GAAP Basis	Proportionate Share Reconciliation ⁽¹⁾	Total Proportionate Share ⁽²⁾	GAAP Basis	Proportionate Share Reconciliation ⁽¹⁾	Total Proportionate Share ⁽²⁾
Assets						
Non-current assets						
Investment properties	10,264,253	995,640	11,259,893	10,208,071	957,354	11,165,425
Equity accounted investments	688,340	(688,340)	—	680,999	(680,999)	—
Mortgages, loans and notes receivable	233,514	(84,272)	149,242	238,099	(76,994)	161,105
Other financial assets	160,277	—	160,277	171,807	—	171,807
Other assets	84,517	8,737	93,254	83,230	8,977	92,207
Intangible assets	43,474	—	43,474	43,807	—	43,807
	11,474,375	231,765	11,706,140	11,426,013	208,338	11,634,351
Current assets						
Assets held for sale	—	—	—	42,321	16,050	58,371
Residential development inventory	41,701	101,304	143,005	40,373	113,207	153,580
Current portion of mortgages, loans and notes receivable	85,004	—	85,004	86,593	—	86,593
Amounts receivable and other	60,048	4,233	64,281	57,124	(7,033)	50,091
Prepaid expenses, deposits and deferred financing costs	25,365	15,411	40,776	14,474	15,807	30,281
Cash and cash equivalents	32,638	51,684	84,322	35,255	35,419	70,674
	244,756	172,632	417,388	276,140	173,450	449,590
Total assets	11,719,131	404,397	12,123,528	11,702,153	381,788	12,083,941
Liabilities						
Non-current liabilities						
Debt	4,423,460	237,594	4,661,054	4,523,987	212,928	4,736,915
Other financial liabilities	284,076	—	284,076	277,400	—	277,400
Other payables	17,479	—	17,479	17,265	—	17,265
	4,725,015	237,594	4,962,609	4,818,652	212,928	5,031,580
Current liabilities						
Current portion of debt	533,497	43,098	576,595	459,278	63,860	523,138
Accounts payable and current portion of other payables	262,229	123,705	385,934	261,122	105,000	366,122
	795,726	166,803	962,529	720,400	168,860	889,260
Total liabilities	5,520,741	404,397	5,925,138	5,539,052	381,788	5,920,840
Equity						
Trust Unit equity	5,150,838	—	5,150,838	5,126,197	—	5,126,197
Non-controlling interests	1,047,552	—	1,047,552	1,036,904	—	1,036,904
	6,198,390	—	6,198,390	6,163,101	—	6,163,101
Total liabilities and equity	11,719,131	404,397	12,123,528	11,702,153	381,788	12,083,941

(1) Represents the Trust's proportionate share of assets and liabilities in equity accounted investments.

(2) 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:

(in thousands of dollars)	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022			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	210,594	8,056	218,650	202,828	6,187	209,015	9,635
Property operating costs and other	(85,123)	(4,137)	(89,260)	(82,109)	(3,013)	(85,122)	(4,138)
	125,471	3,919	129,390	120,719	3,174	123,893	5,497
Condo and townhome closings revenue and other ⁽²⁾	—	24,833	24,833	—	6	6	24,827
Condo and townhome cost of sales and other	(650)	(20,105)	(20,755)	—	(31)	(31)	(20,724)
	(650)	4,728	4,078	—	(25)	(25)	4,103
NOI	124,821	8,647	133,468	120,719	3,149	123,868	9,600
Other income and expenses							
General and administrative expense, net	(8,754)	(253)	(9,007)	(6,867)	(122)	(6,989)	(2,018)
Earnings (loss) from equity accounted investments	9,443	(9,443)	—	(574)	574	—	—
Fair value adjustment on investment properties	29,166	6,249	35,415	271,345	446	271,791	(236,376)
Gain (loss) on sale of investment properties	22	—	22	(122)	—	(122)	144
Interest expense	(39,507)	(2,865)	(42,372)	(35,333)	(1,391)	(36,724)	(5,648)
Interest income	4,828	390	5,218	2,960	8	2,968	2,250
Supplemental costs	—	(2,725)	(2,725)	—	(2,664)	(2,664)	(61)
Fair value adjustment on financial instruments	(7,158)	—	(7,158)	17,982	—	17,982	(25,140)
Net income and comprehensive income	112,861	—	112,861	370,110	—	370,110	(257,249)

(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.

For the three months ended March 31, 2023, net income and comprehensive income (as noted in the table above) decreased by \$257.2 million as compared to the same period in 2022. This decrease was primarily attributed to the following:

- \$236.4 million decrease in fair value adjustments on investment properties, primarily due to an increase in fair value of certain properties under development in Q1 2022 as a result of changes in the market and the progress made on planning entitlements (see further details in the "Investment Property" section);
- \$25.1 million decrease in fair value adjustment on financial instruments primarily due to higher fair value gains on the interest rate swap agreements in Q1 2022;
- \$5.6 million increase in interest expense primarily due to higher interest rates (see details in the "Interest Income and Interest Expense" section); and
- \$2.0 million increase in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section);

Partially offset by the following:

- \$9.6 million increase in NOI primarily due to an increase in net base rent as a result of improved occupancy during the quarter, and condo closings at Transit City 4 (see further details in the "Net Operating Income" subsection); and
- \$2.3 million increase in interest income mainly due to higher interest rates.

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:

(in thousands of dollars)	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022			Variance of Total Proportionate Share ⁽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	128,807	5,200	134,007	125,274	4,080	129,354	4,653
Property tax and insurance recoveries	44,541	765	45,306	45,062	770	45,832	(526)
Property operating cost recoveries	29,535	1,193	30,728	27,324	921	28,245	2,483
Miscellaneous revenue	3,141	1,205	4,346	2,315	721	3,036	1,310
Rentals from investment properties	206,024	8,363	214,387	199,975	6,492	206,467	7,920
Service and other revenues	4,263	—	4,263	2,548	—	2,548	1,715
Earnings from other	307	(307)	—	305	(305)	—	—
Rentals from investment properties and other ⁽²⁾	210,594	8,056	218,650	202,828	6,187	209,015	9,635
Recoverable tax and insurance costs	(45,664)	(748)	(46,412)	(47,093)	(783)	(47,876)	1,464
Recoverable CAM costs	(31,774)	(1,198)	(32,972)	(29,993)	(950)	(30,943)	(2,029)
Property management fees and costs	(1,110)	(294)	(1,404)	(1,058)	(210)	(1,268)	(136)
Non-recoverable operating costs	(1,753)	(1,793)	(3,546)	(2,504)	(1,019)	(3,523)	(23)
ECL	(559)	(104)	(663)	1,113	(51)	1,062	(1,725)
Property operating costs	(80,860)	(4,137)	(84,997)	(79,535)	(3,013)	(82,548)	(2,449)
Other expenses	(4,263)	—	(4,263)	(2,574)	—	(2,574)	(1,689)
Property operating costs and other ⁽²⁾	(85,123)	(4,137)	(89,260)	(82,109)	(3,013)	(85,122)	(4,138)
Net rental income and other	125,471	3,919	129,390	120,719	3,174	123,893	5,497
Condo and townhome closings revenue	—	24,833	24,833	—	6	6	24,827
Condo and townhome cost of sales	—	(20,003)	(20,003)	—	(31)	(31)	(19,972)
Marketing and selling costs	(650)	(102)	(752)	—	—	—	(752)
Net profit on condo and townhome closings	(650)	4,728	4,078	—	(25)	(25)	4,103
NOI⁽³⁾	124,821	8,647	133,468	120,719	3,149	123,868	9,600
Net rental income and other as a percentage of net base rent (%)	97.4	75.4	96.6	96.4	77.8	95.8	0.8
Net rental income and other as a percentage of rentals from investment properties (%)	60.9	46.9	60.4	60.4	48.9	60.0	0.4
Net rental income and other as a percentage of rentals from investment properties and other (%)	59.6	48.6	59.2	59.5	51.3	59.3	(0.1)
Recovery Ratio (including prior year adjustments) (%)	95.7	100.6	95.8	93.9	97.6	94.0	1.8
Recovery Ratio (excluding prior year adjustments) (%)	95.5	97.8	95.5	93.8	95.4	93.9	1.6

(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 months ended March 31, 2023 and March 31, 2022. 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) 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 March 31, 2023 increased by \$9.6 million or 7.8% as compared to the same period in 2022. This increase was primarily attributed to the following:

- \$4.7 million net increase in base rent, of which: i) \$2.8 million relates to retail properties with higher lease-up and step-up, ii) \$1.2 million relates to self-storage facility and apartment rentals, and iii) \$0.6 million relates to the Premium Outlet locations in both Toronto and Montreal;
- \$4.1 million increase in condo closing sales mainly due to Transit City 4 in Q1 2023;
- \$1.3 million increase in net CAM and tax recoveries principally due to higher occupancy; and
- \$1.3 million increase in miscellaneous revenue mainly due to higher short-term rentals, percentage rent and parking revenue;

Partially offset by the following:

- \$1.7 million decrease in ECL mainly due to reversal of ECL in Q1 2022 as a result of tenants' settlements.

Same Properties NOI

(in thousands of dollars)	Three Months Ended	Three Months Ended	Variance (\$)	Variance (%)
	March 31, 2023	March 31, 2022		
Net rental income	124,821	120,745	4,076	3.4
Service and other revenues	4,263	2,548	1,715	67.3
Other expenses	(4,263)	(2,574)	(1,689)	65.6
NOI	124,821	120,719	4,102	3.4
NOI from equity accounted investments ⁽¹⁾	8,647	3,149	5,498	N/R ⁽³⁾
Total portfolio NOI before adjustments ⁽¹⁾	133,468	123,868	9,600	7.8
Adjustments:				
Lease termination	(412)	(242)	(170)	70.2
Non-recurring items and other adjustments ⁽²⁾	(1,560)	1,110	(2,670)	N/R ⁽³⁾
Total portfolio NOI after adjustments ⁽¹⁾	131,496	124,736	6,760	5.4
Less NOI sourced from:				
Acquisitions	(1,787)	(925)	(862)	93.2
Dispositions	2	5	(3)	(60.0)
Earnouts and Developments	(707)	(145)	(562)	N/R ⁽³⁾
Same Properties NOI⁽¹⁾	129,004	123,671	5,333	4.3

(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".

(2) Includes non-recurring items such as one-time adjustments relating to COVID ECL and vaccination centre costs, NOI from condo and townhome closings, royalties, straight-line rent and amortization of tenant incentives.

(3) N/R – not representative.

"Same Properties" in the table above refers to those income properties that were owned by the Trust from January 1, 2022 to March 31, 2022 and from January 1, 2023 to March 31, 2023.

The Same Properties NOI for the three months ended March 31, 2023 increased by \$5.3 million or 4.3% as compared to the same period in 2022, which was primarily due to the following:

- \$3.3 million increase in rental revenue mainly attributable to higher lease-up and step-up;
- \$1.0 million increase in net CAM and tax recoveries principally due to higher occupancy; and
- \$1.0 million increase in miscellaneous revenue mainly due to higher short-term rentals, percentage rent and parking revenue.

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		
	March 31, 2023	March 31, 2022	Variance (\$)
Net income and comprehensive income	378,711	1,297,224	(918,513)
Add (deduct) the following items:			
Net interest expense	142,243	136,425	5,818
Amortization of equipment, intangible assets and tenant improvements	11,370	3,769	7,601
Fair value adjustments on investment properties and financial instruments	(32,186)	(943,573)	911,387
Fair value adjustment on TRS	(5,226)	6,734	(11,960)
Adjustment for supplemental costs	4,709	5,281	(572)
Gain (loss) on sale of investment properties	(219)	106	(325)
Gain (loss) on sale of land to co-owners (Transactional FFO)	—	336	(336)
Acquisition-related costs	298	2,791	(2,493)
Adjusted EBITDA⁽¹⁾	499,700	509,093	(9,393)

(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 months ended March 31, 2023 and March 31, 2022, unless otherwise stated, do not include any assumptions and forward-looking information, and are consistent with prior reporting years.

Funds From Operations (“FFO”)

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.

Adjusted Funds From Operations (“AFFO”)

AFFO 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 AFFO last revised in January 2022. AFFO is a supplemental measure historically used by many in the real estate industry to measure operating cash flow generated from the business. In calculating AFFO, the Trust adjusts FFO for actual costs incurred relating to leasing activities, major maintenance costs (both recoverable and non-recoverable) and straight-line rent in excess of contractual rent paid by tenants (a receivable). Working capital changes, viewed as short-term cash requirements or surpluses, are deemed financing activities pursuant to the methodology and are not considered when calculating AFFO. Capital expenditures that are excluded and not deducted in the calculation of AFFO comprise those which generate a new investment stream, such as erecting a new pylon sign that generates sign rental income, constructing a new retail pad during property expansion or intensification, development activities or acquisition activities. Accordingly, AFFO differs from FFO in that AFFO excludes from its definition certain non-cash revenues and expenses recognized under IFRS, such as straight-line rent and the amortization of financing costs, but also includes capital and leasing costs incurred during the period that are capitalized for IFRS purposes. Management is of the view that AFFO is a useful measure of recurring economic earnings generated from operations after providing for operating capital requirements and as a result is also useful in evaluating the ability of the Trust to fund distributions to Unitholders. A reconciliation of AFFO to IFRS net income and comprehensive income can be found below.

Management considers both FFO and AFFO as key performance indicators to assess the Trust's operating performance and the sustainability of the Trust's distribution level. FFO and AFFO 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 and AFFO is in accordance with REALpac's recommendations, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO and AFFO reported by other issuers.

Reconciliation of FFO

(in thousands of dollars)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Variance (\$)
Net income and comprehensive income	112,861	370,110	(257,249)
Add (deduct):			
Fair value adjustment on investment properties and financial instruments ⁽¹⁾	(22,008)	(289,327)	267,319
Gain on derivative – TRS	1,296	1,605	(309)
(Gain) loss on sale of investment properties	(22)	122	(144)
Amortization of intangible assets and tenant improvement allowance	2,395	1,992	403
Distributions on Units classified as liabilities and vested deferred units	2,004	1,721	283
Salaries and related costs attributed to leasing activities ⁽²⁾	2,080	1,826	254
Adjustments relating to equity accounted investments ⁽³⁾	(1,473)	4,186	(5,659)
FFO⁽⁴⁾	97,133	92,235	4,898
Add (deduct) non-recurring adjustments:			
Gain on derivative – TRS	(1,296)	(1,605)	309
FFO sourced from condominium and townhome closings	(3,816)	24	(3,840)
Transactional FFO – loss on sale of land to co-owner	(1,008)	—	(1,008)
FFO with adjustments⁽⁴⁾	91,013	90,654	359

(1) Includes fair value adjustments on investment properties and financial instruments. Fair value adjustment on investment properties is described in "Investment Properties" in the Trust's MD&A. Fair value adjustment on financial instruments comprises the following financial instruments: units classified as liabilities, DUP, EIP, TRS, interest rate swap agreement(s), and LTIP recorded in the same period in 2022. 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 months ended March 31, 2023. For details, please see discussion in "Results of Operations" section.

(2) Salaries and related costs attributed to leasing activities of \$2.1 million were incurred in the three months ended March 31, 2023 (three months ended March 31, 2022 – \$1.8 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.

(3) Includes tenant improvement amortization, indirect interest with respect to the development portion, fair value adjustment on investment properties, loss (gain) on sale of investment properties, and adjustment for supplemental costs.

(4) 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".

For the three months ended March 31, 2023, FFO increased by \$4.9 million or 5.3% to \$97.1 million. This increase was primarily attributed to:

- \$4.7 million higher net rental income from lease-ups and step-ups;
- \$3.8 million net condo sales representing 194 units at Transit City 4; and
- \$1.3 million increase in miscellaneous income mainly due to higher short-term rental and parking revenue;

Partially offset by:

- \$3.4 million increase in net interest expense; and
- \$2.0 million increase in net general and administrative expense.

For the three months ended March 31, 2023, FFO with adjustments increased by \$0.4 million or 0.4% to \$91.0 million as compared to the same period in 2022, which was primarily due to the items previously identified.

Reconciliation of AFFO

(in thousands of dollars)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Variance (\$)
FFO⁽¹⁾	97,133	92,235	4,898
Add (Deduct):			
Straight-line of rents	50	(76)	126
Adjusted salaries and related costs attributed to leasing	(2,080)	(1,826)	(254)
Actual sustaining capital expenditures, leasing commissions, and tenant improvements ⁽²⁾	(6,502)	(4,633)	(1,869)
AFFO⁽¹⁾	88,601	85,700	2,901
Add (deduct) non-recurring adjustments:			
Gain on derivative – TRS	(1,296)	(1,605)	309
FFO sourced from condominium and townhome closings	(3,816)	24	(3,840)
Transactional FFO – loss on sale of land to co-owner	(1,008)	—	(1,008)
AFFO with adjustments⁽¹⁾	82,481	84,119	(1,638)

- (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) Please see the "Maintenance Capital Requirements" section for details of actual capital expenditures, actual leasing commissions and actual tenant improvements.

For the three months ended March 31, 2023, AFFO increased by \$2.9 million or 3.4% to \$88.6 million. The increase in AFFO was primarily due to the changes described in FFO above for the three months ended March 31, 2023, further offset by the increase in sustaining capital expenditures, leasing commissions and tenant improvements of \$1.9 million.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Variance (\$)
Per Unit – basic/diluted ⁽¹⁾ :			
FFO ⁽²⁾	\$0.55/\$0.54	\$0.52/\$0.51	0.03/0.03
FFO with adjustments ⁽²⁾	\$0.51/\$0.51	\$0.51/\$0.50	—/0.01
AFFO ⁽²⁾	\$0.50/\$0.49	\$0.48/\$0.48	0.02/0.01
AFFO with adjustments ⁽²⁾	\$0.46/\$0.46	\$0.47/\$0.47	-0.01/-0.01
Payout Ratio to AFFO ⁽²⁾	93.0 %	96.1 %	(3.1)%
Payout Ratio to AFFO with adjustments ⁽²⁾	99.9 %	97.9 %	2.0 %

- (1) Diluted FFO and AFFO is adjusted for the dilutive effect of vested deferred units, which are not dilutive for net income purposes. The calculation of diluted FFO and AFFO is a non-GAAP measure and does not consider the impact of unvested deferred units. To calculate diluted FFO and AFFO for the three months ended March 31, 2023, 1,731,655 vested deferred units are added back to the weighted average Units outstanding (three months ended March 31, 2022 – 1,481,817 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".

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/AFFO 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/AFFO per Unit for the three months ended March 31, 2023 and March 31, 2022, 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 for the purposes of FFO/AFFO per Unit and net income and comprehensive income per Unit calculations in this MD&A:

(number of Units)	Three Months Ended March 31	
	2023	2022
Trust Units	144,625,322	144,625,322
Class B LP Units	16,424,430	16,424,430
Class D LP Units	311,022	311,022
Class F LP Units	8,708	8,708
Class B LP II Units	756,525	756,525
Class B LP III Units	4,088,321	4,049,119
Class B LP IV Units	3,112,565	3,101,165
Class B Oshawa South LP Units	710,416	710,416
Class D Oshawa South LP Units	260,417	260,417
Class B Oshawa Taunton LP Units	374,223	374,223
Class D Series 1 VMC West LP Units	3,623,188	3,623,188
Class D Series 2 VMC West LP Units	2,173,913	2,173,913
Class B Boxgrove LP Units	170,000	170,000
Class B Series ONR LP Units	1,248,140	1,248,140
Class B Series 1 ONR LP I Units	132,881	132,881
Class B Series 2 ONR LP I Units	139,302	139,302
Total Exchangeable LP Units	33,534,051	33,483,449
Total Units – Basic	178,159,373	178,108,771
Vested deferred units	1,731,655	1,481,817
Total Units and vested deferred units – Diluted	179,891,028	179,590,588

Adjusted Cashflow From Operations

(in thousands of dollars)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Variance (\$/ (%)
Cash flows provided by operating activities	81,931	102,819	(20,888)
Adjustments to working capital items that are not indicative of sustainable cash available for distribution ⁽¹⁾	14,448	(4,389)	18,837
Distributions on Units classified as liabilities and vested deferred units	2,004	1,721	283
Expenditures on direct leasing costs and tenant incentives	3,926	4,119	(193)
Actual sustaining capital expenditures	(3,390)	(2,175)	(1,215)
Actual leasing commissions and tenant improvements	(3,112)	(2,458)	(654)
Non-cash interest expense, net of other financing costs	(15,217)	(16,205)	988
Non-cash interest income	2,492	(839)	3,331
Gain on sale of land to co-owners	(1,008)	—	(1,008)
Distributions from equity accounted investments	(2,090)	(426)	(1,664)
Adjustments relating to equity accounted investments ⁽²⁾	5,572	2,987	2,585
ACFO⁽³⁾	85,556	85,154	402
ACFO ⁽³⁾	85,556	85,154	402
Distributions declared	82,405	82,339	66
Surplus of ACFO over distributions declared	3,151	2,815	336
Payout Ratio Information:			
Payout Ratio to cash flows provided by operating activities	100.6%	80.1%	20.5%
Payout Ratio to ACFO ⁽³⁾	96.3%	96.7%	(0.4)%

(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) Includes operating cash flows from equity accounted investments, including working capital adjustments, notional interest capitalization, actual sustaining capital and leasing expenditures, and non-cash interest expense.

(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".

For the three months ended March 31, 2023, ACFO increased by \$0.4 million to \$85.6 million, which was primarily due to the increase of FFO, partially offset by increases in actual sustaining capital expenditures, leasing commissions and tenant improvements.

The Payout Ratio to ACFO for the three months ended March 31, 2023 decreased by 0.4% to 96.3% as compared to the same period in 2022, which was primarily due to the items previously identified.

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 AFFO and distribution levels, and current facts and assumptions, 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 capital requirements. Accordingly, the Trust does not use IFRS net income and comprehensive income as a proxy for distributions.

Distributions and AFFO Highlights

(in thousands of dollars)	Three Months Ended March 31		
	2023	2022	Variance (\$)
Cash flows provided by operating activities	81,931	102,819	(20,888)
Distributions declared	82,405	82,339	66
AFFO ⁽¹⁾	88,601	85,700	2,901
AFFO with adjustments ⁽¹⁾	82,481	84,119	(1,638)
(Shortfall) surplus of cash flows provided by operating activities over distributions declared	(474)	20,480	(20,954)
Surplus of AFFO ⁽¹⁾ over distributions declared	6,196	3,361	2,835
Surplus of AFFO ⁽¹⁾ with adjustments over distributions declared	76	1,780	(1,704)

(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".

For the three months ended March 31, 2023, there was a \$0.5 million shortfall of cash flows provided by operating activities over distributions declared. The shortfall was funded by proceeds from dispositions of investment properties, proceeds from the revolving unsecured debt facilities, and cash-on-hand. For the three months ended March 31, 2023, there was a \$6.2 million surplus of AFFO over distributions declared.

The following tables illustrate: i) the annualized surplus of cash flows provided by operating activities over distributions declared, ii) AFFO, and iii) AFFO-related payout ratios, for the rolling 12 months ended March 31, 2023 and March 31, 2022:

(in thousands of dollars)	Rolling 12 Months Ended	
	March 31, 2023	March 31, 2022
Cash flows provided by operating activities	357,580	394,958
Distributions declared	329,595	321,432
AFFO ⁽¹⁾	337,234	355,570
Surplus of cash flows provided by operating activities over distributions declared	27,985	73,526
Surplus of AFFO ⁽¹⁾ over distributions declared	7,639	34,138
Payout Ratio to Cash flows provided by operating activities	92.2 %	81.4 %
Payout Ratio to AFFO ⁽¹⁾	97.7 %	90.4 %

(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".

The following tables illustrate: i) the annualized surplus of cash flows provided by operating activities over distributions declared, ii) AFFO, and iii) AFFO-related payout ratios, for the rolling 24 months ended March 31, 2023 and March 31, 2022:

(in thousands of dollars)	Rolling 24 Months Ended	
	March 31, 2023	March 31, 2022
Cash flows provided by operating activities	752,538	691,263
Distributions declared	651,027	639,932
AFFO ⁽¹⁾	692,804	696,369
Surplus of cash flows provided by operating activities over distributions declared	101,511	51,331
Surplus of AFFO ⁽¹⁾ over distributions declared	41,777	56,437
Payout Ratio to Cash flows provided by operating activities	86.5 %	92.6 %
Payout Ratio to AFFO ⁽¹⁾	94.0 %	91.9 %

(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 months ended March 31, 2023):

(in thousands of dollars)	Note ⁽¹⁾	Three Months Ended	Three Months Ended	Variance (\$)
		March 31, 2023	March 31, 2022	
Salaries and benefits		17,075	15,113	1,962
Performance compensation (EIP, LTIP)		2,043	2,269	(226)
DUP		826	728	98
Services fee – by Penguin	18	1,341	1,823	(482)
Professional fees		1,899	1,240	659
Public company costs		382	338	44
Amortization of intangible assets		333	333	—
Office rent, information technology, marketing, communications and other employee expenses		2,948	2,611	337
Other costs ⁽²⁾		1,228	116	1,112
Subtotal		28,075	24,571	3,504
Less:				
Allocated to property operating costs		(4,897)	(4,657)	(240)
Capitalized to properties under development and other assets		(10,179)	(10,600)	421
Total amounts allocated and capitalized		(15,076)	(15,257)	181
Time billings, leasing, management fees, development fees and other fees	18	(3,947)	(2,181)	(1,766)
Shared service costs charged to Penguin	18	(298)	(266)	(32)
Total amounts charged		(4,245)	(2,447)	(1,798)
Total amounts allocated, capitalized and charged		(19,321)	(17,704)	(1,617)
General and administrative expense, net		8,754	6,867	1,887

(1) The Note reference relates to the corresponding Note disclosure in the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023.

(2) Other costs represent previously capitalized general and administrative costs for development projects that have been discontinued.

Total general and administrative expense before allocation

For the three months ended March 31, 2023, total general and administrative expense was \$28.1 million, representing an increase of \$3.5 million or 14.3% as compared to the same period in 2022. This increase can be attributed primarily to:

- \$2.0 million increase in salaries and related costs; and
- \$1.1 million increase in costs previously capitalized for development projects which have been discontinued.

Total amounts allocated, capitalized and charged

For the three months ended March 31, 2023, total amounts allocated and capitalized and total amounts charged to Penguin and others was \$19.3 million, representing an increase of \$1.6 million or 9.1% as compared to the same period in 2022. This increase can be attributed primarily to \$1.8 million higher general and administrative expense being allocated to billing, management and, development and other fees.

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 witnessed customer traffic returning to pre-pandemic levels. With most if not all COVID-19-related measures now lifted, tenants have retained many of the strategic changes established during the pandemic, including reconfigured store layouts and click and collect to enhance the customer shopping experience. Tenant confidence continued to grow 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's offering with entertainment/experiential, pet supplies, furniture and specialty and takeout food all growing their store counts. U.S.-based tenants are also re-engaging their search for new store openings in Canada.

As at March 31, 2023, the Trust's in-place and committed occupancy rate was 98.0% (versus 98.0% in December 31, 2022).

Occupancy

	March 31, 2023	December 31, 2022	Variance
Total leasable area (in sq. ft.)	34,777,002	34,750,379	26,623
In-place occupancy rate (%)	97.4	97.6	(0.2)
In-place and committed occupancy rate (%)	98.0	98.0	—

New Leasing Activity

During the three months ended March 31, 2023, the Trust completed new leases with a wide variety of tenants, with uses such as sporting goods and apparel, dollar stores and food service uses. Many of the Trust's existing tenants continued their growth plans with retailers in furniture, general merchandise and pet stores expanding their brick-and-mortar footprint nationally. During the first quarter of 2023, the Trust executed 102,853 square feet of new leasing.

The following table presents a continuity of the Trust's in-place occupancy rate for the three months ended March 31, 2023:

(in square feet)	Vacant Area	Occupied Area	Leasable Area	In-place Occupancy Rate (%)
Beginning balance – January 1, 2023	825,531	33,924,848	34,750,379	97.6
New vacancies	182,696	(182,696)	—	
New leases	(102,853)	102,853	—	
Subtotal	905,374	33,845,005	34,750,379	
Acquisitions	—	6,642	6,642	
Transferred from properties under development to income properties	—	35,187	35,187	
Transferred from income properties to properties under development	(7,825)	(10,280)	(18,105)	
Other including unit area remeasurements	741	2,158	2,899	
Ending balance – March 31, 2023	898,290	33,878,712	34,777,002	97.4

Renewal Activity

For the three months ended March 31, 2023, the Trust achieved a tenant renewal rate of 60.3% to date (March 31, 2022 – 74.0%) for tenants with expiring leases in 2023.

Renewal Summary

	March 31, 2023	March 31, 2022	Variance
Space expiring in calendar year (in sq. ft.)	5,090,016	5,082,356	7,660
Renewed (in sq. ft.)	2,585,297	3,346,562	(761,265)
Near completion (in sq. ft.)	484,599	414,837	69,762
Total renewed and near completion (in sq. ft.)	3,069,896	3,761,399	(691,503)
Renewal rate (including near completion) (%)	60.3	74.0	(13.7)
Renewed rental rate (in dollars per sq. ft.) – including Anchors	16.85	11.37	5.48
Renewed rental rate (in dollars per sq. ft.) – excluding Anchors	22.00	17.42	4.58
Renewed rent change (including Anchors, %)	3.5	2.3	1.2
Renewed rent change (excluding Anchors, %)	4.3	3.0	1.3

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 97.6%, respectively, and account for 88.2% of revenue and 89.9% of fair value, properties in the secondary markets reflect a higher in-place occupancy rate of 99.1%.

Portfolio Summary by Market Type

Market	Income Producing Properties	Area (000 sq. ft.)	Gross Revenue (%)	Income Property Fair Value (%)	In-place Occupancy (%)
Greater-VECTOM	110	23,387	72.8	76.3	97.0
Primary	31	6,647	15.4	13.6	97.6
Secondary	27	4,743	11.8	10.1	99.1
Total	168	34,777	100.0	100.0	97.4

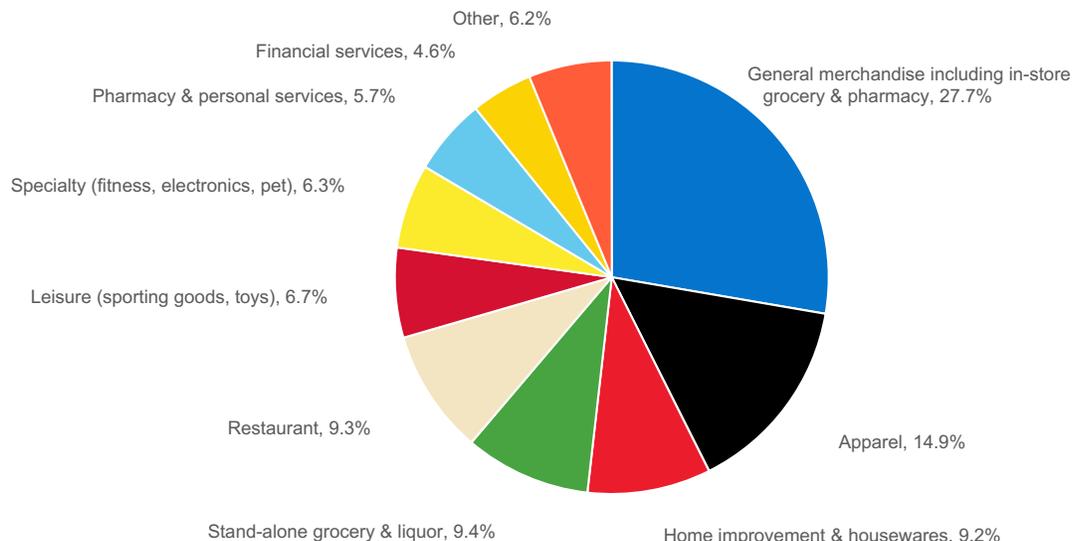
Tenant Categories

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 March 31, 2023

Category	Total (%)	Greater-VECTOM (%)	Primary (%)	Secondary (%)
General merchandise including in-store grocery & pharmacy	27.7	23.4	34.7	44.8
Apparel	14.9	15.4	13.5	13.8
Home improvement & housewares	9.2	9.7	8.8	6.9
Stand-alone grocery & liquor	9.4	9.9	8.3	8.3
Restaurant	9.3	10.4	6.9	6.0
Leisure (sporting goods, toys)	6.7	6.8	7.8	4.2
Specialty (fitness, electronics, pet)	6.3	5.9	7.4	7.1
Pharmacy & personal services	5.7	6.7	3.8	2.5
Financial services	4.6	5.0	4.0	2.5
Other	6.2	6.8	4.8	3.9
Total	100.0	100.0	100.0	100.0

The following chart represents the Trust's portfolio exposure by annualized gross rent by category as at March 31, 2023.



Top 25 Tenants

The 25 largest tenants (by annualized gross rental revenue) accounted for 60.8% of portfolio revenue as at March 31, 2023 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	197.0	24.3	14,182,181	40.8
2	Canadian Tire, Mark's and FGL Sports	77	36.1	4.4	1,429,260	4.1
3	Winners, HomeSense, Marshalls	59	35.5	4.4	1,406,180	4.0
4	Loblaws, Shoppers Drug Mart	27	22.7	2.8	909,054	2.6
5	Sobeys	18	16.9	2.1	722,818	2.1
6	Dollarama	62	16.4	2.0	576,442	1.7
7	Lowe's, RONA	8	15.1	1.9	870,545	2.5
8	LCBO	38	13.3	1.6	356,427	1.0
9	Michaels	24	12.6	1.6	478,041	1.4
10	Best Buy	18	12.0	1.5	437,074	1.3
11	Recipe Unlimited	56	11.7	1.4	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	8.8	1.1	319,147	0.9
15	Bulk Barn	51	8.2	1.0	240,289	0.7
16	Bonnie Togs	43	7.7	0.9	199,846	0.6
17	Toys R Us	7	7.5	0.9	268,880	0.8
18	CIBC	27	7.4	0.9	149,560	0.4
19	The Brick	9	7.1	0.9	258,244	0.7
20	Metro	9	6.8	0.8	315,438	0.9
21	Sleep Country	38	6.7	0.8	181,572	0.5
22	Dollar Tree, Dollar Giant	26	6.7	0.8	217,286	0.6
23	GoodLife Fitness Clubs	11	6.6	0.8	255,759	0.7
24	PetSmart	16	6.6	0.8	209,678	0.6
25	Bank of Nova Scotia	23	6.0	0.7	123,002	0.4
		855	494.8	60.8	25,104,849	72.2

(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 March 31, 2023:

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	517,514	1.5	12,200	23.57
2023	2,004,843	5.8	30,475	15.20
2024	5,143,108	14.8	79,321	15.42
2025	4,797,621	13.8	68,624	14.30
2026	4,102,900	11.8	60,863	14.83
2027	5,322,558	15.1	73,919	13.89
2028	3,502,209	10.1	60,014	17.14
2029	2,472,119	7.1	41,906	16.95
2030	1,038,703	3.0	21,217	20.43
2031	1,071,720	3.1	19,859	18.53
2032	1,865,612	5.4	30,439	16.32
2033	836,401	2.4	14,631	17.49
Beyond	853,062	2.5	12,161	14.26
Vacant	898,290	2.6	—	—
Total retail	34,426,660	99.0	525,629	15.68
Total office	350,342	1.0		
Total retail and office	34,777,002	100.0		

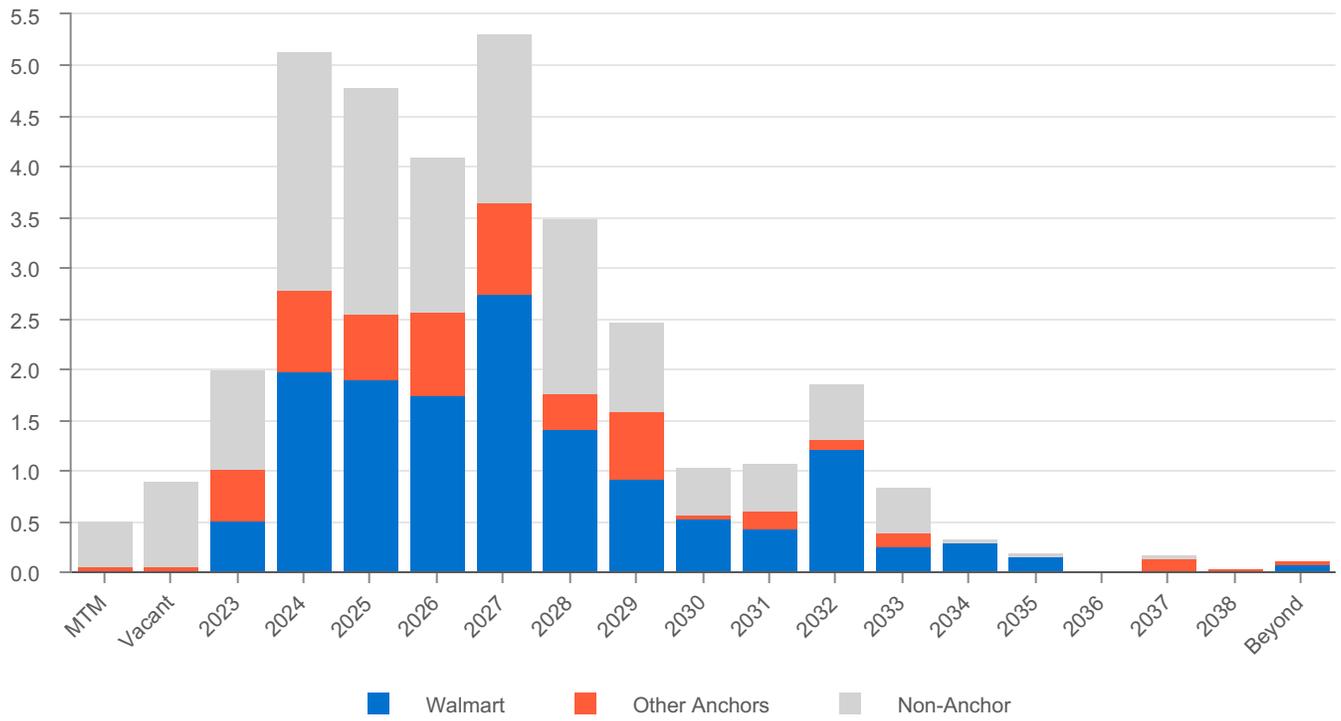
(1) The total average base rent per square foot excludes vacant space of 898,290 square feet.

The following table presents total retail and office lease expiries for the portfolio excluding Anchor tenants as at March 31, 2023:

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	459,905	1.3	3.1	11,130	24.20
2023	974,483	2.8	6.5	20,234	20.76
2024	2,363,035	6.8	15.9	51,045	21.60
2025	2,239,114	6.4	14.9	45,895	20.50
2026	1,524,896	4.4	10.2	35,056	22.99
2027	1,667,142	4.8	11.1	37,205	22.32
2028	1,730,580	5.0	11.5	39,509	22.83
2029	874,216	2.5	5.8	22,150	25.34
2030	475,506	1.4	3.2	12,560	26.41
2031	456,584	1.3	3.0	11,137	24.39
2032	546,951	1.6	3.6	13,522	24.72
2033	451,531	1.3	3.0	10,204	22.60
Beyond	128,772	0.4	0.9	2,573	19.98
Vacant	844,709	2.4	5.6	—	—
Total retail	14,737,424	42.4	98.3	312,220	22.47
Total office	258,625	0.7	1.7		
Total retail and office	14,996,049	43.1	100.0		

(1) The total average base rent per square foot excludes vacant space of 844,709 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)	Three Months Ended March 31, 2023			Year Ended December 31, 2022		
	Income Properties	Properties Under Development	Total Investment Properties	Income Properties	Properties Under Development	Total Investment Properties
Investment properties						
Opening balance	8,496,893	1,753,499	10,250,392	8,395,077	1,452,001	9,847,078
Transfer from properties under development to income properties	9,166	(9,166)	—	39,707	(39,707)	—
Transfer from income properties to properties under development	(2,100)	2,100	—	(7,887)	7,887	—
Transfer from properties under development to equity accounted investments	—	—	—	—	(25,000)	(25,000)
Acquisitions, Earnouts, and related adjustments of investment properties	—	2,435	2,435	101,993	28,679	130,672
Dispositions	—	(47,100)	(47,100)	(777)	(40,726)	(41,503)
Fair value adjustment	30,734	(1,568)	29,166	(54,122)	255,956	201,834
Others	4,526	24,834	29,360	22,902	114,409	137,311
Ending balance	8,539,219	1,725,034	10,264,253	8,496,893	1,753,499	10,250,392
Investment properties classified as equity accounted investments						
Opening balance	389,506	583,898	973,404	319,024	518,427	837,451
Transfer from properties under development to income properties	—	—	—	24,736	(24,736)	—
Transfer from properties under development to equity accounted investments	—	—	—	—	12,500	12,500
Acquisitions, Earnouts, and related adjustments of investment properties	—	2,329	2,329	—	5,325	5,325
Dispositions	—	(13,755)	(13,755)	(8)	(14,805)	(14,813)
Fair value adjustment	1,358	4,891	6,249	624	—	624
Others	11,928	15,485	27,413	45,130	87,187	132,317
Ending balance	402,792	592,848	995,640	389,506	583,898	973,404
Total balance (including investment properties classified as equity accounted investments) – end of period (Investment Properties – non-GAAP)⁽¹⁾						
	8,942,011	2,317,882	11,259,893	8,886,399	2,337,397	11,223,796
Investment properties ⁽¹⁾	8,942,011	2,317,882	11,259,893	8,886,399	2,279,026	11,165,425
Investment properties classified as held for sale ⁽¹⁾	—	—	—	—	58,371	58,371
	8,942,011	2,317,882	11,259,893	8,886,399	2,337,397	11,223,796

(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".

The gross leasable retail and office area consists of 34.8 million square feet. In addition, the Trust may acquire 1.6 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 April 1, 2020 to March 31, 2023, the Trust has had approximately 71.0% (by value) or 59.0% (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 months ended March 31, 2023 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 and properties classified as held for sale) as recorded in the Trust's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023, with a total carrying value of \$369.8 million (December 31, 2022 – \$1,454.9 million) were valued by external national appraisers, and investment properties with a total carrying value of \$9,894.5 million (December 31, 2022 – \$8,795.5 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 March 31, 2023 was 6.44% (December 31, 2022 – 6.43%).

The weighted average terminal capitalization rate as at March 31, 2023 was 5.91% (December 31, 2022 – 5.92%), and the range stayed the same quarter over quarter. See also Note 4, "Investment properties", in the Trust's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023.

Management's reassessment of the valuation of certain investment properties based on the Trust's continued ability to lease and generate NOI in the foreseeable future, has resulted in a net fair value adjustment (gain) on investment properties of \$29.2 million (excluding investment properties recorded in equity accounted investments) for the three months ended March 31, 2023, which was primarily attributed to robust leasing performance during the quarter including lease-ups and step-ups.

Dispositions of Investment Properties

In January 2023, the Trust contributed its interest in a parcel of land totalling 1.41 acres located in Whitby, Ontario, to a joint venture, Whitby Self Storage LP, with the intention to develop and operate a self-storage facility (see also, Note 5(b) in the Trust's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023).

In February 2023, the Trust, together with its co-ownership partner, Penguin, sold a land parcel totalling 4.3 acres located in Vaughan, Ontario (VMC), for gross proceeds of \$63.5 million, which was satisfied by cash. The Trust's share of such proceeds was \$42.3 million relating to the Trust's two-thirds share in this land parcel, which was previously presented as assets held for sale in the Trust's consolidated financial statements for the year ended December 31, 2022.

In February 2023, the Trust sold a parcel of land totalling 2.64 acres located in Chilliwack, British Columbia, for gross proceeds of \$4.8 million, which was satisfied by cash.

Equity Accounted Investments

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

	Three Months Ended March 31, 2023			Year Ended December 31, 2022		
	Investment in Associates	Investment in Joint Ventures	Total	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of period	458,772	222,227	680,999	489,230	165,212	654,442
Operating Activities:						
Earnings (losses)	8,741	702	9,443	4,932	(733)	4,199
Distributions – VMC Residences condominium unit closings ⁽¹⁾	(653)	—	(653)	(24,322)	—	(24,322)
Distributions – operating activities	(1,600)	(490)	(2,090)	(4,550)	(234)	(4,784)
Financing Activities:						
Fair value adjustment on loan	752	—	752	3,690	—	3,690
Investing Activities:						
Cash contribution	5,978	10,773	16,751	23,154	32,982	56,136
Property contribution	—	—	—	—	25,000	25,000
Development distributions	(16,862)	—	(16,862)	(33,362)	—	(33,362)
Investment – end of period	455,128	233,212	688,340	458,772	222,227	680,999

(1) During the three months ended March 31, 2023, the distribution in the amount of \$0.7 million was satisfied by a non-cash settlement of the Residence III LP loan payable (for the year ended December 31, 2022 – \$24.3 million). See also Note 10, "Debt", in the Trust's unaudited interim condensed consolidated financial statements.

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

As at March 31, 2023 (in thousands of dollars)	Income Properties	Properties Under Development	Residential Development Inventory	Other Assets	Total Assets
Rental					
Residential	146,046	204,196	—	39,140	389,382
Self-storage facilities	186,089	62,181	—	9,844	258,114
Retail	132,344	8,926	—	3,588	144,858
Office	220,062	—	—	24,999	245,061
Mixed-use	130,792	879,953	—	121,037 ⁽¹⁾	1,131,782
Condominium and townhome residential development inventory	—	—	363,056	96,247 ⁽²⁾	459,303
	815,333	1,155,256	363,056	294,855	2,628,500

(1) Consists of loans receivable of \$111.1 million in connection with the 700 Applewood purchase (See also Note 10, "Debt", in the Trust's unaudited interim condensed consolidated financial statements), and cash and cash equivalents of \$4.9 million.

(2) Consists of cash and cash equivalents of \$89.6 million.

As at December 31, 2022 (in thousands of dollars)	Income Properties	Properties Under Development	Residential Development Inventory	Other Assets	Total Assets
Rental					
Residential	145,603	190,331	—	37,457	373,391
Self-storage facilities	160,844	68,770	—	6,201	235,815
Retail	131,020	7,742	—	3,335	142,097
Office	219,975	—	—	21,369	241,344
Mixed-use	130,792	870,529	—	138,296 ⁽¹⁾	1,139,617
Condominium and townhome residential development inventory	—	—	412,308	59,698 ⁽²⁾	472,006
	788,234	1,137,372	412,308	266,356	2,604,270

(1) Consists of loans receivable of \$129.2 million in connection with the 700 Applewood purchase (See also Note 10, "Debt", in the Trust's unaudited interim condensed consolidated financial statements), and cash and cash equivalents of \$8.2 million.

(2) Consists of notes receivable of \$2.3 million in connection with the Transit City condominium closings, and cash and cash equivalents of \$50.5 million.

Investment in associates**Summary of development credit facilities**

As at March 31, 2023, PCVP and VMC Residences had credit facilities amounting to \$736.3 million (December 31, 2022 – \$755.1 million), with annual interest rate between BA + 1.20 and BA + 1.60, and maturity date between May 2024 and June 2027. As at March 31, 2023, deducting amount drawn on such development credit facilities of \$471.7 million (December 31, 2022 – \$515.3 million) and outstanding letters of credit of \$43.7 million (December 31, 2022 – \$63.1 million), the remaining unused development credit facilities was \$220.9 million (December 31, 2022 – \$176.8 million), of which the Trust's share was \$77.9 million (December 31, 2022 – \$67.6 million).

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.

Investment in joint ventures**Summary of credit facilities**

As at March 31, 2023, the Trust's joint ventures had credit facilities amounting to \$251.7 million (December 31, 2022 – \$251.7 million), with annual interest rate between BA + 1.50 and BA + 2.20, and maturity date between December 2023 and August 2025. As at March 31, 2023, deducting amount drawn on such credit facilities of \$205.8 million (December 31, 2022 – \$181.6 million), and outstanding letters of credit of \$1.6 million (December 31, 2022 – \$1.6 million), the remaining unused development credit facilities was \$44.3 million (December 31, 2022 – \$68.5 million), of which The Trust's share was \$25.0 million (December 31, 2022 – \$40.2 million).

Development financing includes credit facilities relating to Laval C Apartments, Mascouche and Main Street Markham, comprising pre-development and construction facilities, 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.

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)	March 31, 2023	December 31, 2022	Variance (\$)
Amounts receivable and other			
Tenant receivables	22,894	26,735	(3,841)
Unbilled other tenant receivables	14,873	11,100	3,773
Receivables from related party – excluding equity accounted investments	14,648	11,899	2,749
Receivables from related party – equity accounted investments	81	616	(535)
Other non-tenant receivables	2,666	1,954	712
Other ⁽¹⁾	13,364	13,591	(227)
	68,526	65,895	2,631
Allowance for ECL	(8,478)	(8,771)	293
Amounts receivable and other, net of allowance for ECL	60,048	57,124	2,924
Prepaid expenses, deposits and deferred financing costs	25,365	14,474	10,891
	85,413	71,598	13,815

(1) The amount includes a related party amount of \$8.1 million (December 31, 2022 – \$6.8 million).

As at March 31, 2023, total amounts receivable and other, net of allowance for ECL, and prepaid expenses, deposits and deferred financing costs increased by \$13.8 million as compared to December 31, 2022. This increase was primarily attributed to the following:

- \$10.9 million increase in prepaid expenses, deposits and deferred financing costs, principally due to an increase in prepaid realty tax;
- \$3.7 million increase in unbilled other tenant receivables, principally due to accruals relating to current year recoveries; and
- \$2.9 million increase in non-tenant receivables;

Partially offset by:

- \$3.8 million decrease in tenant receivables due to improvement in collections and billing process.

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 three months ended March 31, 2023 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 March 31, 2023 and December 31, 2022:

(in thousands of dollars)	March 31, 2023	December 31, 2022
Tenant receivables	22,894	26,735
Unbilled other tenant receivables	14,873	11,100
Total tenant receivables	37,767	37,835
Allowance for ECL	(8,478)	(8,771)
Total tenant receivables net of allowance for ECL	29,289	29,064

Mortgages, Loans and Notes Receivable

The following table summarizes mortgages, loans and notes receivable:

(in thousands of dollars)	March 31, 2023	December 31, 2022	Variance (\$)
Mortgages, loans and notes receivable			
Mortgages receivable (Mezzanine Financing) ⁽¹⁾	39,641	39,456	185
Loans receivable ⁽²⁾	275,953	282,312	(6,359)
Notes receivable ⁽¹⁾	2,924	2,924	—
	318,518	324,692	(6,174)

(1) The amount is due from Penguin.

(2) Includes \$92.3 million due from Penguin (December 31, 2022 – \$100.3 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 including Extension Period	Annualized Variable Interest Rate at Year-End (%)	Potential Area Upon Exercising Purchase Option (sq. ft.)
Pitt Meadows, BC ⁽¹⁾⁽⁴⁾⁽⁵⁾	23,998	638	75,653	23,998	August 2028	6.90	25,003
Toronto (StudioCentre), ON ⁽²⁾⁽⁴⁾⁽⁵⁾	15,643	91	38,736	15,643	August 2028	6.90	227,831
Caledon (Mayfield), ON ⁽¹⁾⁽³⁾⁽⁵⁾	—	—	15,498	—	August 2028	7.00	101,865
Salmon Arm, BC ⁽²⁾⁽³⁾	—	—	13,398	—	August 2028	6.50	—
Aurora (South), ON ⁽³⁾⁽⁵⁾	—	—	15,155	—	August 2028	6.75	57,741
Innisfil, ON ⁽²⁾⁽³⁾	—	—	16,011	—	October 2023	7.00	—
Vaughan (7 & 427), ON ⁽¹⁾⁽³⁾⁽⁵⁾	—	—	15,781	—	August 2028	6.75	76,000
	39,641	729	190,232	39,641		6.90	488,440

(1) Caledon, Vaughan and Pitt Meadows mortgages have original maturity dates of April 2024, December 2023 and November 2023, respectively. Their maturity dates 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%.

(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) Penguin fully repaid the outstanding balance of the mortgages in October 2022.

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

(5) The Trust has a purchase option from the borrower in these properties upon a certain level of development and leasing being achieved. As at March 31, 2023, 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%.

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 March 31	
	2023	2022
Balance – beginning of period	39,456	139,589
Interest accrued	672	1,324
Interest payments	(275)	(3,139)
Principal advances	—	3,800
Principal repayments	(212)	(2,728)
Balance – end of period	39,641	138,846

Loans Receivable

The following table summarizes loans receivable:

(in thousands of dollars)	March 31, 2023	December 31, 2022
Issued to		
Penguin	92,311	100,279
Equity accounted investments	168,545	164,628
Unrelated parties	15,097	17,405
	275,953	282,312

See also Note 6(b) in the Trust's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2023 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 March 31	
	2023	2022
Balance – beginning of period	282,312	274,523
Loans issued	—	13,539
Principal advances	2,471	4,924
Interest accrued	2,032	1,116
Fair value adjustments ⁽¹⁾	836	1,106
Repayments	(11,698)	(1,391)
Balance – end of period	275,953	293,817

(1) \$0.8 million recorded during the three months ended March 31, 2023 (three months ended March 31, 2022 – \$1.1 million) in connection with the loan issued as part of the 700 Applewood purchase.

Notes Receivable

Notes receivable of \$2.9 million (December 31, 2022 – \$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, 2022 – 9.00%).

Section VII — Financing and Capital Resources

Capital Resources and Liquidity

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

(in thousands of dollars)	March 31, 2023	December 31, 2022	Variance (\$)
Cash and cash equivalents	32,638	35,255	(2,617)
Remaining operating facilities ⁽¹⁾	545,809	553,343	(7,534)
	578,447	588,598	(10,151)
Operating facility – accordion feature	250,000	250,000	—
	828,447	838,598	(10,151)

(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 AFFO Highlights" subsection.

As at March 31, 2023, the Trust's capital resources available decreased by \$10.2 million as compared to December 31, 2022, which is primarily due to the following:

- \$82.4 million of distributions paid on Trust Units, non-controlling interests and Units classified as liabilities;
- \$59.5 million representing net repayment of debt, which is principally due to the \$19.5 million repayment of secured debt, \$18.1 million repayment of other unsecured debt and \$22.0 million repayment of revolving operating facility;

- \$28.7 million representing net additions to investing activities including investment properties, equity accounted investments, equipment, and Earnouts and Developments;
- \$7.5 million relating to the decrease in remaining operating facilities; and
- \$1.9 million relating to the payment of lease liabilities;

Partially offset by the following:

- \$81.9 million of cash provided by operating activities;
- \$47.1 million of net proceeds from sale of investment properties;
- \$30.0 million relating to the proceeds from revolving unsecured debt facility; and
- \$9.3 million repayments of mortgages and loans receivable net of advances.

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 March 31, 2023 is 51.6% (December 31, 2022 – 52%). Including the Trust's capital resources as at March 31, 2023, the Trust could invest an additional \$1,410.0 million (December 31, 2022 – \$1,309.0 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 \$5.8 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 March 31, 2023.

The following table presents the estimated amount and timing of certain of the Trust's future obligations including development obligations as at March 31, 2023:

(in thousands of dollars)	Total	2023	2024	2025	2026	2027	Thereafter
Secured debt	955,275	224,933	151,031	411,340	98,121	5,473	64,377
Unsecured debt	3,821,652	212,231	276,784	888,203	400,000	850,000	1,194,434
Revolving operating facilities	88,832	30,000	58,832	—	—	—	—
Interest obligations ⁽¹⁾	484,999	99,752	101,037	85,128	67,290	51,211	80,581
Accounts payable	260,746	260,746	—	—	—	—	—
Other payable	27,108	7,664	311	9,133	—	—	10,000
	5,638,612	835,326	587,995	1,393,804	565,411	906,684	1,349,392
Mortgage receivable advances (repayments) ⁽²⁾	150,591	768	1,130	(15,880)	1,034	378	163,161
Development obligations (commitments)	16,516	16,516	—	—	—	—	—
Total	5,805,719	852,610	589,125	1,377,924	566,445	907,062	1,512,553

(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 \$39.6 million at March 31, 2023, and further forecasted commitments of \$150.6 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 months ended March 31, 2023, 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 March 31, 2023:

(in thousands of dollars)	Total	2023	2024	2025	2026	2027	Thereafter
Secured and unsecured debt	765,208	155,997	37,762	52,633	7,452	381,897	129,467
Development obligations (commitments) ⁽¹⁾	102,727	67,804	28,455	6,468	—	—	—
Total	867,935	223,801	66,217	59,101	7,452	381,897	129,467

(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 March 31, 2023:

(in thousands of dollars)	Total	2023	2024	2025	2026	2027	Thereafter
Secured and unsecured debt	349,436	42,376	18,367	39,419	3,163	181,659	64,452
Development obligations (commitments) ⁽¹⁾	45,018	27,939	13,825	3,254	—	—	—
Total Trust's share	394,454	70,315	32,192	42,673	3,163	181,659	64,452

(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)	March 31, 2023	December 31, 2022
Current assets	244,756	276,140
Less: Current liabilities	(795,726)	(720,400)
Working capital deficiency	(550,970)	(444,260)
Adjusted by: Current portion of debt included in current liabilities	(533,497)	(459,278)
Net working capital (deficiency) surplus	(17,473)	15,018

As at March 31, 2023, the Trust experienced a net working capital deficiency of \$17.5 million (December 31, 2022 – \$15.0 million surplus). This deficiency excludes mortgages, unsecured debentures and operating lines of credit of \$533.5 million (December 31, 2022 – \$459.3 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. Including such mortgages, unsecured debentures and operating lines of credit, the Trust experienced a working capital deficiency of \$551.0 million as at March 31, 2023 (December 31, 2022 – \$444.3 million deficiency).

The Trust has an unencumbered asset pool (a non-GAAP financial measure) with an approximate fair value totalling \$8.7 billion, which could generate gross financing proceeds on income properties of approximately \$5.5 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 Capital Requirements

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", "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.

	Three Months Ended March 31		
(in thousands of dollars, except per Unit and other Unit amounts)	2023	2022	Variance
Adjusted salaries and related costs attributed to leasing	2,080	1,826	254
Actual leasing commissions	382	510	(128)
Actual tenant improvements	2,730	1,948	782
Total actual leasing and related costs	5,192	4,284	908
Actual sustaining capital expenditures (recoverable and non-recoverable)	3,390	2,175	1,215
Total actual leasing costs and sustaining capital expenditures	8,582	6,459	2,123
Weighted average number of Units outstanding – diluted	179,891,028	179,590,588	300,440
Per Unit – diluted (\$)	0.05	0.04	0.01

For the three months ended March 31, 2023, the total leasing costs and sustaining capital expenditures were \$8.6 million, as compared to \$6.5 million in the same period in 2022, representing an increase of \$2.1 million. This increase is primarily due to the sustaining capital expenditures which primarily relate to the costs associated with landlord work and roof replacements. 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	March 31, 2023			December 31, 2022		
(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	954,153	2.6	3.93	969,054	2.8	3.91
Unsecured debt	3,790,637	4.1	3.74	3,791,797	4.1	3.74
Unsecured loan from equity accounted investments	123,335	N/A	—	141,131	N/A	—
Revolving operating facilities	88,832	2.2	5.95	81,283	1.3	5.59
Total debt before equity accounted investments	4,956,957	N/A	—	4,983,265	N/A	—
Less: Unsecured loan from equity accounted investments ⁽¹⁾	(68,744)	N/A	—	(78,145)	N/A	—
Subtotal	4,888,213	3.8	3.77	4,905,120	3.8	3.75
Share of secured debt (equity accounted investments)	184,113	8.2	5.09	193,525	8.1	4.91
Share of unsecured debt (equity accounted investments)	165,323	4.2	6.12	161,408	1.8	5.92
Share of debt classified as equity accounted investments	349,436	6.3	5.57	354,933	5.2	5.37
Total debt including equity accounted investments	5,237,649	3.9	3.89	5,260,053	4.0	3.86

(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 three months ended March 31, 2023:

(in thousands of dollars)	Secured Debt	Unsecured Debt	Revolving Operating Facilities	Equity Accounted Investments	Loan from Equity Accounted Investments	Total
Balance – January 1, 2023	969,054	3,791,797	81,283	354,933	62,986	5,260,053
Borrowings	1,600	—	30,000	15,982	836	48,418
Scheduled amortization	(10,136)	—	—	(695)	—	(10,831)
Repayments	(6,423)	—	(22,000)	(20,789)	(9,231)	(58,443)
Amortization of acquisition fair value adjustments	(89)	—	—	(33)	—	(122)
Financing costs incurred, net of additions	147	638	—	38	—	823
Currency translation	—	(1,798)	(451)	—	—	(2,249)
Balance – March 31, 2023	954,153	3,790,637	88,832	349,436	54,591	5,237,649

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 (%)
2023	28,463	196,470	224,933	23.55	4.53
2024	32,336	118,696 ⁽¹⁾	151,032	15.81	3.63
2025	21,736	389,604	411,340	43.07	3.39
2026	11,240	86,881	98,121	10.27	3.86
2027	5,473	—	5,473	0.57	—
Thereafter	16,176	48,200	64,376	6.73	4.84
Total	115,424	839,851	955,275	100.00	3.82
Acquisition date fair value adjustment			465		
Unamortized financing costs			(1,587)		
			954,153		3.93

(1) Includes construction loans in the amount of \$21.7 million, which bear interest at Canadian Banker's Acceptance rate plus 170 basis points.

Unsecured Debt

The following table summarizes the components of unsecured debt:

(in thousands of dollars)	March 31, 2023	December 31, 2022
Unsecured debentures (a)	2,652,822	2,652,327
Credit facilities (b)	994,583	996,238
	3,647,405	3,648,565
TRS debt	143,232	143,232
Other unsecured debt from equity accounted investments (c)	123,335	141,131
	3,913,972	3,932,928

a) Unsecured debentures

As at March 31, 2023, unsecured debentures totalled \$2,652.8 million (December 31, 2022 – \$2,652.3 million). The 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 March 31, 2023 (December 31, 2022 – 3.17%).

Unsecured debenture activities for the three months ended March 31, 2023

There is no significant activity relating to unsecured debentures during the three months ended March 31, 2023.

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 2022, DBRS confirmed the Trust's BBB(high) rating and maintained the negative trend.

b) Credit facilities

The following table summarizes the activity for unsecured credit facilities:

(in thousands of dollars) (Issued in)	Initial Maturity Date	Extended Maturity Date	Annual Interest Rate (%)	Facility Amount	March 31, 2023	December 31, 2022
Non-revolving:						
August 2018 ⁽¹⁾	January 31, 2025	N/A	2.980	80,000	80,000	80,000
March 2019 ⁽¹⁾	July 31, 2026	July 31, 2028	3.520	150,000	150,000	150,000
May 2019 ⁽¹⁾	June 24, 2024	December 24, 2030	3.146	170,000	170,000	170,000
January 2022 ⁽²⁾	January 19, 2027	N/A	BA + 1.20	300,000	300,000	300,000
December 2022 ⁽¹⁾	December 1, 2025	December 1, 2027	4.370	100,000	100,000	100,000
December 2022 ⁽¹⁾	December 1, 2025	December 1, 2027	4.625	100,000	100,000	100,000
December 2022	December 20, 2025	December 20, 2027	SOFR + 1.35	100,000	98,202	100,000
Revolving:						
May 2020	May 11, 2024	May 11, 2026	BA + 1.20	100,000	—	—
				1,100,000	998,202	1,000,000
Less:						
					(1,659)	(1,802)
					(1,960)	(1,960)
					994,583	996,238

(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 2.62% per annum. The weighted average term to maturity of the interest rate swaps is 2.39 years. Hedge accounting has not been applied to the interest rate swap agreements. See additional details in the table below.

(2) The proceeds of this loan were mainly used for the acquisition of SmartVMC West in December 2021.

The following table summarizes the fair value gain (loss) as at March 31, 2023 and December 31, 2022, relating to the mark to market adjustments associated with the interest rate swap agreements:

Facility Amount	Maturity Date	Fixed Interest Rate (%)	Variable Interest Rate	March 31, 2023	December 31, 2022
170,000	June 24, 2024	3.146	BA + 1.20	12,046	16,225
150,000	July 31, 2026	3.520	BA + 1.20	7,244	10,151
80,000	January 31, 2025	2.980	BA + 1.20	5,074	6,161
100,000	December 1, 2025	4.370	BA + 1.20	(681)	1,120
11,403	November 3, 2025	3.470	BA + 1.20	529	624
100,000	December 1, 2027	4.625	BA + 1.20	(383)	—
				23,829	34,281

c) Other unsecured debt from equity accounted investments

Other unsecured debt net of fair value adjustments totalling \$123.3 million (December 31, 2022 – \$141.1 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

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	December 31, 2022
					March 31, 2023	
Revolving facility maturing March 2028	BA + 1.20	500,000	30,000	15,359	454,641	477,626
Revolving facility maturing February 2024 ⁽¹⁾	US\$ LIBOR + 1.20	150,000	58,832	—	91,168	75,717
			88,832		545,809	553,343

(1) The Trust has drawn in US\$43.5 million which was translated to \$58.8 million as at March 31, 2023 (December 31, 2022 – drawn in US\$54.9 million which was translated to \$74.3 million).

In addition to the letters of credit outstanding on the Trust's revolving operating facilities (see above), the Trust also has \$33.9 million of letters of credit outstanding with other financial institutions as at March 31, 2023 (December 31, 2022 – \$32.9 million).

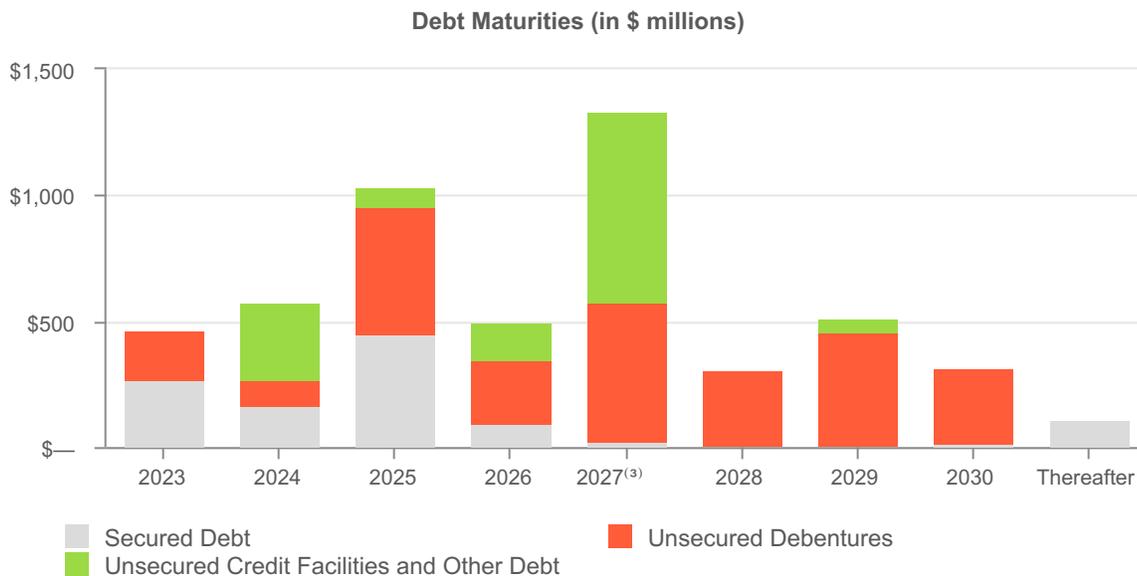
Unencumbered Assets

As at March 31, 2023, the Trust had \$8.7 billion of unencumbered assets (a non-GAAP financial measure) (December 31, 2022 – \$8.4 billion), which reflects the Trust's share of the value of investment properties. Expressed as a percentage, the Trust earned approximately 69.6% of its NOI from unencumbered assets (December 31, 2022 – 71.1%).

In connection with this pool of unencumbered assets, management estimates the total Forecasted Annualized NOI for 2023 to be \$371.5 million (December 31, 2022 – \$368.8 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⁾⁽²⁾ as at March 31, 2023:



(1) Includes the Trust's proportionate share of debt in equity accounted investments.
 (2) Excludes revolving operating facilities of \$88.8 million, which mature at various dates between February 2024 and March 2028.
 (3) For facilities where the initial maturity date can be extended at the sole option of the Trust, the final maturity date is assumed.

Interest Income and Interest Expense

Interest Income

The following table summarizes the components of interest income:

(in thousands of dollars)	Three Months Ended March 31		
	2023	2022	Variance (\$)
Mortgage interest	672	1,324	(652)
Loan interest	3,589	1,402	2,187
Notes receivable interest	65	65	—
TRS deposit interest	4	97	(93)
Bank interest	498	72	426
	4,828	2,960	1,868

For the three months ended March 31, 2023, interest income increased by \$1.9 million as compared to the three months ended March 31, 2022. This increase was primarily attributed to the higher loan interest and bank interest as a result of higher interest rates.

Interest Expense

The following table summarizes the components of interest expense:

(in thousands of dollars)	Three Months Ended March 31		
	2023	2022	Variance (\$)
Interest at stated rates	45,191	37,729	7,462
Amortization of acquisition date fair value adjustments on assumed debt	(89)	(125)	36
Amortization of deferred financing costs	913	1,022	(109)
Distributions on Units classified as liabilities – excluding SmartVMC West	970	969	1
Distributions on Units classified as liabilities – SmartVMC West	2,681	2,644	37
Distributions on vested deferred units	788	677	111
Total interest expense before capitalized interest	(A) 50,454	42,916	7,538
Less:			
Interest capitalized to properties under development – excluding SmartVMC West	(4,151)	(3,550)	(601)
Interest capitalized to properties under development – SmartVMC West	(4,035)	(1,220)	(2,815)
Interest capitalized to residential development inventory	(326)	(245)	(81)
Distributions capitalized to properties under development – SmartVMC West	(2,435)	(2,568)	133
Total capitalized interest	(B) (10,947)	(7,583)	(3,364)
Interest expense net of capitalized interest expense	(C = A + B) 39,507	35,333	4,174
Capitalized interest as a percentage of interest expense	(D = B / A) 21.7 %	17.7 %	4.0 %

For the three months ended March 31, 2023, interest expense net of capitalized interest totalled \$39.5 million, representing an increase of \$4.2 million as compared to the three months ended March 31, 2022, which was primarily due to the increase in interest rates.

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 three months ended March 31, 2023, the Trust was in compliance with all financial covenants.

Ratio	Calculation	Threshold	March 31, 2023	December 31, 2022
Interest coverage ratio ⁽¹⁾	<i>Adjusted EBITDA / Adjusted interest expense including capitalized interest⁽⁶⁾</i>	≥ 1.65X	2.9X	3.1X
Fixed charge coverage ratio ⁽³⁾	<i>Adjusted EBITDA / Debt service expense⁽⁷⁾</i>	≥ 1.5X	2.2X	2.3X
Debt to aggregate assets ⁽³⁾⁽⁴⁾⁽⁵⁾	<i>Net debt / Aggregate assets⁽⁸⁾</i>	≤ 65%	43.2 %	43.6 %
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 %	42.9 %
Debt to Gross Book Value (excluding convertible debentures) ⁽¹⁾⁽⁴⁾⁽⁵⁾	<i>Net debt / Gross book value⁽⁹⁾</i>	≤ 60%	51.6 %	52.0 %
Debt to Gross Book Value (including convertible debentures) ⁽¹⁾⁽⁴⁾⁽⁵⁾	<i>Net debt / Gross book value⁽¹⁰⁾</i>	≤ 65%	51.6 %	52.0 %
Adjusted debt to adjusted EBITDA ⁽²⁾⁽⁵⁾	<i>Adjusted debt / Adjusted EBITDA⁽¹¹⁾</i>	N/A	10.0X	10.3X
Secured debt to aggregate assets ⁽³⁾⁽⁵⁾	<i>Secured debt including EAI / Aggregate assets⁽¹²⁾</i>	≤ 40%	9.4 %	11.2 %
Unsecured to secured debt ratio ⁽²⁾⁽⁵⁾	<i>Unsecured debt including EAI / Secured debt including EAI⁽¹³⁾</i>	N/A	78%/22%	74%/26%
Unencumbered assets to unsecured debt ⁽³⁾⁽⁵⁾	<i>Unencumbered assets / Unsecured debt including EAI⁽¹⁴⁾</i>	≥ 1.3X	2.1X	2.2X
Unitholders' equity (in thousands) ⁽¹⁾⁽³⁾		≥ \$2,000,000	\$6,198,390	\$6,163,101
Units classified as liabilities (in thousands)		N/A	\$209,838	\$211,497
Total Unitholders' equity including Units classified as liabilities (in thousands)		N/A	\$6,408,228	\$6,374,598

(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 March 31, 2023, cash-on-hand of \$29.7 million (December 31, 2022 – \$33.4 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" section.

(7) This ratio is calculated as: Adjusted EBITDA/Debt service expense. The calculation of Adjusted EBITDA is referenced in the "Non-GAAP Measures" section. 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: 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" section.

(12) 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.

(13) 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".

(14) 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".

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 the Trust's Units. The following table is a summary of the number of Units outstanding:

Type	Class	March 31, 2023	December 31, 2022
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 ⁽¹⁾	Class B	4,105,773	4,062,801
Smart Limited Partnership IV	Class B	3,112,565	3,112,565
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		170,279,254	170,236,282
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		178,176,825	178,133,853

(1) The increase in number of Units relates to Units issued in connection with Earnout transactions completed during the three months ended March 31, 2023. See also Note 14, "Unit equity", in the Trust's unaudited interim condensed consolidated financial statements.

As of May 10, 2023, the Trust has 170,282,302 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)	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Unitholders' Equity – beginning of period	6,163,101	5,841,315
Unit issuance costs	—	(250)
Issuance of LP Units classified as equity	1,182	1,279
Net income and comprehensive income	112,861	635,965
Distributions	(78,754)	(315,208)
Unitholders' Equity – end of period	6,198,390	6,163,101
LP Units classified as liabilities – beginning of period	211,497	254,223
Change in carrying value	(1,659)	(42,726)
LP Units classified as liabilities – end of period	209,838	211,497
Unitholders' Equity and LP Units classified as liabilities – end of period	6,408,228	6,374,598

Distributions

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

For the three months ended March 31, 2023, the Trust paid \$82.4 million in cash distributions (for the three months ended March 31, 2022 – \$82.6 million in cash distributions). The following table summarizes declared distributions:

(in thousands of dollars)	Three Months Ended March 31	
	2023	2022
Distributions declared on:		
Trust Units	66,889	66,889
LP Units	11,865	11,837
Other non-controlling interest	—	283
Distributions on Units classified as equity	78,754	79,009
Distributions on LP Units classified as liabilities – excluding SmartVMC West	970	969
Distributions on LP Units classified as liabilities – including SmartVMC West	2,681	2,644
Distributions on LP Units classified as liabilities	3,651	3,613
Total distributions declared	82,405	82,622

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 March 31, 2023, there were 9,729,886 additional Special Voting Units outstanding (December 31, 2022 – 10,053,123). 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 March 31, 2023, Penguin owned 20.9% 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 24.7% 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 March 31, 2023, 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 the Development Services Agreement with Penguin 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 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
- v) 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 months ended March 31, 2023). 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 non-competition agreement with Penguin entered into in 2020 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 months ended March 31, 2023). Under the award 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 awards granted to Mitchell Goldhar and other eligible associates in 2021, 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 award granted to Mitchell Goldhar:

	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Balance – beginning of period	13,380	8,500
Amortization costs capitalized to properties under development ⁽¹⁾	1,347	5,182
Fair value adjustment to financial instruments	281	(302)
Balance – end of period	15,008	13,380

(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 months ended March 31, 2023, 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 development 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 expense, 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:

(in thousands of dollars)	Three Months Ended March 31	
	2023	2022
Related party transactions with Penguin		
Acquisitions and Earnouts:		
Earnouts	5,664	7,363
Revenues:		
Service and other revenues:		
Management fee and other services revenue pursuant to the Development Services Agreement	3,628	572
Supplement to the Development Services Agreement fees – time billings	—	1,274
Support services	298	266
	3,926	2,112
Interest income from mortgages and loans receivable	1,323	1,653
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of \$190 (three months ended March 31, 2022 – \$103))	771	112
	6,020	3,877
Expenses and other payments:		
Fees paid – capitalized to properties under development	1,341	1,823
EIP – capitalized to properties under development	1,347	1,388
Development fees and interest expense (capitalized to investment properties)	41	—
Opportunity fees capitalized to properties under development ⁽¹⁾	278	15
Marketing, time billings and other administrative costs (included in general and administrative expense and property operating costs)	19	—
Disposition fees (included in general and administrative expense)	418	48
	3,444	3,274
Related party transactions with PCVP		
Revenues:		
Interest income from mortgages and loans receivable	603	322
Expenses and other payments:		
Rent and operating costs (included in general and administrative expense and property operating costs)	701	604

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

(in thousands of dollars)	March 31, 2023	December 31, 2022
Related party balances with Penguin disclosed elsewhere in the financial statements		
Receivables:		
Amounts receivable and other ⁽¹⁾	22,776	18,734
Mortgages receivable	39,641	39,456
Loans receivable	92,311	100,280
Notes receivable	2,924	2,924
Total receivables	157,652	161,394
Payables and other accruals:		
Accounts payable and accrued liabilities	1,454	3,504
Future land development obligations	17,751	17,646
Total payables and other accruals	19,205	21,150

(1) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of \$14.6 million and other of \$8.1 million (December 31, 2022 – amounts receivable of \$11.9 million and other of \$6.8 million).

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

(in thousands of dollars)	March 31, 2023	December 31, 2022
Related party balances disclosed elsewhere in the financial statements		
Amounts receivable ⁽¹⁾	81	616
Loans receivable ⁽²⁾	168,545	164,628
Other unsecured debt ⁽³⁾	123,335	141,131

(1) Amounts receivable do not consist of Penguin's portion as at March 31, 2023 (December 31, 2022 – included \$0.03 million relating to Penguin's 50% investment in the PCVP and 50% in Residences (One) LP).

(2) Loans receivable includes Penguin's portion, which represents \$24.6 million (December 31, 2022 – \$24.3 million) relating to Penguin's 50% investment in PCVP.

(3) Other unsecured debt does not consist of Penguin's portion as at March 31, 2023 (December 31, 2022 – \$0.2 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 March 31	
	2023	2022
Legal fees incurred from a law firm in which a partner is a Trustee:		
Capitalized to investment properties	235	583
Included in general and administrative expense	472	564
	707	1,147

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 months ended March 31, 2023, and the Notes contained therein.

The Trust's MD&A for the year ended December 31, 2022 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, 2022. Management determined that as at March 31, 2023, 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, 2022, with the following additions:

Amendments to IAS 8, Definition of Accounting Estimates

On January 1, 2023, the Trust adopted the amendments to IAS 8, Definition of Accounting Estimates. The amendments clarify the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors. 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, 2022 under the headings "Risk Factors" and the Trust's MD&A for the year ended December 31, 2022 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 March 31, 2023.

Environmental, Social and Governance ("ESG")

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. In addition, the Board of Trustees established a sub-committee of its audit committee to focus on ESG issues. The Trust has published its 2022 ESG report, which can be found on the Trust's website (www.smartcentres.com). The information on SmartCentres' website does not form part of this MD&A.

Disclosure Controls and Procedures and Internal Controls 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 controls 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 months ended March 31, 2023 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.