CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

SMARTCENTRES®
REAL ESTATE INVESTMENT TRUST

SMARTLIVING

2023 YEAR-END REPORT.

COMMITTED TO CANADIAN COMMUNITIES

TABLE OF CONTENTS

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Independent auditor's report

To the Unitholders of SmartCentres Real Estate Investment Trust

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of SmartCentres Real Estate Investment Trust and its subsidiaries (together, the Trust) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Trust's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2023 and 2022;
- the consolidated statements of income and comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of equity for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were

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addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to note 2 – Material accounting policy information and note 4 – Investment properties to the consolidated financial statements.* The Trust measures its investment properties at fair value and, as at December 31, 2023, total investment properties were valued at $10,564 million and include income properties and properties under development (PUD). Fair values of investment properties are determined using valuations prepared by management, with reference to available external data. PUD is valued using the discounted cash flow valuation method, or land, development and construction costs recorded at market value, and income properties are valued using the discounted cash flow valuation method. Management applied significant judgment in determining the fair values of investment properties using the two methods described above (the valuation methods). The significant assumptions in the land, development and construction costs recorded at market value include the market value per acre for land. The significant assumptions used in the discounted cash flow valuation method include estimated future cash flows over an average period of 10 years, discount rates and terminal capitalization rates. The determination of estimated future cash flows incorporates significant assumptions including expectations of changes in rental rates, occupancy rates, lease renewal rates, and downtime on existing lease expiries. We considered this a key audit matter due to the significant judgments by management when determining the fair values of the income properties and PUD, and the high degree of complexity in assessing audit evidence related to the significant	Our approach to addressing the matter included the following procedures, among others: • For a sample of investment properties, tested how management determined the fair value, which included the following: – Tested the underlying data used in the valuations. – Evaluated the reasonableness of the estimated future cash flows over an average period of 10 years used in the discounted cash flow valuation method by comparing assumptions, such as expected changes in occupancy rates, to external market and industry data and comparing components of the year one cash flows to the underlying accounting records. – Professionals with specialized skill and knowledge in the field of real estate valuations assisted us in evaluating the appropriateness of the valuation methods and in evaluating the reasonableness of the discount rates, terminal capitalization rates, changes in rental rates, lease renewal rates and downtime on existing lease expiries. – Assessed the market value of land per acre used by management by comparing it to external market and industry data.

assumptions used by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Daniel D'Archivio.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario
February 14, 2024

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

As at	Note	**December 31, 2023**	December 31, 2022
Assets			
Non-current assets			
Investment properties	2.22, 4	**$10,564,269**	$10,286,891
Equity accounted investments	5	**756,919**	680,999
Mortgages, loans and notes receivable	6	**80,532**	238,099
Other financial assets	7	**152,162**	171,807
Other assets	8	**4,167**	4,410
Intangible assets	9	**42,476**	43,807
		$11,600,525	$11,426,013
Current assets			
Assets held for sale	4	**—**	42,321
Residential development inventory	10	**51,719**	40,373
Current portion of mortgages, loans and notes receivable	6	**129,777**	86,593
Amounts receivable and other	11	**73,610**	57,124
Prepaid expenses, deposits and deferred financing costs	11	**15,048**	14,474
Cash and cash equivalents		**34,743**	35,255
		$304,897	$276,140
Total assets		**$11,905,422**	$11,702,153
Liabilities			
Non-current liabilities			
Debt	12	**$4,394,044**	$4,523,987
Other financial liabilities	13	**275,383**	277,400
Other payables	14	**17,727**	17,265
		$4,687,154	$4,818,652
Current liabilities			
Current portion of debt	12	**605,478**	459,278
Accounts payable and current portion of other payables	14	**253,486**	261,122
		$858,964	$720,400
Total liabilities		**$5,546,118**	$5,539,052
Equity			
Trust Unit equity		**$5,272,334**	$5,126,197
Non-controlling interests		**1,086,970**	1,036,904
		$6,359,304	$6,163,101
Total liabilities and equity		**$11,905,422**	$11,702,153

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

Approved by the Board of Trustees.

Michael Young
Trustee

Garry Foster
Trustee

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

For the years ended December 31,	Note	**2023**	2022
Net rental income and other			
Rentals from investment properties and other	18	**$834,581**	$804,598
Property operating costs and other	19	**(321,020)**	(301,994)
Net rental income and other		**513,561**	502,604
Other income and expenses			
General and administrative expense, net	20	**(36,370)**	(33,269)
Earnings from equity accounted investments	5	**75,170**	4,199
Fair value adjustment on investment properties	4, 26	**91,448**	201,834
Gain on sale of investment properties		**44**	315
Interest expense	12(d)	**(163,741)**	(148,702)
Interest income		**19,647**	18,036
Fair value adjustment on financial instruments	26	**10,344**	91,246
Acquisition-related costs		**—**	(298)
Net income and comprehensive income		**$510,103**	$635,965
Net income and comprehensive income attributable to:			
Trust Units		**$413,700**	$516,049
Non-controlling interests		**96,403**	119,916
		$510,103	$635,965

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

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

For the years ended December 31,	Note	2023	2022
Cash provided by (used in)			
Operating activities			
Net income and comprehensive income		**$510,103**	$635,965
Items not affecting cash and other items	21	**(19,057)**	(154,639)
Cash interest paid	12(d)	**(151,199)**	(139,693)
Interest received		**10,879**	44,119
Distributions from equity accounted investments	5	**6,171**	4,784
Expenditures on direct leasing costs and tenant incentives		**(12,097)**	(9,860)
Expenditures on tenant incentives for properties under development		**(4,772)**	(1,897)
Changes in other non-cash operating items	21	**(9,175)**	(8,017)
Cash flows provided by operating activities		**$330,853**	$370,762
Financing activities			
Proceeds from issuance of unsecured debentures, net of issuance costs	12(b)	**298,950**	—
Proceeds from secured debt		**3,133**	—
Proceeds from unsecured debt		**38,148**	700,000
Proceeds from revolving operating facilities		**242,486**	392,000
Repayment of unsecured debentures	12(b)	**(200,000)**	—
Repayments of secured debt		**(174,787)**	(281,983)
Repayments of unsecured debt		**(35,359)**	(154,913)
Repayments of revolving operating facility		**(173,832)**	(610,000)
Distributions paid on Trust Units		**(267,563)**	(267,563)
Distributions paid on non-controlling interests and Units classified as liabilities		**(62,414)**	(52,007)
Payment of lease liability		**(1,652)**	(1,883)
Cash flows used in financing activities		**$(332,890)**	$(276,349)
Investing activities			
Acquisitions and Earnouts of investment properties	3	**(2,777)**	(128,389)
Additions to investment properties		**(127,630)**	(131,057)
Additions to equity accounted investments		**(39,372)**	(22,774)
Additions to equipment	8	**(1,906)**	(1,589)
Decrease in cash held as collateral		**—**	(94,821)
Increase in cash held as collateral		**—**	145,100
Advances of mortgages and loans receivable		**(11,500)**	(50,485)
Repayments of mortgages and loans receivable		**136,019**	120,800
Net proceeds from sale of investment properties		**48,691**	41,822
Cash flows provided by (used in) investing activities		**$1,525**	$(121,393)
Decrease in cash and cash equivalents during the year		**(512)**	(26,980)
Cash and cash equivalents – beginning of year		**35,255**	62,235
Cash and cash equivalents – end of year		**$34,743**	$35,255

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

SMARTCENTRES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF EQUITY
(in thousands of Canadian dollars)

		Attributable to Unitholders			Attributable to LP Units Classified as Non-Controlling Interests				
	Note	Trust Units (Note 16)	Retained Earnings	Unit Equity	LP Units (Note 16)	Retained Earnings	LP Unit Equity	Other Non-Controlling Interest (Note 22)	Total Equity
Equity – January 1, 2022		$3,090,368	$1,787,593	$4,877,961	$641,944	$317,965	$ 959,909	$3,445	$5,841,315
Issuance of Units	16	—	—	—	1,279	—	1,279	—	1,279
Unit issuance costs	16	(250)	—	(250)	—	—	—	—	(250)
Net income and comprehensive income		—	516,049	516,049	—	119,519	119,519	397	635,965
Distributions	17	—	(267,563)	(267,563)	—	(47,363)	(47,363)	(282)	(315,208)
Equity – December 31, 2022		$3,090,118	$2,036,079	$5,126,197	$643,223	$390,121	$1,033,344	$3,560	$6,163,101
Equity – January 1, 2023		**$3,090,118**	**$2,036,079**	**$5,126,197**	**$643,223**	**$390,121**	**$1,033,344**	**$3,560**	**$6,163,101**
Issuance of Units	16	**—**	**—**	**—**	**1,471**	**—**	**1,471**	**—**	**1,471**
Net income and comprehensive income		**—**	**413,700**	**413,700**	**—**	**95,977**	**95,977**	**426**	**510,103**
Distributions	17	**—**	**(267,563)**	**(267,563)**	**—**	**(47,470)**	**(47,470)**	**(338)**	**(315,371)**
Equity – December 31, 2023		**$3,090,118**	**$2,182,216**	**$5,272,334**	**$644,694**	**$438,628**	**$1,083,322**	**$3,648**	**$6,359,304**

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

SMARTCENTRES REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2023 and December 31, 2022
(in thousands of Canadian dollars, except Unit, square foot and per Unit amounts)

1. Organization

SmartCentres Real Estate Investment Trust and its subsidiaries (collectively, “the Trust”), is an unincorporated open-ended mutual fund trust governed by the laws of the Province of Alberta created under a declaration of trust, dated December 4, 2001, subsequently amended and last restated on December 9, 2020 (“the Declaration of Trust”). The Trust develops, leases, constructs, owns and manages shopping centres, office buildings, high-rise and low-rise condominiums and rental residences, seniors’ housing, townhome units, self-storage rental facilities, and industrial facilities in Canada, both directly and through its subsidiaries, Smart Limited Partnership, Smart Limited Partnership II, Smart Limited Partnership III, Smart Limited Partnership IV, Smart Oshawa South Limited Partnership, Smart Oshawa Taunton Limited Partnership, Smart Boxgrove Limited Partnership, ONR Limited Partnership, ONR Limited Partnership I, and SmartVMC West Limited Partnership. The exchangeable securities of these subsidiaries, which are presented as non-controlling interests or as a liability, as appropriate, are economically equivalent to voting trust units (“Trust Units”) as a result of voting, exchange and distribution rights as more fully described in Note 16(a). The address of the Trust’s registered office is 3200 Highway 7, Vaughan, Ontario, L4K 5Z5. The Units of the Trust are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbol “SRU.UN”.

These consolidated financial statements have been approved for issue by the Board of Trustees on February 14, 2024. The Board of Trustees has the power to amend the consolidated financial statements after issue.

As at December 31, 2023, the Penguin Group of Companies (“Penguin”), owned by Mitchell Goldhar, owned approximately 21.0% (December 31, 2022 – 20.8%) of the issued and outstanding Units of the Trust and Limited Partnerships (see also Note 22, “Related party transactions”).

2. Material accounting policy information

2.1 Statement of Compliance

The consolidated financial statements of the Trust are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and using the accounting policies described herein.

2.2 Basis of presentation

The Trust’s consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars, which is the Trust’s functional currency, rounded to the nearest thousands unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

2.3 Principles of consolidation

Subsidiaries are all entities over which the Trust has control. The Trust controls an entity when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Trust. They are deconsolidated from the date that control ceases.

Inter-entity transactions, balances, unrealized losses and unrealized gains on transactions between the Trust and its subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Trust.

Non-controlling interests represent equity interests in subsidiaries not attributable to the Trust. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Net income and comprehensive income are attributed to Trust Units and non-controlling interests.

2.4 Investment property acquisitions

When an investment is acquired, the Trust considers the substance of the assets and activities of the acquisition in determining whether the acquisition represents an asset acquisition or a business combination. The transaction is considered to be a business combination if the acquired investment meets the definition of a business, being an integrated set of activities and assets that are capable of being managed for the purposes of providing a return to Unitholders. The Trust elected to consistently use a concentration test that results in an asset acquisition conclusion when substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of similar identifiable assets.

When acquisition of an investment does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values at the acquisition date, and no goodwill is recognized. Acquisition-related costs are capitalized to the investment at the time the acquisition is completed.

2.5 Investment in associates

Investment in associates includes entities over which the Trust has significant influence but not control or joint control, generally accompanying an ownership of between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method of accounting and recorded as equity accounted investments on the consolidated balance sheets. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee, including the Trust's pro rata share of changes in fair value of investment property held by the associate from the previous reporting period, after the date of acquisition. The Trust's investment in associates includes any notional goodwill identified on acquisition.

When the Trust's share of losses in an investment in associate equals or exceeds its interest in the investment in associate, including any other unsecured receivables, the Trust does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment in associate.

The Trust determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Trust calculates the amount of impairment as the difference between the recoverable amount of the investment in associate and its carrying value and recognizes the amount in the consolidated statements of income and comprehensive income.

2.6 Joint arrangements

Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures depending on the Trust's rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

a) Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control only have rights to the net assets of the arrangement. Investment in joint ventures is accounted for using the equity method of accounting and recorded as equity accounted investments on the consolidated balance sheets. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee, including the Trust's pro rata share of changes in fair value of investment property held by the equity accounted investment from the previous reporting period, after the date of acquisition. The Trust's investment in joint ventures includes any notional goodwill identified on acquisition.

When the Trust's share of losses in an investment in joint venture equals or exceeds its interest in the investment in joint venture, including any other unsecured receivables, the Trust does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment in joint venture.

The Trust determines at each reporting date whether there is any objective evidence that the investment in joint venture is impaired. If this is the case, the Trust calculates the amount of impairment as the difference between the recoverable amount of the investment in joint venture and its carrying value and recognizes the amount in the consolidated statement of income and comprehensive income.

Investment in associates and investment in joint ventures, collectively, are refer to as "equity accounted investments".

b) Investment in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. The Trust is a co-owner in several properties that are subject to joint control and has determined that certain current joint arrangements are joint operations as the Trust, through its subsidiaries, is the direct beneficial owner of the Trust's interests in the properties. For these properties, the Trust recognizes its proportionate share of the assets, liabilities, revenue and expenses of these co-ownerships in the respective lines in the consolidated financial statements (see Note 24, "Co-owned property interests").

2.7 *Investment properties*

Investment properties include income properties and properties under development (land or building, or part of a building, or both) that are held by the Trust, or leased by the Trust as a lessee, to earn rentals or for capital appreciation or both.

Acquired investment properties are measured initially at cost, including related transaction costs in connection with asset acquisitions. Certain properties are developed by the Trust internally, and other properties are developed and leased to third parties under development management agreements with Penguin and other vendors ("Earnouts"). Earnouts occur when the vendors retain responsibility for managing certain developments on land acquired by the Trust for additional proceeds paid on completion calculated based on a predetermined, or formula-based, capitalization rate, net of land and development costs incurred by the Trust. The completion of an Earnout is reflected as an additional purchase within investment properties. Costs capitalized to properties under development include direct development and construction costs, Earnout Fees ("Earnout Fees"), borrowing costs, property taxes and other carrying costs, as well as capitalized staff compensation and other costs directly attributable to property under development.

Borrowing costs that are incurred for the purpose of, and are directly attributable to, acquiring or constructing a qualifying investment property are capitalized as part of its cost. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Borrowing costs are capitalized while acquisition or construction is actively underway and cease once the asset is ready for use as intended by management, or suspended if the development of the asset is suspended, as identified by management.

After the initial recognition, investment properties are recorded at fair value, determined based on comparable transactions, if any. If comparable transactions are not available, the Trust uses alternative valuation methods such as: i) the discounted cash flow valuation method, and ii) land, development and construction costs recorded at market value. Valuations, where obtained externally, are performed during the year with quarterly updates on capitalization rates by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Related fair value gains and losses are recorded in the consolidated statements of income and comprehensive income in the period in which they arise.

Investment property held by the Trust under a lease is classified as investment property when the definition of an investment property is met and the Trust accounts for the lease as a right-of-use asset. The Trust accounts for all leasehold property interests that meet the definition of investment property held by the Trust as right-of-use assets.

Subsequent expenditure is capitalized to the investment property's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Initial direct leasing costs incurred by the Trust in negotiating and arranging tenant leases are added to the carrying amount of investment properties.

2.8 *Assets held for sale*

An investment property is classified as held for sale when it is expected that its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For an investment property to be classified as held for sale: i) it must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property, and ii) the sale must be highly probable, management must be committed to a plan to sell the assets, and the sale is expected generally within one year of classification. Upon designation as held for sale, the investment property continues to be measured at fair value and is presented separately on the consolidated balance sheets.

2.9 *Residential development inventory*

Residential development inventory, which is developed for sale in the ordinary course of business within the normal operating cycle, is stated at the lower of cost and estimated net realizable value. Residential development inventory is reviewed for impairment at each reporting date. An impairment loss is recognized as an expense when the carrying value of the property exceeds its net realizable value. Net realizable value is based on projections of future cash flows, which take into account the development plans for each project and management's best estimate of the most probable set of anticipated economic conditions.

The cost of residential development inventory includes borrowing costs directly attributable to projects under active development. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average interest rate for the Trust's other borrowings to eligible expenditures. Borrowing costs are not capitalized on residential development inventory where no development activity is taking place. Residential development inventory is presented separately on the consolidated balance sheets as current assets, as the Trust intends to sell these assets in the ordinary course of business within the normal operating cycle.

2.10 Intangible assets

The Trust's intangible assets comprise key joint venture relationships, trademarks and goodwill. The joint venture relationships and trademarks have finite useful lives, and as such are amortized over a period of 30 years and reviewed for impairment when an indication of impairment exists. Goodwill is not amortized but tested for impairment at least annually, or more frequently if there are indicators of impairment.

2.11 Classification of Units as equity and liabilities

a) Trust Units

The Trust Units meet the definition of a financial liability under IFRS as the redemption feature of the Trust Units creates an unavoidable contractual obligation to pay cash. Therefore, the Trust Units are considered to be "puttable instruments" and are presented as equity.

To be presented as equity, a puttable instrument must meet all of the following conditions: i) it must entitle the holder to a pro rata share of the entity's net assets in the event of the entity's dissolution; ii) it must be in the class of instruments that is subordinate to all other instruments; iii) all instruments in the class in ii) must have identical features; iv) other than the redemption feature, there can be no other contractual obligations that meet the definition of a liability; and v) the expected cash flows for the instrument must be based substantially on the profit or loss of the entity or change in fair value of the instrument. This is called the "Puttable Instrument Exemption".

The Trust Units meet the Puttable Instrument Exemption criteria and, accordingly, are presented as equity in the consolidated financial statements. The distributions on Trust Units are deducted from retained earnings.

b) Limited Partnership Units

The Class B General Partnership Units and Class D Limited Partnership Units of Smart Limited Partnership (referred to herein as "Smart LP Units"), Class B Limited Partnership Units of Smart Limited Partnership II (referred to herein as "Smart LP II Units"), Class B General Partnership Units of Smart Limited Partnership III (referred to herein as "Smart LP III Units"), Class B General Partnership Units of Smart Limited Partnership IV (referred to herein as "Smart LP IV Units"), Class B General Partnership Units and Class D Limited Partnership Units of Smart Oshawa South Limited Partnership (referred to herein as "Smart Oshawa South LP Units"), Class B General Partnership Units and Class D Limited Partnership Units of Smart Oshawa Taunton Limited Partnership (referred to herein as "Smart Oshawa Taunton LP Units"), Class B Limited Partnership Units of ONR Limited Partnership (referred to herein as "ONR LP Units"), Class B Limited Partnership Units of ONR Limited Partnership I (referred to herein as "ONR LP I Units"), Class B Limited Partnership Units of Smart Boxgrove Limited Partnership (referred to herein as "Smart Boxgrove LP Units"), and Class D Limited Partnership Units of SmartVMC West Limited Partnership (referred to herein as "SmartVMC West LP Units") are exchangeable into Trust Units at the partners' option. All limited partnership units that are presented as equity are referred to herein as "LP Units" (individually, each of these limited partnerships are referred to herein as an LP).

Each respective LP Unit meets the Puttable Instrument Exemption conditions and, as such, are presented in equity as non-controlling interests in the Trust's consolidated financial statements.

The Class D Smart LP Units, Class F Smart LP Units, Class D Smart Oshawa South LP Units, Class D Smart Oshawa Taunton LP Units, Class B ONR LP Units, Class B ONR LP I Units, and Class D SmartVMC West LP Units (collectively referred to herein as "Units classified as liabilities"), are considered puttable instruments and are classified as financial liabilities at FVTPL. The distributions on such Units are classified as interest expense in the consolidated statement of income and comprehensive income. The Trust considers distributions on such Units classified as interest expense to be a financing activity in the consolidated statement of cash flows.

2.12 *Financial assets and liabilities – recognition and measurement*

The Trust recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Such financial assets or financial liabilities are initially recognized at their fair value, including directly attributable transaction costs in the case of a financial asset or financial liability not subsequently measured at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Subsequent measurement depends on the initial classification of the financial asset or financial liability.

Classification

The classification of financial assets depends on the Trust's business model for managing the financial assets and their contractual cash flows characteristics. Financial assets are classified and measured based on the following categories:

- amortized cost;
- fair value through other comprehensive income ("FVTOCI"); and
- fair value through profit or loss ("FVTPL").

The following table summarizes the Trust's classification and measurement of financial assets and liabilities:

	Note	**Classification under IFRS 9**
Financial assets		
Mortgages, loans and notes receivable		Amortized cost
Amounts receivable and other		Amortized cost
Cash and cash equivalents		Amortized cost
Total return swap receivable		FVTPL
Other financial assets		FVTPL
Financial liabilities		
Accounts payable and other payables		Amortized cost
Secured debt		Amortized cost
Revolving operating facilities		Amortized cost
Unsecured debt		Amortized cost
Units classified as liabilities	2.11	FVTPL
Earnout options	2.14	FVTPL
Deferred unit plan ("DUP")	2.14	FVTPL
Long term incentive plan ("LTIP")	2.14	FVTPL
Equity incentive plan ("EIP")	2.14	FVTPL
Other financial liabilities		FVTPL

The following table describes the valuation techniques used in the determination of the fair values of the financial assets and liabilities:

Type	Valuation approach
Mortgages, loans and notes receivable	The fair value of each mortgage, loan and note receivable is based on the current market conditions for financing with similar terms and risks.
Accounts receivable, cash and cash equivalents, and trade payables and other liabilities	The carrying amount approximates fair value due to the short-term maturity of these instruments.
Total return swap receivable	Fair value is determined by reference to the value of the underlying notional Trust Units at each reporting date.
Currency swap agreement	Fair value is determined as the difference between the foreign exchange rate between Canadian dollars and U.S. dollars as per the swap agreement and the foreign exchange rate at the reporting date on the specified notional amount.
Interest rate swap agreements	The fair value is determined using the discounted cash flow valuation technique on the expected cash flows of the derivatives. The future fixed cash payments and the expected variable cash receipts are discounted to the reporting date, and then netted to determine the fair value of each interest rate swap agreement.
Units classified as liabilities	The fair value is based on closing market trading price of the Trust's Units.
Earnout options	The fair value is valued using a Black-Scholes option pricing model.
DUP	The fair value is based on closing market trading price of the Trust's Units.
LTIP and EIP	The fair value is valued using a Monte Carlo simulation pricing model.
Long-term debt	Fair value is based on the present value of contractual cash flows, discounted at the Trust's current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices.

Impairment
The Trust assesses, on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortized cost. The impairment is dependent on whether there has been a significant increase in credit risk.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets ("Unbilled other tenant receivables") relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Trust has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The Trust applies the simplified approach permitted by IFRS 9 to record the expected credit loss for tenant receivables where its loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime expected credit loss.

All of the Trust's loans receivable and mortgages receivable at amortized cost are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months expected losses. These financial assets are considered by management to be "low credit risk" when these financial assets have a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments with original maturities of three months or less.

2.14 Trust and Limited Partnership Unit based arrangements

a) *Unit options issued to non-employees on acquisitions (the "Earnout options")*

In connection with certain acquisitions and the associated development agreements, the Trust may grant options to acquire Units of the Trust or Limited Partnerships to Penguin or other vendors. These options are exercisable only at the time of completion and rental of additional space on acquired properties at strike prices determined on the date of grant. Earnout options that have not vested expire at the end of the term of the corresponding development management agreement.

The Earnout options are considered to be a financial liability because there is a contractual obligation for the Trust to deliver Trust or Limited Partnership Units upon exercise of the Earnout options. The Earnout options are considered to be contingent consideration with respect to the acquisitions they relate to, and are initially recognized at their fair value. The Earnout options are subsequently carried at fair value with changes in fair value recognized in the fair value adjustment on financial instruments in the consolidated statements of income and comprehensive income.

The fair value of Earnout options is determined using the Black-Scholes option pricing model using certain observable inputs with respect to the volatility of the underlying Trust Unit price, the risk-free rate and using unobservable inputs with respect to the anticipated expected lives of the options, the number of options that will ultimately vest and the expected Trust Unit distribution rate. Generally, increases in the anticipated lives of the options, decreases in the number of options that will ultimately vest, and decreases in the expected Trust Unit distribution rate will combine to result in a lower fair value of Earnout options (see also 2.21).

b) *Unit based compensation*

i. *Deferred unit plan*

Deferred units granted to Trustees with respect to their Trustee fees, as well as the matching deferred units, vest immediately and are considered to be with respect to past services and are recognized as compensation expense upon grant. Deferred units granted to eligible associates with respect to their bonuses vest immediately, and the matching deferred units vest 50% on the third anniversary and 25% on each of the fourth and fifth anniversaries. Deferred units granted relating to amounts matched by the Trust are considered to be with respect to future services and are recognized as compensation expense based upon the fair value of Trust Units over the vesting period of each deferred unit.

The deferred units earn additional deferred units for the distributions that would otherwise have been paid on the deferred units as if they instead had been issued as Trust Units on the date of grant. The deferred units are considered to be a financial liability because there is a contractual obligation for the Trust to deliver Trust Units or settle in cash upon conversion or redemption of the deferred units.

The deferred units are measured at fair value using the market price of the Trust Units on each reporting date, with changes in fair value recognized in the consolidated statements of income and comprehensive income as additional compensation expense over their vesting period and as a gain or loss on financial instruments once vested. The additional deferred units are recorded in the consolidated statements of income and comprehensive income as compensation expense over their vesting period and as interest expense once vested.

ii. *LTIP*

The Trust’s LTIP awards officers of the Trust with performance units that are linked to the long-term performance of Trust Units relative to the respective market index. Performance units vest over a performance period of three years and are settled for cash based on the market value of Trust Units at the end of the performance period.

At each reporting date, the performance units are measured based on the performance of Trust Units relative to the respective market index, the market value of Trust Units and the total performance units granted including additional units for distributions (see also 2.21(e)).

iii. *EIP*

The Trust’s EIP awards officers and key employees of the Trust with performance units when the daily volume weighted average price (“VWAP”) of all Trust Units traded on the TSX for 20 consecutive trading days meets or exceeds certain Unit price thresholds set by the Board. Performance units vest over a performance period of three years and are settled for cash or exchanged for Trust Units based on the 10-day VWAP of Trust Units at the redemption date.

At each reporting date, the performance units are measured based on the performance of Trust Units relative to the Unit price threshold targets, the market value of Trust Units and the total performance units granted including additional units for distributions (see also 2.21(f)).

2.15 Revenue recognition

a) *Rentals from investment properties*

The Trust’s rental from investment properties and other comes from different sources and is accounted for in accordance with IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”) and IFRS 16, “Leases” (“IFRS 16”).

The Trust’s lease agreements may contain both lease and non-lease elements. IFRS 16 requires lessors to allocate consideration in the contracts between lease and non-lease components based on their relative stand-alone prices. Rentals from investment properties accounted for using IFRS 16 (lease components) include rents from tenants under leases, recoveries of property tax and operating costs that do not relate to additional services provided to lessees, percentage participation rents, lease cancellation fees, parking income and some incidental lease-related income. Rents from tenants may include free rent periods and rental increases over the term of the lease and are recognized in revenue on a straight-line basis over the term of the lease. The difference between revenue income recognized and the cash received is included in investment properties as straight-line rents receivable. Lease incentives provided to tenants are deferred and amortized against revenue rental income over the term of the lease. Percentage participation rents are recognized after the minimum sales level has been achieved with each lease. Lease cancellation fees are recognized as revenue income once an agreement is completed with the tenant to terminate the lease and the collectibility is probable.

Rentals from investment properties also include certain amounts accounted for under IFRS 15 (non-lease components) where the Trust provides lessees or others with a distinct service. Non-lease components include revenue in a form of recoveries of operating costs where services are provided to tenants (common area maintenance recoveries, chargeback recoveries and administrative recoveries), parking revenue and revenue from other services that are distinct. The respective performance obligations are satisfied as services are rendered and revenue is recognized over time. See also Note 18, “Rentals from investment properties and other”, for details on amounts related to lease and non-lease components.

Typically, revenue from operating costs recoveries and other services is collected from tenants on a monthly basis and parking revenue is collected at the day when the respective service has been provided. This results in immaterial contract balances as at each reporting date.

b) Service and other revenues

The Trust provides asset and property management services to co-owners, partners and third parties for which it earns market-based construction, development and other fees. These fees are recognized over time in accordance with IFRS 15 as the service or activity is performed. Where a contract has multiple deliverables, the Trust identifies the different performance obligations of the contract and recognizes the revenue allocated to each obligation as the respective obligation is met.

The Trust recognizes non-lease component revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Trust expects to be entitled in exchange for those goods or services. It applies to all contracts with customers, excluding leases, financial instruments and insurance contracts.

c) Residential development inventory

The revenue generated from contracts with customers on the sale of townhomes is recognized at a point in time when control of the asset (i.e., townhome) has transferred to the purchaser (i.e., generally, when the purchaser takes possession of the townhome) as the purchaser has the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. The amount of revenue recognized is based on the transaction price included in the purchasers’ contracts. Any funds received prior to the purchasers taking possession of their respective assets are recognized as deferred revenue (contractual liability).

d) Interest income

Interest income is recognized as interest accrues using the effective interest method. When a loan and receivable are impaired, the Trust reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

2.16 Tenant receivables

Tenant receivables are recognized initially at fair value and subsequently are measured at amortized cost using the effective interest method, less impairment provision. The carrying amount receivable from tenants is net of the allowance for expected credit losses. Increases in (or reversals of) expected credit losses are recorded as a charge (recovery) in the consolidated statements of income and comprehensive income within “Property operating costs”. The Trust records the expected credit loss to comply with IFRS 9’s simplified approach for tenant receivables where its loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime expected credit loss.

2.17 Current and deferred income tax

The Trust is taxed as a mutual fund trust for Canadian income tax purposes. In accordance with the Declaration of Trust, distributions to Unitholders are declared at the discretion of the Trustees. The Trust endeavours to distribute a sufficient amount in each taxation year to ensure that the Trust will not be subject to tax on its net income and net capital gains under Part I of the *Income Tax Act* (Canada) (“Tax Act”).

The Trust qualifies for the REIT Exception under the specified investment flow-through ("SIFT") trust rules for accounting purposes. The Trust considers the tax deductibility of the Trust's distributions to Unitholders to represent, in substance, an exemption from current tax so long as the Trust continues to expect to distribute all of its taxable income and taxable capital gains to its Unitholders. Accordingly, the Trust will not recognize any current tax or deferred income tax assets or liabilities on temporary differences in the Trust's financial statements.

2.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Trust has determined that its chief operating decision-maker is the Executive Chairman and Chief Executive Officer.

2.19 Leases

Upon lease commencement where the Trust is the lessee, the Trust records a right-of-use asset at the amount equal to the lease liability. The lease liability is initially measured at the present value of lease payments payable over the lease term, discounted at the Trust's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

However, as and when rent changes as a result of lease payments being linked to a rate or index, leased assets and liabilities have to be remeasured. A lease modification is accounted for as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

With respect to tenant improvements in connection with the sublease, under IFRS 16, tenant improvements provided by the Trust are not included in the cost of the right-of-use asset. However, when the leased property meets the definition of investment property under IAS 40 (see Note 2.7), the Trust presents tenant improvements that enhance the value of the leased property as an adjustment together with right-of-use assets or incentives resulting in an adjustment to revenue within investment.

2.20 Foreign currency translation

The Trust records foreign currency transactions initially at the rate of exchange at the date of the transaction. If the transaction spans over a period of time, the Trust records the foreign currency transaction at the average rate of exchange for the transaction period.

At each reporting date, foreign currency monetary amounts are reported using the closing rate, which is the spot exchange rate at the end of the reporting period.

2.21 Critical accounting judgments and estimates

The preparation of the consolidated financial statements requires management to make judgments and estimates in applying the Trust's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that the Trust believes could have the most significant impact on the amounts recognized in the consolidated financial statements.

a) Investment properties

Judgment is applied in determining whether certain costs are additions to the carrying amount of an investment property and, for properties under development, identifying the point at which substantial completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the development property. The significant assumptions in the land, development and construction costs recorded at market value include the market value per acre for land. The Trust applies judgment in determining whether development projects are active and viable, otherwise previously capitalized costs are written off.

The Trust also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. The Trust considers all the properties it has acquired to date to be asset acquisitions. Earnout options are exercisable upon completion and rental of additional space on acquired properties. Judgment is applied in determining whether Earnout options are considered to be contingent consideration relating to the acquisition of the acquired properties or additional cost of services during the construction period. The Trust considers the Earnout options it has issued to date to represent contingent considerations relating to the acquisitions and is considered to be a financial liability measured at fair value (see Note 2.14(a)).

The valuation of the investment properties is the main area of judgment exercised by the Trust. The valuations of investment properties are dependent on: i) projected future cash flows for income properties and properties under development, and ii) land, development and construction costs for properties under development, and discount rates applicable to those assets. The projected cash flows for each property are based on the location, type and quality of the property and supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties, and adjusted for estimated vacancy rates and estimated maintenance costs. Discount rate is based on the location, size and condition of the properties and take into account market data at the valuation date. These assumptions may not ultimately be achieved. The critical estimates and assumptions underlying the valuation of investment properties are set out in Note 4 "Investment properties".

Management internally values the entire portfolio of investment properties, taking into account available external data. In addition, the Trust endeavours to obtain external valuations of approximately 15%–20% (by value) of the portfolio annually carried out by professionally qualified valuers in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. Properties are rotated annually to ensure that approximately 50% (by value) of the portfolio is appraised externally over a three-year period. Judgment is applied in determining the extent and frequency of independent appraisals.

b) *Joint arrangements*

The Trust makes judgment in determining whether the Trust has joint control and whether the arrangements are joint operations or joint ventures. In assessing whether the joint arrangements are joint operations or joint ventures, management applies judgment to determine the Trust's rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

c) *Intangible assets*

The Trust makes judgments with respect to the amortization period relating to the joint venture relationships and trademarks that have finite useful lives, while also reviewing for impairment when an indication of impairment exists. In addition, on an annual basis or more frequently if there are any indications of impairment, the Trust evaluates whether goodwill may be impaired by determining whether the recoverable amount is less than the carrying amount for the smallest identified cash-generating unit.

d) *Income taxes*

The Trust is taxed as a mutual fund trust for Canadian income tax purposes and qualifies for the REIT Exemption under the SIFT rules for tax purposes. The Trust endeavours to distribute a sufficient amount in each taxation year to ensure that the Trust will not be subject to tax on its net income and net capital gains under Part I of the *Income Tax Act* (Canada) ("*Tax Act*").

The Trust qualifies for the REIT Exemption under the specified investment flow-through (SIFT) trust rules for accounting purposes. The Trust considers the tax deductibility of the Trust's distributions to Unitholders to represent, in substance, an exemption from current tax so long as the Trust continues to expect to distribute all of its taxable income and taxable capital gains to its Unitholders. Accordingly, the Trust will not recognize any current tax or deferred income tax assets or liabilities on temporary differences in the Trust's financial statements.

e) *LTIP*

The fair value of the LTIP is based on the Monte Carlo simulation pricing model, which incorporates: (i) the long-term performance of the Trust relative to the S&P/TSX Capped REIT Index for each performance period, (ii) the market value of Trust Units at each reporting date, and (iii) the total granted LTIP units under the plan including LTIP units that are reinvested. Any adjustments made to the accrued value of the LTIP are recorded in earnings.

f) EIP

The fair value of the EIP is based on the Monte Carlo simulation pricing model, which incorporates: (i) the performance of the Trust relative to the Unit price thresholds for the performance period, (ii) the 10-day VWAP of Trust Units at each reporting date, and (iii) the total granted performance units under the EIP including performance units that are reinvested. Any adjustments made to the accrued value of the EIP are recorded in earnings.

2.22 Reclassification of comparative figures

The comparative figures relating to straight-line rents receivable and tenant incentives arising from the recognition of rental revenues on a straight-line basis and amortization of tenant incentives over the respective lease terms in the amount of $78,820, have been grouped to investment properties (see also Note 4, "Investment properties") to include these components of the fair value of investment properties. The following table outlines the impact of the reclassifications:

As at	January 1, 2022			December 31, 2022		
	As reported	Classification	As reclassified	As reported	Classification	As reclassified
Investment properties	$9,847,078	$76,042	$9,923,120	$10,208,071	$78,820	$10,286,891
Other assets	80,940	(76,042)	4,898	83,230	(78,820)	4,410
Total	**$9,928,018**	**$—**	**$9,928,018**	**$10,291,301**	**$—**	**$10,291,301**

2.23 Future changes in accounting policies

The Trust monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on the Trust's operations.

Amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the classification of liabilities as current or non-current based on rights that are in existence at the end of the reporting period and unaffected by the likelihood that an entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify the definition of "settlement" of a liability. In October 2022, revised amendments in respect of non-current liabilities with covenants were issued. Both amendments are effective on January 1, 2024 and should be applied retrospectively. Earlier application is permitted. Management is currently assessing the impact of the amendments on the Trust's financial statements.

3. Acquisitions and Earnouts

Earnouts and Redemptions completed during the year ended December 31, 2023

The following table summarizes the Earnouts completed during the year ended December 31, 2023:

				Satisfied through			
	Type	**Area**	**Purchase Price**	**Cash**	**Issuance of LP Units**	**Assumption of Debt and Other Adjustments**	**Number of Smart LP Units Issued**
Earnouts	Land parcel / Retail	12,610 sq. ft.	$8,196	$2,777	$1,471	$3,948	54,295

During the year ended December 31, 2023, pursuant to redemption agreements between the Trust and its joint venture partner, the partner sold all its rights and ownership stake in Markham Main Street RR PropCo LP and Vaughan NW RR PropCo LP for total proceeds of $35,110 representing the partner's share. The transactions were deemed as asset acquisitions in accordance with IFRS 3 *Business Combinations*.

Acquisitions and Earnouts completed during the year ended December 31, 2022

The following table summarizes the Acquisitions and Earnouts completed during the year ended December 31, 2022:

					Satisfied through			
Location	**Type**	**Area**	**Ownership Interest Acquired**	**Purchase Price**	**Cash**	**Issuance of LP Units**	**Assumption of Debt and Other Adjustments**	**Number of Smart LP Units Issued**
Earnouts	Land Parcel / Retail	7,114 sq. ft.	100 %	$9,210	$8,188	$1,279	$(257)	42,272
Acquisitions								
Ottawa (Laurentian), Ontario, Edmonton Capilano, Alberta and Lachenaie, Quebec	Retail space	422,000 sq. ft.	50 %	102,970	100,957	—	2,013	—
Mirabel, Quebec	Land parcel	20.91 acres	25 %	2,609	2,609	—	—	—
Pickering, Ontario	Land parcel	38.44 acres	100 %	16,635	16,635	—	—	—
Total				$131,424	$128,389	$1,279	$1,756	42,272

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

4. Investment properties

The following table summarizes the activities in investment properties:

		Year Ended December 31, 2023			Year Ended December 31, 2022		
	Note	**Income Properties**	**Properties Under Development**	**Total**	Income Properties	Properties Under Development	Total
Balance – beginning of year		**$8,575,713**	**$1,753,499**	**$10,329,212**	$8,471,119	$1,452,001	$9,923,120
Additions (deductions):							
Acquisitions, Earnouts and related adjustments of investment properties		**—**	**2,435**	**2,435**	101,993	28,679	130,672
Earnout Fees on properties subject to development management agreements	4(d)(ii)	**1,666**	**—**	**1,666**	1,401	—	1,401
Transfer to income properties from properties under development		**64,318**	**(64,318)**	**—**	39,707	(39,707)	—
Transfer from income properties to properties under development		**(7,308)**	**7,308**	**—**	(7,887)	7,887	—
Transfer from properties under development to equity accounted investments		**—**	**(1,500)**	**(1,500)**	—	(25,000)	(25,000)
Transfer to properties under development from equity accounted investments		**—**	**47,440**	**47,440**	—	—	—
Capital and development expenditures		**36,435**	**55,684**	**92,119**	21,501	79,373	100,874
Capitalized interest	12(d)	**—**	**44,444**	**44,444**	—	35,036	35,036
Dispositions	4(b)	**—**	**(50,208)**	**(50,208)**	(777)	(40,726)	(41,503)
Straight-line rents and tenant incentives(1)		**7,213**	**—**	**7,213**	2,778	—	2,778
Fair value adjustment on investment properties		**65,771**	**25,677**	**91,448**	(54,122)	255,956	201,834
Balance – end of year		**$8,743,808**	**$1,820,461**	**$10,564,269**	$8,575,713	$1,753,499	$10,329,212
Investment properties		**8,743,808**	**1,820,461**	**10,564,269**	8,575,713	1,711,178	10,286,891
Investment properties classified as held for sale		**—**	**—**	**—**	—	42,321	42,321
		$8,743,808	**$1,820,461**	**$10,564,269**	$8,575,713	$1,753,499	$10,329,212

(1) The amount is net of amortization of straight-line rents and tenant incentives in the amount of $7,475 and $7,662, respectively (year ended December 31, 2022 – $7,552 and $7,051, respectively).

Secured debt with a carrying value of $807,602 (December 31, 2022 – $969,054) is secured by investment properties with a fair value of $2,478,013 (December 31, 2022 – $2,807,896).

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

i) Income properties

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

Using the discounted cash flow valuation method, the fair value of income properties is estimated based on assumptions of the asset's benefits and liabilities over its life, over an average period of 10 years in addition to its terminal value. The 10 years of annual net cash flows and the terminal cash flows are projected for each property, and then a discount rate is applied to each of these cash flows to establish the present value of future cash flows for each property. Annual net cash flows are estimated as rental revenue, less operating expenses, a vacancy allowance and other adjustments. The terminal value is estimated based on the application of a terminal capitalization rate to each property's stabilized net operating income ("NOI"). The sum of the present value of future cash flows, including its discounted terminal value, represents the estimated fair value of each property.

The significant areas of estimation uncertainty in determining the fair value of income properties include among other things the projected cash flows and the discount rate for each property. The projected cash flows for each property are based on expected inflows and outflows, and are based on the location, type and quality of the property and supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties, and adjusted for estimated vacancy rates based on current and expected future market conditions after expiry of any current leases and expected maintenance costs. The discount rate for each property is based on the location, size and quality of the property, taking into account market data at the valuation date.

ii) Properties under development

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

Using the discounted cash flow valuation method, the fair value of properties under development is estimated based on assumptions of the asset's benefits and liabilities over its life, over an average period of 10 years in addition to its terminal value. The 10 years of annual net cash flows and the terminal cash flows are projected for each property, and then a discount rate is applied to each of these cash flows to establish the present value of future cash flows for each property. Annual net cash flows are estimated as rental revenue, less operating expenses, construction costs, a vacancy allowance and other adjustments. The terminal value is estimated based on the application of a terminal capitalization rate to each property's stabilized NOI. The sum of the present value of future cash flows, including its discounted terminal value, represents the estimated fair value of each property.

The following table summarizes significant assumptions in Level 3 valuations:

	December 31, 2023			
	Terminal Capitalization Rate		**Discount Rate**	
Valuation Method	**Weighted Average**	**Range**	**Weighted Average**	**Range**
Income properties				
Discounted cash flow	**5.98 %**	**4.20% – 7.70%**	**6.51 %**	**4.60% – 8.20%**
Properties under development				
Land, development and construction costs recorded at market value	**N/A**	**N/A**	**N/A**	**N/A**
Discounted cash flow	**5.97 %**	**4.20% – 7.40%**	**6.57 %**	**4.60% – 7.90%**

	December 31, 2022			
	Terminal Capitalization Rate		Discount Rate	
Valuation Method	Weighted Average	Range	Weighted Average	Range
Income properties				
Discounted cash flow	5.92 %	4.18% – 7.53%	6.43 %	4.58% – 8.03%
Properties under development				
Land, development and construction costs recorded at market value	N/A	N/A	N/A	N/A
Discounted cash flow	6.06 %	5.53% – 7.40%	6.66 %	6.03% – 7.90%

The following table summarizes the fair value sensitivity for the portion of the Trust's investment properties that are sensitive to changes in discount rates as at December 31, 2023:

	Income Properties			**Properties Under Development**		
Discount Rate Sensitivity	**Weighted Average Overall Discount Rate**	**Estimated Fair Value of Investment Properties**	**Fair Value Variance**	**Weighted Average Overall Discount Rate**	**Estimated Fair Value of Investment Properties**	**Fair Value Variance**
(1.00)%	5.51 %	$10,536,770	$1,793,000	5.57 %	$166,104	$25,900
(0.50)%	6.01 %	$9,555,770	$812,000	6.07 %	$152,004	$11,800
(0.25)%	6.26 %	$9,130,870	$387,100	6.32 %	$145,904	$5,700
—%	6.51 %	$8,743,770	$—	6.57 %	$140,204	$—
0.25%	6.76 %	$8,386,370	$(357,400)	6.82 %	$134,904	$(5,300)
0.50%	7.01 %	$8,059,470	$(684,300)	7.07 %	$130,304	$(9,900)
1.00%	7.51 %	$7,474,470	$(1,269,300)	7.57 %	$122,104	$(18,100)

b) Dispositions

Disposition of investment properties during the year ended December 31, 2023

The following table summarizes the dispositions completed during the year ended December 31, 2023:

Location	**Date of Disposition**	**Type**	**Area**	**Ownership Interest**	**Disposition Proceeds**
Whitby, Ontario [(1)]	January	Land parcel	1.41 acres	100 %	$—
Vaughan, Ontario	February	Land parcel	4.23 acres	67 %	42,300
Chilliwack, British Columbia	February	Land parcel	2.64 acres	100 %	4,800
Quesnel, British Columbia	November	Land parcel	5.34 acres	100 %	1,060
Stoney Creek, Ontario [(1)]	November	Land parcel	1.34 acres	100 %	1,500

(1) During the year ended December 31, 2023, the Trust contributed its interest in two parcels of land located in Whitby and Stoney Creek, Ontario to two joint ventures, respectively, with the intention to develop and operate self-storage facilities. (see also note 5(b)).

The following table summarizes the dispositions completed during the year ended December 31, 2022:

Location	Date of Disposition	Type	Area	Ownership Interest	Disposition Proceeds
Markham, Ontario(1)	January	Land parcel	1.39 acres	40 %	$800
Laval East, Quebec	March	Land parcel	4.62 acres	100 %	5,600
Stouffville, Ontario	April	Land parcel	6.48 acres	100 %	18,365
London, Ontario	September	Land parcel	6.86 acres	100 %	15,180
Vaughan, Ontario(2)	December	Land parcel	2.31 acres	100 %	25,000

(1) In January 2022, the Trust sold its 40% interest in a parcel of land located in Markham, Ontario to a joint venture for development of a self-storage facility.
(2) In December 2022, the Trust contributed its interest in a parcel of land located in Vaughan, Ontario to a joint venture for development of a retirement residence.

c) Leasehold property interests

At December 31, 2023, 16 (December 31, 2022 – 16) investment properties with a fair value of $976,751 (December 31, 2022 – $964,916) are leasehold property interests accounted for as leases.

i) Leasehold property interests without bargain purchase options

The Trust previously prepaid its entire lease obligations for the 14 leasehold interests with Penguin (see also Note 22, “Related party transactions”) in the amount of $889,931 (December 31, 2022 – $889,931), including prepaid land rent of $229,846 (December 31, 2022 – $229,846).

ii) Leasehold property interests with bargain purchase options

One leasehold interest commenced in 2003 under the terms of a 35-year lease with Penguin (see also Note 22, “Related party transactions”). The lease requires a $10,000 payment at the end of the lease term in 2038 to exercise a purchase option, which is considered to be a bargain purchase option. The Trust prepaid its entire lease obligation for this property of $57,997 (December 31, 2022 – $57,997). As the Trust expects to exercise the purchase option in 2038, the purchase option price has been included in accounts payable in the amount of $2,575 (December 31, 2022 – $2,350), net of imputed interest at 9.18% of $7,425 (December 31, 2022 – $7,650) (see also Note 14, “Accounts and other payables”).

A second leasehold interest was acquired on February 11, 2015 and includes a land lease that expires on September 1, 2054. The land lease requires monthly payments ranging from $450 to $600 annually until September 1, 2054, however, the land lease also includes an early bargain purchase option payment on the amount of $6,000 that can be exercised between September 1, 2023 and September 1, 2025. In September 2023, the Trust provided notice of exercising the purchase option with an expected closing date during the first quarter of 2024.

d) Properties under development

The following table presents properties under development:

As at	**December 31, 2023**	December 31, 2022
Properties under development not subject to development management agreements i)	**$1,758,774**	$1,698,652
Properties under development subject to development management agreements ii)	**61,687**	54,847
	$1,820,461	$1,753,499
Less: Properties under development classified as held for sale	**—**	42,321
	$1,820,461	$1,711,178

i) Properties under development not subject to development management agreements

During the year ended December 31, 2023, the Trust completed the development and leasing of certain properties under development not subject to development management agreements, for which the fair value of the investment properties has been reclassified from properties under development to income properties.

For the year ended December 31, 2023, the Trust incurred land and development costs of $59,795 (year ended December 31, 2022 – $39,893).

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

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

In certain events, the developer/vendor may sell a portion of undeveloped land to accommodate the construction plan that provides the best use of the property, reimbursing the Trust its costs related to such portion, and provides a profit based on a pre-negotiated formula. Pursuant to the development management agreements, the developers/

vendors assume responsibility for managing the development of the land on behalf of the Trust and are granted the right for a period of up to 10 years to earn an Earnout Fee (subject to options and extensions in certain circumstances). On completion and rental of additional space on these properties, the Trust is obligated to pay the Earnout Fee and any additional development costs not previously incurred by the Trust, at a total price calculated by a formula using the net operating rents and predetermined negotiated capitalization rates, on the date rent becomes payable on the additional space (“Gross Cost”). The Earnout Fee is calculated as the Gross Cost less the associated land and development costs incurred by the Trust.

For certain of these properties under development, Penguin and others have been granted Earnout options that give them the right, at their option, to invest up to 40% of the Earnout Fee for one of the agreements and up to 30% to 40% of the Gross Cost for the remaining agreements in Trust Units, Class B, D and F Smart LP Units, Class B and D Smart LP III Units, Class B Smart LP IV Units, Class B and D Smart Oshawa South LP Units, Class B and D Smart Oshawa Taunton LP Units, Class B Smart Boxgrove LP Units and Class B ONR LP I Units at predetermined option strike prices subject to a maximum number of Units. On December 9, 2020, the Trust entered into an Omnibus Agreement with Mitchell Goldhar that provided a right to extend the terms of certain Earnout agreements for an additional two years. As a result, the Earnout agreements for Earnout options that were originally set to expire between 2020 and 2025 may be extended to between 2022 and 2027. See also Note 13, “Other financial liabilities”.

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

	Year Ended December 31	
	2023	2022
Development costs incurred	**$4,523**	$8,582
Earnout Fees paid	**1,666**	1,401
	$6,189	$9,983

5. Equity accounted investments

The Trust has entered into a number of arrangements with other parties for the purpose of jointly developing, owning and operating investment properties. The following table summarizes the Trust's ownership interest in each associates and joint venture investments grouped by their asset class:

As at		**December 31, 2023**		December 31, 2022	
Description of Equity Accounted Investments	**Partner(s)**	**Number of Investments**	**Ownership Interest**	Number of Investments	Ownership Interest
Investments in Associates:[(1)]					
Penguin-Calloway Vaughan Partnership ("PCVP")	Penguin	**1**	**50.0 %**	1	50.0 %
Residences LP – Transit City	Penguin, CentreCourt	**3**	**25.0 %**	3	25.0 %
Residences (One & Two) LP	Penguin	**2**	**50.0%-66.7%**	2	50.0%-66.7%
Investments in Joint Ventures:					
Retail investment properties	Fieldgate	**1**	**30.0 %**	1	30.0 %
Self-storage facilities	SmartStop	**16**	**50.0 %**	13	50.0 %
Residential apartments	Jadco	**1**	**50.0 %**	1	50.0 %
Residential apartments	Greenwin	**1**	**75.0 %**	1	75.0 %
Residential apartments	Cogir	**1**	**80.0 %**	1	80.0 %
Retirement residences	Other	**2**	**50.0 %** [(2)]	5	50.0 % [(2)]

(1) The Trust's investments in associates are partnered with Penguin. See also Note 22, "Related party transactions".
(2) According to the limited partnership agreement entered into by the Trust and Groupe Sélection in April 2020, the ownership of a joint venture partnership was 50:50. During the year ended December 31, 2022, the Trust contributed $24,412 to this partnership, of which $5,319 was characterized as special contributions. During the year ended December 31, 2023, the Trust contributed $6,413 to this partnership, which was characterized as special contributions. These special contributions have resulted in a corresponding increase to the Trust's equity entitlements in respect of the partnership.

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

	Year Ended December 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 year	**$458,772**	**$222,227**	**$680,999**	$489,230	$165,212	$654,442
Operating Activities:						
Earnings (losses)	**15,545**	**59,625**	**75,170**	4,932	(733)	4,199
Distributions – VMC Residences condominium unit closings[(1)]	**(653)**	**—**	**(653)**	(24,322)	—	(24,322)
Distributions – operating activities	**(3,505)**	**(2,666)**	**(6,171)**	(4,550)	(234)	(4,784)
Financing Activities:						
Fair value adjustment on loan	**2,875**	**—**	**2,875**	3,690	—	3,690
Investing Activities:						
Cash contribution	**11,062**	**46,643**	**57,705**	23,154	32,982	56,136
Transfer from equity accounted investments to properties under development	**—**	**(47,440)**	**(47,440)**	—	—	—
Transfer from equity accounted investments to debt and other	**—**	**11,267**	**11,267**	—	—	—
Property contribution	**—**	**1,500**	**1,500**	—	25,000	25,000
Development distributions	**(18,007)**	**(326)**	**(18,333)**	(33,362)	—	(33,362)
Investment – end of year	**$466,089**	**$290,830**	**$756,919**	$458,772	$222,227	$680,999

(1) During the year ended December 31, 2023, the distribution in the amount of $653 was satisfied by a non-cash settlement of the VMC Residences loan payable (for the year ended December 31, 2022 – the distribution in the amount of $24,322 was satisfied by a non-cash settlement of the VMC Residences loan payable) (see Note 12(b)(iv)).

a) Summary of balance sheets

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

As at	**December 31, 2023**				December 31, 2022			
	Associates				Associates			
Equity accounted investments in:	**PCVP**	**VMC Residences(1)**	**Joint Ventures**	**Total**	PCVP	VMC Residences(1)	Joint Ventures	Total
Non-current assets	**$1,382,727**	**$—**	**$881,208**	**$2,263,935**	$1,333,107	$—	$729,104	$2,062,211
Current assets(2)	**15,240**	**291,222**	**12,643**	**319,105**	47,854	471,995	13,864	533,713
Total assets	**$1,397,967**	**$291,222**	**$893,851**	**$2,583,040**	$1,380,961	$471,995	$742,968	$2,595,924
Non-current liabilities	**$497,314**	**$—**	**$218,482**	**$715,796**	$416,283	$—	$285,955	$702,238
Current liabilities(3)	**103,471**	**94,898**	**128,369**	**326,738**	113,075	385,011	36,683	534,769
Total liabilities	**$600,785**	**$94,898**	**$346,851**	**$1,042,534**	$529,358	$385,011	$322,638	$1,237,007
Net assets	**$797,182**	**$196,324**	**$547,000**	**$1,540,506**	$851,603	$86,984	$420,330	$1,358,917
Trust's share of net assets before adjustments	**400,894**	**64,037**	**290,830**	**755,761**	425,802	31,565	222,227	679,594
Fair value adjustment on loan	**841**	**317**	**—**	**1,158**	1,003	402	—	1,405
Trust's share of net assets	**$401,735**	**$64,354**	**$290,830**	**$756,919**	$426,805	$31,967	$222,227	$680,999

(1) "VMC Residences" collectively referred to as VMC Residences LP, Residences III LP, East Block Residences LP, Residences (One) LP, and Residences (Two) LP, all of which are involved in residential condominium development.
(2) Balance as at December 31, 2022 included investment properties classified as held for sale of $32,100, of which the Trust's share is $16,050. This investment property classified as held for sale was subsequently disposed in February 2023.
(3) Balance as at December 31, 2023 includes loan payable to the Trust of $51,482 in respect to its investments in associates (December 31, 2022 – $48,532), see also Note 6(b).

The investment in associates listed above have entered into various development construction contracts with existing commitments totalling $17,517 (December 31, 2022 – $76,607).

The joint ventures listed above have entered into various development construction contracts with existing commitments totalling $51,217 (December 31, 2022 – $124,349).

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. As of December 31, 2023, the investment in associates had development credit facilities with an outstanding balance of $391,400 (December 31, 2022 – $515,287), of which the Trust's share was $195,700 (December 31, 2022 – $209,541). The development credit facilities bearing interest based on the BA rate plus 1.45% with maturity date of June 2027.

As of December 31, 2023, the joint ventures had development credit facilities with an outstanding balance of $155,066 (December 31, 2022 – $181,610), of which the Trust's share was $92,844 (December 31, 2022 – $109,684). The development credit facilities bearing interest based on the BA rate plus 1.35% to 2.45% with maturity dates between May 2024 and August 2025.

b) *Summary of earnings (losses)*

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

	Year Ended December 31, 2023				Year Ended December 31, 2022			
	Associates				Associates			
Net Income from equity accounted investments in:	**PCVP**	**VMC Residences**	**Joint Ventures**	**Total**	PCVP	VMC Residences	Joint Ventures	Total
Revenue								
Rental revenue[1]	**$39,072**	**$—**	**$34,028**	**$73,100**	$33,122	$—	$26,127	$59,249
Residential sales revenue	**—**	**544,462**	**—**	**544,462**	—	17,415	—	17,415
Operating expense								
Rental operating costs	**(21,228)**	**—**	**(14,268)**	**(35,496)**	(14,749)	—	(11,514)	(26,263)
Residential cost of sales	**—**	**(440,677)**	**—**	**(440,677)**	—	(13,719)	—	(13,719)
Revenue net of operating expense	**$17,844**	**$103,785**	**$19,760**	**$141,389**	$18,373	$3,696	$14,613	$36,682
Fair value adjustment on investment properties	**(29,755)**	**—**	**120,189**	**90,434**	2,060	—	(2,420)	(360)
Interest (expense) income	**(10,168)**	**4,665**	**(16,855)**	**(22,358)**	(7,563)	160	(7,825)	(15,228)
Loss on sale of investment properties	**—**	**—**	**—**	**—**	(482)	—	—	(482)
Earnings (Losses)	**$(22,079)**	**$108,450**	**$123,094**	**$209,465**	$12,388	$3,856	$4,368	$20,612
Trust's share of earnings (losses) before supplemental cost and additional profit sharing	**(11,039)**	**27,995**	**60,728**	**77,684**	6,194	969	2,927	10,090
Additional Trust's share of earnings[2]	**—**	**3,195**	**—**	**3,195**	—	—	—	—
Supplemental cost	**(4,606)**	**—**	**(1,103)**	**(5,709)**	(2,231)	—	(3,660)	(5,891)
Trust's share of earnings (losses)	**$(15,645)**	**$31,190**	**$59,625**	**$75,170**	$3,963	$969	$(733)	$4,199

(1) Includes office rental revenue from the Trust in the amount of $2,777 for the year ended December 31, 2023 (year ended December 31, 2022 – $2,720).
(2) Additional profit allocated to the Trust for Transit City closing pursuant to the development agreement and limited partnership agreement.

In accordance with the VMC Supplemental Development Fee Agreement, the Trust invoiced PCVP a net amount of $9,212 related to associated development fees for the year ended December 31, 2023 (year ended December 31, 2022 – $4,462).

In accordance with the Supplemental Development and Construction Fee Agreements, the Trust invoiced certain investments in joint ventures for a net amount of $2,206 related to associated supplemental development fees for the year ended December 31, 2023 (year ended December 31, 2022 – $7,321).

Acquisitions and dispositions completed during the year ended December 31, 2023

The following table summarizes the acquisitions and dispositions completed in equity accounted investments:

Location	**Date**	**Segment**	**Area**	**Purchase Price/ Disposition Proceeds**
Acquisitions				
Whitby, Ontario	January	Self-storage	1.41 acres	$—
Dorval, Quebec	February	Self-storage	2.22 acres	3,000
Stoney Creek, Ontario	November	Self-storage	1.34 acres	1,500
Dispositions				
Vaughan, Ontario	February	Land parcel	2.14 acres	$32,100

Redemptions of interests in equity accounted investments during the year ended December 31, 2023

During the year ended December 31, 2023, pursuant to redemption agreements between the Trust and its joint venture partner, the partner sold all its rights and ownership stake in two joint ventures for total proceeds of $35,110 representing the partner's share. The following table summarizes the redemptions:

						Satisfied through	
Location	**Date**	**Segment**	**Ownership Interest Transferred**[1]	**Project Area**	**Redemption Price**	**Cash**	**Assumption of Debt and Other Adjustments**
Markham, Ontario	July	Retirement residence	50 %	2.04 acres	$9,875	$4,852	$5,023
Vaughan, Ontario	October	Retirement residence	50 %	2.31 acres	$25,235	$13,004	$12,231

(1) Upon completion of the transactions, the Trust has 100% ownership in the joint ventures and transferred them from equity accounted investments to investment properties. See also Note 3, Acquisitions and Earnouts.

6. Mortgages, loans and notes receivable

The following table summarizes mortgages, loans and notes receivable:

As at	Note	**December 31, 2023**	December 31, 2022
Mortgages receivable (a)	22	**$17,548**	$39,456
Loans receivable (b)		**189,837**	282,312
Notes receivable (c)	22	**2,924**	2,924
		$210,309	$324,692
Current		**129,777**	86,593
Non-current		**80,532**	238,099
		$210,309	$324,692

a) Mortgages receivable of $17,548 (December 31, 2022 – $39,456) are provided pursuant to agreements with Penguin. These amounts are provided to fund costs associated with both the original acquisition and development of six properties (December 31, 2022 – seven properties). The Trust is committed to lend up to $150,763 (December 31, 2022 – $190,720) to assist with the further development of these properties.

The following table provides further details on the mortgages receivable provided to Penguin:

Property	**Committed**	**Maturity Date**	**Annualized Variable Interest Rate at Year-End**	**The Trust's Purchase Option of Property** (2)	**December 31, 2023**	December 31, 2022
Pitt Meadows, BC(1)(4)	$68,153	August 2028	6.9 %	50.0 %	**$17,547**	$23,594
Toronto (StudioCentre), ON(3)(4)	22,778	August 2028	6.9 %	25.0 %	**1**	15,862
Caledon (Mayfield), ON(1)	15,498	August 2028	7.0 %	50.0 %	**—**	—
Salmon Arm, BC(3)	13,398	August 2028	6.5 %	— %	**—**	—
Aurora (South), ON	15,155	August 2028	6.8 %	50.0 %	**—**	—
Vaughan (7 & 427), ON(1)	15,781	August 2028	6.8 %	50.0 %	**—**	—
	$150,763		**6.9 %**		**$17,548**	$39,456

(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 BA rate plus 4.00% to 5.00%.

(2) The Trust has a purchase option from the borrower in these properties upon a certain level of development and leasing being achieved. As at December 31, 2023, it is management's expectation that the Trust will exercise these purchase options.

(3) 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.

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

Mortgages receivable amendments

Interest on these mortgages accrues monthly as follows: from December 9, 2020 to the maturity date of each mortgage, at a variable rate based on the BA rate plus 2.75% to 4.20%; and from the maturity date of each mortgage to the extended maturity date (August 31, 2028), at a variable rate based on the BA rate plus 4.00% to 5.00%. Additional interest of $95,628 (December 31, 2022 – $97,665) on the existing credit facilities may be accrued on certain of the mortgages receivable before cash interest must be paid.

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

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

Issued to	**Committed**	**Maturity Date**	**Interest Rate**	**Note**	**December 31, 2023**	December 31, 2022
Penguin(1)	26,227	March 2024	6.21 %	22	**$13,071**	$13,266
Penguin(2)	N/A	December 2029	Interest-free	12(b)(iv), 22	**55,429**	62,986
Penguin(3)	18,450	August 2030	Variable	22	**1**	16,638
Penguin(4)	12,493	—	Variable	22	**7,891**	7,389
Total loans issued to Penguin					**$76,392**	$100,279
PCVP(5)	N/A	March 2024	6.21 %	22	**51,482**	48,532
Self-storage facilities(6)	133,900	May 2024	Variable	22	**57,333**	116,096
Total loans issued to equity accounted investments					**$108,815**	$164,628
Vaughan NW Residence(7)	34,250	November 2026	Variable		**4,630**	—
Other(8)	N/A	January 2023	5.00 %		**—**	2,308
Greenwin(9)	11,694	September 2024	Variable		**—**	—
Greenwin(10)	1,280	January 2025	Variable		**—**	—
Other(11)	N/A	October 2023	4.00 %		**—**	15,097
Total loans issued to unrelated parties					**$4,630**	$17,405
					$189,837	$282,312

(1) The loan security includes a first or second charge on the property, assignments of rents and leases and general security agreements, and is guaranteed by Penguin.
(2) The loan has a principal amount outstanding of $70,692, is non-interest-bearing, and is repayable at the end of 10 years. As at December 31, 2023, the loan balance of $55,429 is net of a cumulative fair value adjustment totalling $15,263.
(3) The loan bears interest at: i) the BA rate plus 220 basis points, up to 60% of the facility limit, and ii) the BA rate plus 370 basis points, for the remainder. The loan was repaid during the year ended December 31, 2023.
(4) Pursuant to a development management agreement with Penguin, repayment of the pro rata share of the outstanding loan amount is due upon the completion of each Earnout event. The loan bears interest at 10 basis points plus the lower of: i) the Canadian prime rate plus 20 basis points, and ii) the Canadian Dealer Offered Rate plus 120 basis points, and has a stated maturity date of January 31, 2023, such date having been automatically extended pursuant to the terms of the loan agreement until such time as the Earnouts associated with such property are completed
(5) The loan security includes a first or second charge on properties, assignments of rents and leases and general security agreements, and is guaranteed by Penguin up to its 50% share of the loan.
(6) The Trust entered into a master credit loan agreement with its partner SmartStop to provide funding for the development of certain self-storage facilities. The master credit loan agreement bears interest at a variable rate based on the BA rate plus 245 basis points.
(7) The Trust entered into a credit agreement with Fieldgate, a co-owned residential townhome development partner, to finance development and construction of the residential townhomes. The credit agreement bears interest at a variable rate based on the BA rate plus 245 basis points.
(8) The loan was fully repaid in January 2023.
(9) The loan agreement in connection with the acquisition of a 50% interest in development lands in Barrie, Ontario, bears interest at the greater of: i) 7.0% per annum, and ii) the Trust's weighted average cost of capital plus 1.25% per annum.
(10) The loan agreement to fund the acquisition of Greenwin's 25% interest in development lands in Toronto, Ontario, includes security of a first charge on the development lands and is guaranteed by Greenwin, and bears interest at the greater of: i) 7.0% per annum, and ii) the Trust's weighted average cost of capital plus 1.25% per annum.
(11) The loan was fully repaid in September 2023.

Management considers all outstanding loans to be fully collectible.

c) Notes receivable of $2,924 (December 31, 2022 – $2,924) have been granted to Penguin. As at December 31, 2023, these secured demand notes bear interest at the rate of 9.00% per annum (December 31, 2022 – 9.00%).

The estimated fair values of mortgages, loans and notes receivable are based on their respective current market rates, bearing similar terms and risks. This information is disclosed in Note 15, "Fair value measurement".

7. Other financial assets

The following table summarizes the components of other financial assets:

As at	**December 31, 2023**	December 31, 2022
Total return swap receivable (a)	**$127,820**	$137,526
Interest rate swap agreements	**24,342**	34,281
	$152,162	$171,807

a) Total return swap receivable

The total return swap ("TRS") is a contractual agreement to exchange payments based on a specified notional amount and the underlying financial assets for a specific period. The total return to the Trust includes the total return generated by the underlying notional Trust Units, plus any appreciation, if there is any, in the market value of the notional Trust Units, less the amount equal to any decline, if there is any, in the market value of the underlying notional Trust Units. The TRS agreement requires the exchange of net contractual payments periodically without the exchange of the notional principal amounts on which the payments are based. Changes in market value are recorded in net income and comprehensive income. The Trust has funded the total return swap agreement by a loan from the counterparty which is measured at amortized cost.

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

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

	Year Ended December 31, 2023	Year Ended December 31, 2022
Balance – beginning of year	**$137,526**	$46,869
Additions	**—**	101,041
Distributions received	**(9,501)**	(5,466)
Fair value adjustments	**(205)**	(4,918)
Balance – end of year	**$127,820**	$137,526

8. Other assets

The following table summarizes the activity in other assets:

	December 31, 2022	**Additions**	**Amortization and other adjustments**	**December 31, 2023**
Equipment	$2,335	**$1,906**	**$(484)**	**$3,757**
Right-of-use assets	2,075	**196**	**(1,861)**	**410**
	$4,410	**$2,102**	**$(2,345)**	**$4,167**

9. Intangible assets

The following table summarizes the components of intangible assets:

As at	**December 31, 2023**			December 31, 2022		
	Cost	**Accumulated Amortization**	**Net**	Cost	Accumulated Amortization	Net
Intangible assets with finite lives:						
Key joint venture relationships	**$36,944**	**$10,584**	**$26,360**	$36,944	$9,353	$27,591
Trademarks	**2,995**	**858**	**2,137**	2,995	758	2,237
Total intangible assets with finite lives	**$39,939**	**$11,442**	**$28,497**	$39,939	$10,111	$29,828
Goodwill	**13,979**	**—**	**13,979**	13,979	—	13,979
	$53,918	**$11,442**	**$42,476**	$53,918	$10,111	$43,807

The total amortization expense recognized for the year ended December 31, 2023 amounted to $1,331 (year ended December 31, 2022 – $1,332).

10. Residential development inventory

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 following table summarizes the activity in residential development inventory:

As at	**December 31, 2023**	December 31, 2022
Balance – beginning of year	**$40,373**	$27,399
Development costs	**9,824**	11,931
Capitalized interest	**1,522**	1,043
Balance – end of year	**$51,719**	$40,373

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

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

As at	**December 31, 2023**	December 31, 2022
Amounts receivable and other		
Tenant receivables	**$26,794**	$26,735
Unbilled other tenant receivables	**9,526**	11,100
Receivables from related party – excluding equity accounted investments	**12,923**	11,899
Receivables from related party – equity accounted investments	**15,052**	616
Other non-tenant receivables	**2,410**	1,954
Other(1)	**15,888**	13,591
	$82,593	$65,895
Allowance for expected credit loss ("ECL")	**(8,983)**	(8,771)
Amounts receivable and other, net of allowance for ECL	**$73,610**	$57,124
Prepaid expenses, deposits and deferred financing costs(2)	**15,048**	14,474

(1) The amount includes a related party amount of $8,724 (December 31, 2022 – $6,835).
(2) Includes prepaid realty tax of $1,263 (December 31, 2022 – $1,468).

Allowance for ECL

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

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

	Year Ended December 31	
	2023	2022
Balance – beginning of year	**$8,771**	$18,954
Net allowance	**212**	(10,183)
Balance – end of year	**$8,983**	$8,771

12. Debt

The following table presents debt balances:

As at	**December 31, 2023**	December 31, 2022
Secured debt (a)	**$807,602**	$969,054
Unsecured debt (b)	**4,041,983**	3,932,928
Revolving operating facilities (c)	**149,937**	81,283
	$4,999,522	$4,983,265
Current	**605,478**	459,278
Non-current	**4,394,044**	4,523,987
	$4,999,522	$4,983,265

a) Secured debt

As at December 31, 2023, the secured debt balance of $807,602 (December 31, 2022 – $969,054) bears a weighted average interest rate of 3.98% (December 31, 2022 – 3.91%), and comprises $784,335 (December 31, 2022 – $948,921) at fixed interest rates, and $23,267 (December 31, 2022 – $20,133) bears variable interest rates of BA plus 170 basis points. The secured debt, maturing between 2024 and 2034, is secured by first or second registered mortgages over specific income properties and properties under development and first general assignments of leases, insurance and registered chattel mortgages.

The following table presents principal repayment requirements for secured debt:

	Instalment Payments	**Lump Sum Payments at Maturity**	**Total**
2024	$32,831	$141,962 (1)	$174,793
2025	22,241	409,371	431,612
2026	11,536	86,881	98,417
2027	5,786	—	5,786
2028	5,645	15,753	21,398
Thereafter	10,723	65,853	76,576
	$88,762	$719,820	$808,582
Unamortized acquisition date fair value adjustments			269
Unamortized financing costs			(1,249)
			$807,602

(1) Includes construction loans in the amount of $23,267, which bear interest at Canadian Banker's Acceptance rate plus 170 basis points.

b) Unsecured debt

The following table summarizes the components of unsecured debt:

As at	**December 31, 2023**	December 31, 2022
Unsecured debentures i)	**$2,752,816**	$2,652,327
Credit facilities ii)	**995,246**	996,238
TRS debt iii)	**143,232**	143,232
Other unsecured debt iv)	**150,689**	141,131
	$4,041,983	$3,932,928

i) Unsecured debentures

As at December 31, 2023, unsecured debentures totalled $2,752,816 (December 31, 2022 – $2,652,327). Unsecured debentures mature at various dates between 2024 and 2030, with interest rates ranging from 1.74% to 5.35%, and a weighted average interest rate of 3.35% as at December 31, 2023 (December 31, 2022 – 3.17%).

The following table summarizes the components of unsecured debentures:

Series	Maturity Date	Annual Interest Rate	Interest Payment Dates	**December 31, 2023**	December 31, 2022
Series I	May 30, 2023	3.985 %	May 30 and November 30	**$—**	$200,000
Series N	February 06, 2025	3.556 %	February 6 and August 6	**160,000**	160,000
Series O	August 28, 2024	2.987 %	February 28 and August 28	**100,000**	100,000
Series P	August 28, 2026	3.444 %	February 28 and August 28	**250,000**	250,000
Series S	December 21, 2027	3.834 %	June 21 and December 21	**250,000**	250,000
Series U	December 20, 2029	3.526 %	June 20 and December 20	**450,000**	450,000
Series V	June 11, 2027	3.192 %	June 11 and December 11	**300,000**	300,000
Series W	December 11, 2030	3.648 %	June 11 and December 11	**300,000**	300,000
Series X	December 16, 2025	1.740 %	June 16 and December 16	**350,000**	350,000
Series Y	December 18, 2028	2.307 %	June 18 and December 18	**300,000**	300,000
Series Z	May 29, 2028	5.354 %	May 29 and November 29	**300,000**	—
		3.345 %(1)		**$2,760,000**	$2,660,000
			Unamortized financing costs	**(7,184)**	(7,673)
				$2,752,816	$2,652,327

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

Unsecured debenture activities for the year ended December 31, 2023

In May 2023, the Trust issued $300,000 of 5.354% Series Z senior unsecured debentures (net proceeds of the issuance in aggregate after issuance costs – $298,950). The Series Z debentures will mature on May 29, 2028. The debentures have semi-annual payments due on May 29 and November 29 of each year, commencing on November 29, 2023. Concurrently, the Trust repaid the $200,000 aggregate principal of Series I senior unsecured debentures in full upon their maturity.

Credit rating of unsecured debentures

Dominion Bond Rating Services ("DBRS") provides credit ratings of debt securities for commercial issuers that indicate the risk associated with a borrower's capabilities to fulfil its obligations. An investment-grade rating must exceed "BB", with the highest rating being "AAA". In December 2023, DBRS kept the Trust's credit rating at BBB and maintained a stable trend.

ii) Credit facilities

The following table summarizes the activity for unsecured credit facilities:

(Issued In)	Initial Maturity Date	Annual Interest Rate	Facility Amount	**December 31, 2023**	December 31, 2022
Non-revolving:					
August 2018(1)	January 31, 2025	2.98 %	$80,000	**$80,000**	$80,000
March 2019(1)	July 31, 2026	3.52 %	150,000	**150,000**	150,000
May 2019(1)	June 24, 2026	3.15 %	170,000	**170,000**	170,000
January 2022	January 19, 2027	BA + 1.45%	300,000	**300,000**	300,000
December 2022(1)	December 1, 2025	4.37 %	100,000	**100,000**	100,000
December 2022(1)	December 1, 2025	4.88 %	100,000	**100,000**	100,000
December 2022	December 20, 2025	SOFR + 1.70%	100,000	**98,653**	100,000
Revolving:					
May 2020	May 11, 2024	BA + 1.45%	100,000	**—**	—
				$998,653	$1,000,000
	Less:				
	Unamortized financing costs			**(1,447)**	(1,802)
	Unamortized debt modification adjustments			**(1,960)**	(1,960)
				$995,246	$996,238

(1) The Trust entered into interest rate swap agreements to convert the variable interest rate into a weighted average fixed interest rate of 3.71% per annum. The weighted average term to maturity of the interest rate swaps is 2.46 years. Hedge accounting has not been applied to the interest rate swap agreements.

iii) TRS debt

The Trust borrowed TRS debt concurrent with entering the TRS agreement in February 2021. As at December 31, 2023, TRS unsecured debt of $143,232 (December 31, 2022 – $143,232) carries variable interest of CDOR plus 145 basis points. The interest on this TRS debt includes floating amounts that are payable at each May, August, November and February commencing in May 2021 to the date the TRS agreement matures or is unwound.

iv) Other unsecured debt

Other unsecured debt net of fair value adjustments totalling $150,689 (December 31, 2022 – $141,131) pertains to loans received from equity accounted investments in connection with contribution agreements relating to joint ventures. The loans are non-interest-bearing with repayment terms based on the distributions that are to be paid pursuant to the limited partnership agreements. The balances of the loans are expected to be paid at the end of their respective terms.

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

As at	**December 31, 2023**	December 31, 2022
PCVP (5.00% discount rate)(1)	**$57,112**	$64,992
PCVP (5.75% discount rate)(2)	**55,429**	62,986
Stoney Creek Self Storage LP	**262**	—
Vaughan NW RR PropCo LP	**—**	12,500
VMC Residences(3)	**37,886**	653
	$150,689	$141,131

(1) In connection with the 700 Applewood purchase in December 2019, the loan has a principal amount outstanding of $70,692 (December 31, 2022 – $81,448), is non-interest-bearing, and is repayable at the end of 10 years. As at December 31, 2023, the loan balance of $57,112 is net of the unamortized fair value adjustment totalling $13,580 (December 31, 2022 – the loan balance of $64,992 is net of a fair value adjustment totalling $16,456).

(2) In connection with the 700 Applewood purchase in March 2020, the Trust assumed a loan payable to PCVP from Penguin. The loan has a principal amount outstanding of $70,692 (December 31, 2022 – $81,448), is non-interest-bearing, and is repayable at the end of 10 years. As at December 31, 2023, the loan balance of $55,429 is net of the unamortized fair value adjustment totalling $15,263 (December 31, 2022 – the loan balance of $62,986 is net of a fair value adjustment totalling $18,462). See also Note 6(b) reflecting offsetting loan receivable amount.

(3) In connection with the Transit City closing, $37,886 was received and $653 was settled during the year ended December 31, 2023 (year ended December 31, 2022 – $nil was received and $24,322 was settled). See Note 5, "Equity accounted investments."

c) Revolving operating facilities

As at December 31, 2023, the Trust had:

i) a $500,000 unsecured revolving operating facility bearing a variable interest rate based on either bank prime rate plus 45 basis points or BA plus 145 basis points, which matures on March 15, 2028 (in addition, the Trust has an accordion feature of $250,000 whereby the Trust has an option to increase its facility amount with the lenders to sustain future operations as required); and

ii) a $150,000 revolving senior unsecured term facility under which the Trust has the ability to draw funds based on bank prime rates and BA rate for Canadian dollar-denominated borrowings, and SOFR rates or U.S. prime rates for U.S. dollar-denominated borrowings. Concurrently with the U.S. dollar draws, the Trust enters into cross currency swaps to exchange its U.S. dollar borrowings into Canadian dollar borrowings.

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

	Annual Interest Rate	**Facility Amount**	**Amount Drawn**	**Outstanding Letters of Credit**	**Remaining Undrawn Facilities**	
					December 31, 2023	December 31, 2022
Revolving facility maturing March 2028	BA + 1.45%	$500,000	**$10,000**	**$11,903**	**$478,097**	$477,626
Revolving facility maturing February 2024(1)	US$ SOFR + 1.55%	150,000	**139,937**	**—**	**10,063**	75,717
			$149,937	**$11,903**	**$488,160**	$553,343

(1) The Trust has drawn in US$105,700 which was translated to $139,937 as at December 31, 2023 (December 31, 2022 – drawn in US$54,873 which was translated to $74,283).

d) Interest expense

The following table summarizes interest expense:

	Year Ended December 31	
	2023	2022
Interest at stated rates	**$188,225**	$166,181
Amortization of acquisition date fair value adjustments on assumed debt	**(285)**	(460)
Amortization of deferred financing costs	**3,750**	3,606
Distributions on Units classified as liabilities and vested deferred units	**18,017**	17,414
Adjustment on debt modification	**—**	(1,960)
	$209,707	$184,781
Capitalized to properties under development	**(44,444)**	(35,036)
Capitalized to residential development inventory	**(1,522)**	(1,043)
	$163,741	$148,702

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

	Year Ended December 31	
	2023	2022
Interest expense	**$163,741**	$148,702
Amortization of acquisition date fair value adjustments on assumed debt	**285**	460
Adjustment on debt modification	**—**	1,960
Amortization of deferred financing costs	**(3,750)**	(3,606)
Distributions on Units classified as liabilities and vested deferred units, net of amounts capitalized to properties under development	**(8,478)**	(7,139)
Change in accrued interest payable	**(599)**	(684)
Cash interest paid	**$151,199**	$139,693

For the year ended December 31, 2023, total interest paid was $197,165 (year ended December 31, 2022 – $175,772) which includes cash interest paid of $151,199 (year ended December 31, 2022 – $139,693) and interest capitalized to both properties under development and residential development inventory of $45,966 (year ended December 31, 2022 – $36,079).

e) Liquidity

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

	Total	2024	2025	2026	2027	2028	Thereafter
Secured debt	**$808,582**	$174,793	$431,612	$98,417	$5,786	$21,398	$76,576
Unsecured debt	**3,915,969**	115,932	888,653	570,000	850,000	600,000	891,384
Revolving operating facilities	**149,937**	149,937	—	—	—	—	—
Interest obligations(1)	**451,792**	117,337	101,699	82,677	66,581	43,583	39,915
Accounts payable	**253,236**	253,236	—	—	—	—	—
Other payable	**25,527**	6,398	151	8,978	—	—	10,000
	$5,605,043	**$817,633**	**$1,422,115**	**$760,072**	**$922,367**	**$664,981**	**$1,017,875**
Mortgage receivable advances (repayments)(2)	**133,215**	—	758	(11,359)	(753)	(1,819)	146,388
Development obligations (commitments)	**22,068**	22,068	—	—	—	—	—
Total	**$5,760,326**	**$839,701**	**$1,422,873**	**$748,713**	**$921,614**	**$663,162**	**$1,164,263**

(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 $17,548 at December 31, 2023, and further forecasted commitments of $133,215, mature over a period extending to 2028 if the Trust does not exercise its option to acquire the investment properties. Refer to Note 6, "Mortgages, loans and notes receivable", for timing of principal repayments.

13. Other financial liabilities

The following table summarizes the components of other financial liabilities:

As at	December 31, 2023	December 31, 2022
Units classified as liabilities (a)	**$196,571**	$211,497
Deferred unit plan (c)	**53,650**	48,402
Long term incentive plan ("LTIP") (d)	**—**	580
Equity incentive plan ("EIP") (e)	**22,327**	16,204
Currency swap agreement(1)	**2,835**	717
	$275,383	$277,400

(1) The currency swap agreement has been recorded in the revolving operating facilities balance as reflected in Note 12(c) "Revolving operating facilities".

a) Units classified as liabilities

The following table represents the number and carrying value of Units classified as liabilities that are issued and outstanding. The fair value measurement of the Units classified as liabilities is described in Note 15, "Fair value measurement".

	Number of Units Issued and Outstanding	Carrying Value
Balance – January 1, 2023	**7,897,571**	**$211,497**
Change in carrying value	**N/A**	**(14,926)**
Balance – December 31, 2023	**7,897,571**	**$196,571**
Balance – January 1, 2022	7,897,571	$254,223
Change in carrying value	N/A	(42,726)
Balance – December 31, 2022	7,897,571	$211,497

b) Earnout options

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

The following table summarizes the number of Earnout options exercised and proceeds received during the year ended December 31, 2023 and 2022:

Options	Strike Price	**Year Ended December 31, 2023** Options Exercised		Amounts from Options Exercised	Year Ended December 31, 2022 Options Exercised		Amounts from Options Exercised
Options to acquire Class B Smart LP III Units(1)	Market price	**62,121**	**$**	**1,471**	154,392	$	707
Options to acquire Class B Smart LP IV Units(2)	Market price	**—**		**—**	21,785		572
		62,121	**$**	**1,471**	176,177	$	1,279

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

c) Deferred unit plan

The following table summarizes the number of outstanding deferred units:

	Year Ended December 31	
	2023	2022
Balance – beginning of year	**1,888,509**	1,667,421
Granted	**269,199**	226,358
Reinvested units from distributions	**163,752**	121,028
Redeemed for cash	**(75,973)**	(110,867)
Forfeited	**(11,300)**	(15,431)
Balance – end of year	**2,234,187**	1,888,509

As at December 31, 2023, total outstanding deferred units included 1,920,086 vested units (December 31, 2022 – 1,607,987).

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

	Year Ended December 31	
	2023	2022
Carrying value – beginning of year	**$48,402**	$50,660
Deferred units granted	**3,606**	3,612
Reinvested distributions on vested deferred units	**3,411**	2,846
Compensation expense – reinvested distributions and amortization	**3,745**	3,576
Redeemed for cash	**(1,909)**	(3,372)
Fair value adjustment	**(3,605)**	(8,920)
Carrying value – end of year	**$53,650**	$48,402

d) LTIP

The following table summarizes the activities in the LTIP:

	Year Ended December 31	
	2023	2022
Balance – beginning of year	**$580**	$697
Amortization	**3**	280
Fair value adjustment	**—**	(397)
LTIP vested and paid out(1)	**(583)**	—
Balance – end of year	**$—**	$580

(1) The vested LTIP has been fully paid out during the year ended December 31, 2023.

e) EIP

The Trust granted performance units in connection with the EIP, subject to the achievement of Unit price thresholds. The performance period for the EIP is specified in the participants' award notices. Distributions on performance units will accumulate on the performance units that have been granted. Performance units, including distributions on performance units, vest for the lesser of three years after they are earned or on the end of the applicable Performance Period. Upon vesting, performance units will be exchanged for Trust Units or paid out in cash at the option of the holders.

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

	Year Ended December 31	
	2023	2022
Balance – beginning of year(1) (2)	**1,370,540**	1,339,699
Granted	**134,000**	65,000
Reinvested units from distributions	**109,238**	87,514
Forfeited	**(51,571)**	(121,673)
Balance – end of year	**1,562,207**	1,370,540

(1) The beginning balance of 2023 and 2022 includes performance units that were granted to Mitchell Goldhar and eligible associates, as well as performance units that were reinvested from distributions, and certain performance units that were forfeited.

(2) Under the EIP granted to Mitchell Goldhar in 2021 totalling 900,000 Units, the $26.00 Unit price threshold was achieved on April 5, 2021, and the $28.00 Unit price threshold was achieved on May 18, 2021, and under the EIP granted to Mitchell Goldhar and other eligible associates 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:

	Year Ended December 31	
Carrying Value	**2023**	2022
Balance – beginning of year	**$16,204**	$10,377
Amortization costs	**8,080**	7,912
Fair value adjustment	**(1,957)**	(2,085)
Balance – end of year	**$22,327**	$16,204

14. Accounts and other payables

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

As at	**December 31, 2023**	December 31, 2022
Accounts payable(1)	**$95,357**	$86,592
Tenant prepaid rent, deposits, and other payables	**92,942**	108,364
Residential sales deposits	**11,853**	11,690
Accrued interest payable	**14,692**	14,094
Distributions payable	**26,577**	26,569
Realty taxes payable	**2,718**	2,946
Current portion of other payables	**9,347**	10,867
	$253,486	$261,122

(1) Includes accounts payable to Penguin in the amount of $3,723 as at December 31, 2023 (December 31, 2022 – $3,504). See also Note 22, "Related party transactions".

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

As at	**December 31, 2023**	December 31, 2022
Future land development obligations with Penguin	**$18,075**	$17,646
Lease liability – investment properties(1)	**8,575**	8,411
Lease liability – other	**424**	2,075
Total other payables	**$27,074**	$28,132
Less: Current portion of other payables	**(9,347)**	(10,867)
Total non-current portion of other payables	**$17,727**	$17,265

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

Future land development obligations

The future land development obligations represent payments required to be made to Penguin (see also Note 22, "Related party transactions") for certain undeveloped lands acquired from 2006 to 2015, either on completion and rental of additional space on the undeveloped lands or, if no additional space is completed on the undeveloped lands, at the expiry of the development management agreement periods ending in 2024 to 2025, which may be extended up to 2027. The accrued future land development obligations are measured at their amortized values using imputed interest rates ranging from 4.50% to 5.50%. For the year ended December 31, 2023, imputed interest of $442 (year ended December 31, 2022 – $423) was capitalized to properties under development.

15. Fair value measurement

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

Assets and liabilities carried at amortized cost

The fair values of the Trust's accounts receivable and other, cash and cash equivalents and accounts and other payables approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair values of certain mortgage receivables, secured debt and unsecured debt have been determined by discounting the cash flows of these financial obligations using market rates of debt of similar terms and credit risks.

Fair value of assets and liabilities

Assets and liabilities measured at fair value in the consolidated balance sheets, or disclosed in the notes to the financial statements, are categorized using fair value hierarchy that reflects the significance of the inputs used in determining the fair values as follows:

The use of quoted market prices for identical assets or liabilities (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3).

		Fair Value		
December 31, 2023	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:				
Investment properties	**$10,564,269**	**$—**	**$—**	**$10,564,269**
Other financial assets	**152,162**	**—**	**152,162**	**—**
Assets measured at amortized cost:				
Mortgages, loans and notes receivable	**$210,309**	**$—**	**$208,296**	**$—**
Liabilities measured at fair value:				
Units classified as liabilities	**$196,571**	**$—**	**$196,571**	**$—**
Deferred unit plan	**53,650**	**—**	**53,650**	**—**
EIP	**22,327**	**—**	**22,327**	**—**
Currency swap agreement	**2,835**	**—**	**2,835**	**—**
Financial liabilities measured at amortized cost:				
Secured debt	**$807,602**	**$—**	**$808,639**	**$—**
Unsecured debt	**4,041,983**	**—**	**3,877,650**	**—**
Revolving operating facilities	**149,937**	**—**	**149,937**	**—**

		Fair Value		
December 31, 2022	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:				
Investment properties	$10,286,891	$—	$—	$10,286,891
Other financial assets	171,807	—	171,807	—
Assets measured at amortized cost:				
Mortgages, loans and notes receivable	$324,692	$—	$322,697	$—
Liabilities measured at fair value:				
Units classified as liabilities	$211,497	$—	$211,497	$—
Deferred unit plan	48,402	—	48,402	—
LTIP	580	—	580	—
EIP	16,204	—	16,204	—
Currency swap agreement	717	—	717	—
Financial liabilities measured at amortized cost:				
Secured debt	$969,054	$—	$1,081,663	$—
Unsecured debt	3,932,928	—	3,472,815	—
Revolving operating facilities	81,283	—	81,283	—

16. Unit equity

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

		Number of Units Issued and Outstanding			Carrying Value		
	Note	Trust Units	Smart LP Units	Total Units	Trust Units	Smart LP Units	Total
Balance – January 1, 2022		144,625,322	25,568,688	170,194,010	$3,090,368	$641,944	$3,732,312
Options exercised	4(d), 13(b)	—	42,272	42,272	—	1,279	1,279
Unit issuance costs		—	—	—	(250)	—	(250)
Balance – December 31, 2022		144,625,322	25,610,960	170,236,282	$3,090,118	$643,223	$3,733,341
Balance – January 1, 2023		**144,625,322**	**25,610,960**	**170,236,282**	**$3,090,118**	**$643,223**	**$3,733,341**
Options exercised	4(d), 13(b)	**—**	**54,295**	**54,295**	**—**	**1,471**	**1,471**
Balance – December 31, 2023		**144,625,322**	**25,665,255**	**170,290,577**	**$3,090,118**	**$644,694**	**$3,734,812**

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

	Number of Units Issued and Outstanding			Carrying Value		
LP Class B Unit Type	**Balance – January 1, 2023**	**Options Exercised (Note 13(b))**	**Balance – December 31, 2023**	**Balance – January 1, 2023**	**Value From Options Exercised (Note 13(b))**	**Balance – December 31, 2023**
Smart Limited Partnership	**16,424,430**	**—**	**16,424,430**	**$392,327**	**$—**	**$392,327**
Smart Limited Partnership II	**756,525**	**—**	**756,525**	**17,680**	**—**	**17,680**
Smart Limited Partnership III	**4,062,801**	**54,295**	**4,117,096**	**108,804**	**1,471**	**110,275**
Smart Limited Partnership IV	**3,112,565**	**—**	**3,112,565**	**89,429**	**—**	**89,429**
Smart Oshawa South Limited Partnership	**710,416**	**—**	**710,416**	**20,441**	**—**	**20,441**
Smart Oshawa Taunton Limited Partnership	**374,223**	**—**	**374,223**	**11,033**	**—**	**11,033**
Smart Boxgrove Limited Partnership	**170,000**	**—**	**170,000**	**3,509**	**—**	**3,509**
	25,610,960	**54,295**	**25,665,255**	**$643,223**	**$1,471**	**$644,694**

	Number of Units Issued and Outstanding			Carrying Value		
LP Class B Unit Type	Balance – January 1, 2022	Options Exercised (Note 13(b))	Balance – December 31, 2022	Balance – January 1, 2022	Value From Options Exercised (Note 13(b))	Balance – December 31, 2022
Smart Limited Partnership	16,424,430	—	16,424,430	$392,327	$—	$392,327
Smart Limited Partnership II	756,525	—	756,525	17,680	—	17,680
Smart Limited Partnership III	4,039,184	23,617	4,062,801	108,097	707	108,804
Smart Limited Partnership IV	3,093,910	18,655	3,112,565	88,857	572	89,429
Smart Oshawa South Limited Partnership	710,416	—	710,416	20,441	—	20,441
Smart Oshawa Taunton Limited Partnership	374,223	—	374,223	11,033	—	11,033
Smart Boxgrove Limited Partnership	170,000	—	170,000	3,509	—	3,509
	25,568,688	42,272	25,610,960	$641,944	$1,279	$643,223

a) Authorized Units

Trust Units (authorized – unlimited)

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

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

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

As at December 31, 2023, there were 33,554,118 (December 31, 2022 – 33,499,823) Special Voting Units outstanding, which are associated with those LP Units that have voting rights. There is no value assigned to the Special Voting Units. These Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust; nor are they convertible into any Trust securities.

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

17. Unit distributions

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

	Year Ended December 31	
Unit Type Subject to Distributions	**2023**	2022
Trust Units	**$267,563**	$267,563
Limited Partnership Units	**47,470**	47,363
Other non-controlling interest	**338**	282
Distributions on Units classified as equity	**$315,371**	$315,208
Distributions on Units classified as liabilities	**14,606**	14,606
Total Unit distributions	**$329,977**	$329,814

On January 16, 2024, the Trust declared a distribution for the month of January 2024 of $0.15417 per Unit, representing $1.85 per Unit on an annualized basis, to Unitholders of record on January 31, 2024.

18. Rentals from investment properties and other

The following table presents rentals from investment properties and other:

	Year Ended December 31	
	2023	2022
Gross base rent	**$531,221**	$515,110
Less: Amortization of tenant incentives	**(7,710)**	(7,087)
Net base rent	**523,511**	508,023
Property tax and insurance recoveries	**174,617**	171,874
Property operating cost recoveries	**100,078**	93,407
	274,695	265,281
Miscellaneous revenue	**18,744**	15,393
Rentals from investment properties	**$816,950**	$788,697
Service and other revenues	**17,631**	15,901
Rentals from investment properties and other	**$834,581**	$804,598

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

As at	**December 31, 2023**	December 31, 2022
2023	**$—**	$503,014
2024	**515,195**	436,753
2025	**460,900**	365,162
2026	**392,570**	299,049
2027	**326,177**	235,407
2028	**240,093**	158,565
Thereafter	**533,024**	343,675

19. Property operating costs and other

The following table summarizes property operating costs and other:

	Year Ended December 31	
	2023	2022
Recoverable property operating costs(1)	**$288,224**	$279,597
Property management fees and costs	**4,783**	4,288
Expected credit loss (recovery)	**1,332**	(3,448)
Non-recoverable costs	**6,428**	6,465
Property operating costs	**$300,767**	$286,902
Residential cost of sales and marketing costs	**3,873**	435
Other expenses relating to service and other revenues(2)	**16,380**	14,657
Other expenses	**20,253**	15,092
Property operating costs and other	**$321,020**	$301,994

(1) Includes recoverable property tax and insurance costs.
(2) Related to service and other revenues as disclosed in Note 18, “Rentals from investment properties and other”.

20. General and administrative expense

The following table summarizes general and administrative expense:

	Year Ended December 31	
	2023	2022
Salaries and benefits	**$24,556**	$21,704
Professional fees	**5,604**	6,172
Public company costs	**1,390**	1,343
Amortization of intangible assets	**1,331**	1,332
Other costs including office rent, information technology, marketing, communications, and other employee expenses	**3,489**	2,718
General and administrative expense	**$36,370**	$33,269

21. Supplemental cash flow information

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

	Year Ended December 31	
	2023	2022
Fair value adjustments	**$(101,792)**	$(293,080)
Gain on sale of investment properties	**(44)**	(315)
Earnings from equity accounted investments	**(75,170)**	(4,199)
Interest expense	**163,741**	148,702
Other financing costs	**(1,364)**	(1,813)
Interest income	**(19,647)**	(18,036)
Amortization of other assets and intangible assets	**10,641**	10,310
Lease obligation interest	**614**	578
Deferred unit compensation expense, net of redemptions	**1,836**	204
LTIP and EIP amortization, net of payment	**2,128**	3,010
	$(19,057)	$(154,639)

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

	Year Ended December 31	
	2023	2022
Amounts receivable and other	**$(16,486)**	$(7,582)
Prepaid expenses, deposits and deferred financing costs	**(574)**	(2,185)
Accounts payable	**8,765**	8,074
Realty taxes payable	**(228)**	(247)
Tenant prepaid rent, deposits and other payables, and residential sales deposits	**(15,259)**	1,222
Other working capital changes	**14,607**	(7,299)
	$(9,175)	$(8,017)

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

	Year Ended December 31	
Non-cash investing and financing balances	**2023**	2022
Total return swap receivable	**$127,820**	$137,526
Units issued on acquisition	**1,471**	1,279
Liabilities assumed on acquisition, net of other assets	**3,948**	1,756
Distributions payable at year end	**26,577**	26,569
Total return swap debt	**143,232**	143,232

22. Related party transactions

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

Transactions and Agreements with Penguin

a) Penguin's Ownership Interest and Voting Right

The Trust's largest Unitholder is Penguin, which as at December 31, 2023, held approximately 21.0% of the issued and outstanding Units (December 31, 2022 – 20.8%) of the Trust. The following table presents Units owned by Penguin:

		Units owned by Penguin	
Type	**Class**	**December 31, 2023**	December 31, 2022
Trust Units	N/A	**15,442,763**	15,076,163
Smart Limited Partnership	Class B	**13,584,561**	13,584,561
Smart Limited Partnership	Class F	**8,708**	8,708
Smart Limited Partnership III	Class B	**4,117,096**	4,062,801
Smart Limited Partnership IV	Class B	**2,873,132**	2,873,132
Smart Oshawa South Limited Partnership	Class B	**630,880**	630,880
Smart Oshawa Taunton Limited Partnership	Class B	**374,223**	374,223
Smart Boxgrove Limited Partnership	Class B	**170,000**	170,000
ONR Limited Partnership I	Class B	**272,183**	272,183
Units owned by Penguin		**37,473,546**	37,052,651

Pursuant to the Declaration of Trust, provided certain ownership thresholds are met, the Trust is required to issue or cancel such number of additional Special Voting Units to Penguin that will entitle Penguin to cast 25.0% of the aggregate votes eligible to be cast at a meeting of the Unitholders and Special Voting Unitholders ("Voting Top-Up Right"). As at December 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 the System for Electronic Document Analysis and Retrieval+ ("SEDAR+").

Pursuant to its rights under the Declaration of Trust, at December 31, 2023, Penguin has appointed two Trustees out of eight.

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

b) Distributions declared to Penguin

During the year ended December 31, 2023, distributions declared to Penguin totalled $68,898 (year ended December 31, 2022 – $68,471).

c) Properties under development subject to development management agreements ("Earnout Agreements")

Properties under development in the amount of $61,687 (December 31, 2022 – $54,847) are subject to various development management agreements with Penguin and Walmart. (See Note 3, "Acquisitions and Earnouts".)

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

Type	**Class**	**December 31, 2023**	December 31, 2022
Trust Units	N/A	**1,286,833**	1,286,833
Smart Limited Partnership	Class B	**5,031,072**	5,031,072
Smart Limited Partnership III	Class B	**1,629,959**	1,692,080
Smart Limited Partnership IV	Class B	**353,135**	353,135
Smart Oshawa South Limited Partnership	Class B	**18,983**	18,983
Smart Oshawa Taunton Limited Partnership	Class B	**132,711**	132,711
Smart Boxgrove Limited Partnership	Class B	**267,179**	267,179
ONR Limited Partnership I	Class B	**429,599**	429,599
		9,149,471	9,211,592

At December 31, 2023, Penguin's ownership would increase to 24.8% (December 31, 2022 – 24.6%) if Penguin were to exercise all remaining Earnout options pursuant to the Omnibus Agreement between the Trust and Penguin.

Omnibus Agreement between the Trust and Penguin

The Trust and Penguin amended the development management agreements in November 2020. 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.

d) Leasehold property interest

At December 31, 2023, the Trust had lease obligations for the 14 leasehold interests without bargain purchase options and one leasehold interest with bargain purchase options with Penguin. See Note 4(c).

e) Loans receivable issued

Four loans receivable were issued to Penguin, either pursuant to development management agreement or in connection with acquisitions of land parcels. See Note 6(b).

f) Future land development obligations

The future land development obligations represent payments required to be made to Penguin for certain undeveloped lands acquired. See Note 14, "Accounts and other payables".

g) Other agreements with Penguin

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 ("Development and Services Agreement")

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

i) Penguin shall be reimbursed for 50% of disposition fees otherwise payable pursuant to the Development and 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 $1,000 (subject to inflation-related increments after 2018) and ii) an annual variable fee between $1,500 and $3,500 (also inflation-adjusted after 2018) that is based on the achievement of the Trust-level targets for "New Development Initiatives" and "New Projects" that the Trust uses to measure the performance of its executive officers and other annual targets (other than such Trust-level targets) of a similar nature that the Trust uses to measure the performance of its executive officers as determined by the Board of Trustees from time to time.

Mezzanine Loan Amending Agreements between the Trust and its Affiliates and Penguin ("Mezzanine Loan Agreements")

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

Non-Competition Agreement

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

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

In January 2021, the Trust granted 900,000 performance units to Mitchell Goldhar pursuant to the EIP adopted by Unitholders effective December 9, 2020. See also Note 13, "Other financial liabilities".

h) Summary of transactions and balances with Penguin
The following tables summarize related party transactions and balances with Penguin:

		Year Ended December 31	
	Note	**2023**	2022
Related party transactions with Penguin			
Acquisitions and Earnouts:			
Earnouts	3	**$8,196**	$9,210
Revenues:			
Service and other revenues:			
Management fee and other services revenue pursuant to the Development and Services Agreement		**11,351**	3,670
Supplement to the Development and Services Agreement fees – time billings		**—**	8,042
Support services		**1,391**	1,192
		$12,742	$12,904
Interest income from mortgages and loans receivable		**4,326**	7,857
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of $464 (year ended December 31, 2022 – $355))		**2,932**	893
		$20,000	$21,654
Expenses and other payments:			
Fees paid pursuant to the Penguin Services Agreement – capitalized to properties under development		**7,189**	7,416
EIP – capitalized to properties under development		**5,372**	5,182
Development fees and interest expense – capitalized to investment properties		**140**	354
Opportunity fees pursuant to the development management agreements – capitalized to properties under development(1)		**60**	60
Marketing and other costs – included in general and administrative expense and property operating costs		**79**	76
Disposition fees pursuant to the Development and Services Agreement – included in general and administrative expense		**788**	612
		$13,628	$13,700

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

As at	Note	**December 31, 2023**	December 31, 2022
Related party balances with Penguin disclosed elsewhere in the financial statements			
Receivables:			
Amounts receivable and other(1)	11	**$21,647**	$18,734
Mortgages receivable	6(a)	**17,548**	39,456
Loans receivable	6(b)	**76,392**	100,280
Notes receivable	6(c)	**2,924**	2,924
Total receivables		**$118,511**	$161,394
Payables and other accruals:			
Accounts payable and accrued liabilities		**3,723**	3,504
Future land development obligations	14	**18,075**	17,646
Total payables and other accruals		**$21,798**	$21,150

(1) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of $12,923 and other of $8,724 (December 31, 2022 – amounts receivable of $11,899 and other of $6,835).

Transactions and Agreements with the Trust's equity accounted investments

a) Supplemental Development Fee Agreements

In accordance with the Supplemental Development Fee Agreements, the Trust invoiced PCVP and certain joint ventures a net amount related to associated development fees. See Note 5, "Equity accounted investments".

b) Loans receivable issued

A loan receivable was provided to PCVP pursuant to a loan agreement. Loans receivable were issued to certain joint ventures partnered with SmartStop pursuant to a master credit loan agreement. See Note 6(b).

c) Other unsecured debt

Other unsecured debt pertains to loans received from equity accounted investments in connection with either the 700 Applewood purchase or contribution agreements relating to joint ventures. See Note 12(b)(iv).

d) Summary of transactions and balances with the Trust's equity accounted investments

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

	Year Ended December 31	
	2023	2022
Related party transactions with the Trust's equity accounted investments		
Revenues:		
Supplemental Development Fee	**$11,418**	$9,296
Interest income from mortgages and loans receivable	**11,212**	6,006
Expenses and other payments:		
Rent and operating costs (included in general and administrative expense and property operating costs)	**2,777**	2,720

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

As at	Note	**December 31, 2023**	December 31, 2022
Related party balances disclosed elsewhere in the financial statements			
Amounts receivable(1)	11	**$15,052**	$616
Loans receivable(2)	6(b)	**108,815**	164,628
Other unsecured debt(3)	12(b)(iv)	**150,689**	141,131

(1) Amounts receivable includes Penguin's portion, which represents $5,083 (December 31, 2022 – $29) relating to Penguin's 50% investment in the PCVP and Residences (One) LP.
(2) Loans receivable includes Penguin's portion, which represents $25,741 (December 31, 2022 – $24,266) relating to Penguin's 50% investment in the PCVP.
(3) Other unsecured debt does not consist of Penguin's portion as at December 31, 2023 (December 31, 2022 – included $163 relating to Penguin's 25% investment in the Residences LP).

Other related party transactions

The following table summarizes other related party transactions:

	Year Ended December 31	
	2023	2022
Legal fees incurred from a law firm in which a partner is a Trustee:		
Capitalized to investment properties	**$423**	$1,919
Included in general and administrative expense	**1,461**	846
	$1,884	$2,765

23. Key management and Trustees' compensation

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly. Currently, the Trust's key management personnel include the Executive Chairman and Chief Executive Officer (see also Note 22, "Related party transactions"), Chief Financial Officer, Executive Vice President – Portfolio Management and Investments, and two Executive Vice Presidents of Development. In addition, the Trustees have oversight responsibility for the Trust.

The following table presents the compensation relating to key management:

	Year Ended December 31	
	2023	2022
Salaries and other short-term employee benefits	**$2,574**	$2,720
Deferred unit plan	**2,548**	2,936
EIP	**5,555**	5,477
LTIP	**3**	(116)
	$10,680	$11,017

The following table presents the compensation relating to Trustees:

	Year Ended December 31	
	2023	2022
Trustees' fees	**$743**	$677
Deferred unit plan	**743**	677
	$1,486	$1,354

24. Co-owned property interests

The Trust has the following co-owned property interests and includes in these consolidated financial statements its proportionate share of the related assets, liabilities, revenues and expenses of these properties, as presented in the table below:

As at	**December 31, 2023**		December 31, 2022	
	Number of Co-owned Properties(1)	**Ownership Interest (%)**	Number of Co-owned Properties(1)	Ownership Interest (%)
Income properties	**15**	**40 – 60**	15	40 – 60
Properties under development	**4**	**25 – 67**	4	25 – 67
Mixed-use	**1**	**67**	1	67
Residential development	**2**	**50**	2	50
Total	**22**		22	

(1) Penguin is a co-owner of eight investment properties, consisting of four properties under development, three income properties and one mixed-use property (December 31, 2022 – eight investment properties, consisting of four properties under development, three income properties and one mixed-use property) (see also Note 22, "Related party transactions").

25. Segmented information

As at December 31, 2023, the Trust has one reportable segment, which comprises the development, ownership, management and operation of investment properties located in Canada. In measuring performance, the Trust does not distinguish or group its operations on a geographical or any other basis and, accordingly, has a single reportable segment for disclosure purposes.

The Trust's major tenant is Walmart, accounting for 24.0% of the Trust's annualized rentals from investment properties for the year ended December 31, 2023 (year ended December 31, 2022 – 25.2%).

26. Fair value adjustments

The following table summarizes the fair value adjustments:

	Note	Year Ended December 31	
		2023	2022
Investment properties			
Income properties	4	**$65,771**	$(54,122)
Properties under development	4	**25,677**	255,956
Fair value adjustment on investment properties		**$91,448**	$201,834
Financial instruments			
Total return swap receivable	7	**(205)**	(4,918)
Units classified as liabilities	13(a)	**14,926**	42,726
Unit based compensation	13	**5,562**	11,402
Interest rate swap agreements	7	**(9,939)**	42,036
Fair value adjustment on financial instruments		**$10,344**	$91,246
Total fair value adjustments		**$101,792**	$293,080

27. Risk management

a) Financial risks

The Trust's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The Trust's overall financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Trust's financial performance. The Trust may use derivative financial instruments to hedge certain risk exposures.

i) Interest rate risk

A significant proportion of the Trust's debt is financed at fixed rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risks. At December 31, 2023, approximately 26.30% (December 31, 2022 – 24.98%) of the Trust's debt is financed at variable rates, of which 45.62% is subject to interest rate swap agreements with fixed interest rates. The remaining variable rate debt (14.30% of total debt) not subject to interest rate swap agreements represents the Trust's exposure to changes in interest rates on such debt.

The Trust analyzes its interest rate exposure on a regular basis. The Trust monitors the historical movement of 10-year Government of Canada bonds and performs a sensitivity analysis to identify the possible impact on net income of an interest rate shift. The simulation is performed on a regular basis to ensure the maximum loss potential is within the limit acceptable to management. Management performs the simulation for secured debt, unsecured debt, revolving operating facilities, and mortgages and loans receivable:

Change in interest rate of:	**(1.50)%**	**(1.00)%**	**(0.50)%**	**0.50%**	**1.00%**	**1.50%**
Net income increase (decrease) from variable-rate debt	$10,747	$7,164	$3,582	$(3,582)	$(7,164)	$(10,747)
Net income increase (decrease) from variable-rate mortgages and loans receivable	$(1,242)	$(828)	$(414)	$414	$828	$1,242

The Trust is managing risks arising from the interest rate benchmark reform through: i) managing the maturities of its debt agreements, ii) designating successor rates, and iii) holding onto CDOR rate for as long as practicable, prior to transitioning its financial and debt instruments to successor rate.

From time to time, the Trust may enter into interest rate swaps as part of its strategy for managing certain interest rate risks. The Trust recognizes any change in fair value associated with interest rate swap agreements in the consolidated statements of income and comprehensive income.

The sensitivity analysis in the table below reflects the fair value gain (loss) on interest rate swap agreements from possible changes in interest rates.

Change in interest rate of:	**(1.50)%**	**(1.00)%**	**(0.50)%**	**0.50%**	**1.00%**	**1.50%**
Fair value gain (loss) on interest rate swap agreements	$(35,558)	$(22,847)	$(10,271)	$14,491	$26,683	$38,751

The Trust's exposure to interest rate risk is monitored by management on a regular basis (see also Note 12, "Debt").

ii) *Credit risk*

Credit risk arises from cash and cash equivalents, as well as credit exposures with respect to mortgages and loans receivable (see also Note 6, "Mortgages, loans and notes receivable") and tenant receivables (see also Note 11, "Amounts receivable and other, deferred financing costs, and prepaid expenses and deposits"). Tenants may experience financial difficulty and become unable to fulfil their lease commitments. The Trust mitigates this risk of credit loss by reviewing tenants' covenants, by ensuring its tenant mix is diversified and by limiting its exposure to any one tenant except Walmart. Further risks arise in the event that borrowers of mortgages and loans receivable default on the repayment of amounts owing to the Trust. The Trust endeavours to ensure adequate security has been provided in support of mortgages and loans receivable. The Trust limits cash transactions to high-credit-quality financial institutions to minimize its credit risk from cash and cash equivalents.

The ECL model requires an entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition or at an amount equal to 12-month expected credit losses if the credit risk on that financial instrument has not increased significantly since initial recognition. The Trust uses a provision matrix based on historical credit loss experiences to estimate 12-month expected credit losses as the Trust has deemed the risk of credit loss has not increased significantly for both mortgages and loans receivable (see also Note 6, "Mortgages, loans and notes receivable") and tenant receivables (see also Note 11, "Amounts receivable and other, deferred financing costs, and prepaid expenses and deposits"). Credit risks for both have been mitigated by various measures including ensuring adequate security has been provided in support of mortgages and loans receivable and reviewing tenant's covenants, ensuring its tenant mix is diversified and by limiting its exposure to any one tenant except Walmart for tenant receivables. However, the assumptions and estimates underlying the manner in which ECLs have been implemented historically may not be appropriate in the current economic environment, including but not limited to the inflationary environment, rising interest rates, etc. Accordingly, the Trust has not applied its existing ECL methodology mechanically. Instead, during the current economic environment, the Trust has been in discussions with tenants on a case-by-case basis to determine optimal rent payment solutions and has incorporated this available, reasonable and supportable information when estimating ECL on tenant receivables.

iii) *Liquidity risk*

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to lease out vacant units. In the next 12 months, $858,964 of liabilities (including $605,478 of secured and unsecured debt and $253,486 of accounts and other payable amounts) will mature and will need to be settled by means of renewal or payment.

The Trust aims to maintain flexibility and opportunities in funding by keeping committed credit lines available, obtaining additional mortgages as the value of investment properties increases, issuing equity or unsecured debentures. The Trust's ability to meet its financial obligations as they become due represents the Trust's exposure to liquidity risk. It is management's intention to either repay or refinance maturing liabilities with newly issued secured or unsecured debt, equity or, in certain circumstances not expected to occur frequently, the disposition of certain assets. Any net working capital deficiencies are funded with the Trust's existing revolving operating facilities. As at December 31, 2023, the Trust had: a) cash and cash equivalents of $34,743; b) the remaining funds available to be drawn from its $650,000 in operating facilities and its $250,000 accordion feature; c) project-specific financing arrangements; and d) $9,170,121 in unencumbered assets that could be used to obtain additional secured financing to assist with its liquidity requirements.

The key assumptions used in the Trust's estimates of future cash flows when assessing liquidity risk are: the renewal or replacement of the maturing revolving operating facilities, secured debt and unsecured debentures, at reasonable terms and conditions in the normal course of business and no major bankruptcies of principal tenants. Management believes that it has considered all reasonable facts and circumstances in forming appropriate assumptions.

The Trust's liquidity position is monitored by management on a regular basis. A schedule of principal repayments on secured debt and other debt maturities is disclosed in Note 12, "Debt".

iv) *Currency risk*

The Trust has drawn funds in U.S. dollars, and is exposed to currency risk in the fluctuation of the Canadian dollar to U.S. dollar exchange rate when the liabilities are repaid. At December 31, 2023, approximately 2.80% (December 31, 2022 – 1.49%) of the Trust's debt is financed in U.S. dollar borrowings.

The Trust analyzes its exchange rate exposure on a regular basis. As part of its strategy for managing certain currency risks, the Trust entered into currency swaps. The Trust recognizes any change in fair value associated with currency swap agreements in the consolidated statements of income and comprehensive income. As currency gains or losses on the Trust's debt are offset by fair value gains or losses in the currency swap agreements, the Trust is not exposed to significant currency risk on a net basis.

The Trust's exposure to currency risk is monitored by management on a regular basis (see also Note 12, "Debt").

b) Capital risk management

The Trust defines capital as the aggregate amount of Unitholders' equity, debt and Units classified as liabilities. The Trust's primary objectives when managing capital are: i) to safeguard the Trust's ability to continue as a going concern so that it can continue to provide returns for Unitholders; and ii) to ensure the Trust has access to sufficient funds for operating, acquisitions (including Earnouts) and development activities.

The Trust sets the amount of capital in proportion to risk. The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Trust may adjust the amount of distributions paid to Unitholders, issue new Units and debt, or sell assets to reduce debt or fund operating, acquisition and development activities.

The Trust anticipates meeting all current and future obligations. Management expects to finance operating, future acquisitions, mortgages receivable, development costs and maturing debt from: i) existing cash balances; ii) a mix of debt secured by investment properties, operating and credit facilities, issuance of equity and unsecured debentures; and iii) the sale of non-core assets. Cash flows generated from operating activities is the source of liquidity to service debt (except maturing debt), sustaining capital expenditures, leasing costs and Unit distributions.

The Trust monitors its capital structure based on the following ratios: interest coverage ratio, debt to total assets and debt to total earnings before interest, taxes, depreciation and amortization and fair value changes associated with investment properties and financial instruments. These ratios are used by the Trust to manage an acceptable level of leverage and are not considered measures in accordance with IFRS, nor are there equivalent IFRS measures.

The following table shows the significant financial covenants that the Trust is required, pursuant to the terms of its revolving operating facilities and other credit facilities, to maintain:

Financial covenants	Threshold
Debt as a percentage of total aggregate assets	≤ 65%
Secured debt as a percentage of aggregate assets	≤ 40%
Fixed charge coverage multiple	≥ 1.5X
Unencumbered assets to unsecured debt multiple	≥ 1.3X
Minimum Unitholders' equity	≥ $2,000,000

The Trust's indentures require its unsecured debentures to maintain debt to gross book value, including convertible debentures not more than 65%, an interest coverage ratio not less than 1.65X and Unitholders' equity not less than $500,000.

These covenants are required to be calculated based on Canadian generally accepted accounting principles ("GAAP") at the time of debt issuance. If the Trust does not meet all externally imposed financial covenants, then the related debt will become immediately due and payable unless the Trust is able to remedy the default or obtain a waiver from lenders. For the year ended December 31, 2023, the Trust was in compliance with all financial covenants.

28. Commitments and contingencies

The Trust has certain obligations and commitments pursuant to development management agreements to complete the purchase of Earnouts totalling approximately 165,000 square feet (December 31, 2022 – 121,000 square feet) of development space from Penguin and others, based on a pre-negotiated formula, as more fully described in Note 4, "Investment properties". As at December 31, 2023, the carrying value of these obligations and commitments included in properties under development was $61,687 (December 31, 2022 – $54,847). The timing of completion of the purchase of the Earnouts, and the final prices, cannot be readily determined because they are a function of future tenant leasing.

The Trust has also entered into various other development construction contracts totalling $22,068 (December 31, 2022 – $20,669).

The Trust entered into agreements with Penguin in which the Trust will lend funds in the form of mortgages receivable, as disclosed in Note 6(a). The maximum amount that may be provided under the agreements totals $150,763 (December 31, 2022 – $190,720) (see also Note 6, "Mortgages, loans and notes receivable"), of which $17,548 has been provided as at December 31, 2023 (December 31, 2022 – $39,456).

As at December 31, 2023, letters of credit totalling $45,808 (December 31, 2022 – $48,312) – including letters of credit drawn down under the revolving operating facilities described in Note 12(c) – have been issued on behalf of the Trust by financial institutions as security for debt and for maintenance and development obligations to municipal authorities.

The Trust carries insurance and indemnifies its Trustees and officers against any and all claims or losses reasonably incurred in the performance of their services to the Trust to the extent permitted by law.

The Trust, in the normal course of operations, is subject to a variety of legal and other claims. Management and the Trust's legal counsel evaluate all claims on their apparent merits and accrue management's best estimate of the likely cost to satisfy such claims. Management believes the outcome of current legal and other claims filed against the Trust, after considering insurance coverage, will not have a significant impact on the Trust's consolidated financial statements.

29. Subsequent event

In January 2024, the Trust renewed and amended two of its existing credit facilities, aggregating to $250,000. The renewal extended the maturity of the facilities from February 2024 to December 2025, with the total amount committed remaining unchanged.