

2023 THIRD QUARTER REPORT

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended
September 30, 2023 and 2022

SMARTCENTRES®
REAL ESTATE INVESTMENT TRUST

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TABLE OF CONTENTS

- 1** **UNAUDITED INTERIM CONDENSED
CONSOLIDATED BALANCE SHEETS**
- 2** **UNAUDITED INTERIM CONDENSED
CONSOLIDATED STATEMENTS
OF INCOME AND COMPREHENSIVE
INCOME**
- 3** **UNAUDITED INTERIM CONDENSED
CONSOLIDATED STATEMENTS
OF CASH FLOWS**
- 4** **UNAUDITED INTERIM CONDENSED
CONSOLIDATED STATEMENTS
OF EQUITY**
- 5** **NOTES TO UNAUDITED INTERIM
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

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

As at	Note	September 30, 2023	December 31, 2022
Assets			
Non-current assets			
Investment properties	4	\$10,433,183	\$10,208,071
Equity accounted investments	5	779,999	680,999
Mortgages, loans and notes receivable	6	89,226	238,099
Other financial assets	7	173,743	171,807
Other assets	8	89,428	83,230
Intangible assets		42,809	43,807
		\$11,608,388	\$11,426,013
Current assets			
Assets held for sale	4	—	42,321
Residential development inventory		46,834	40,373
Current portion of mortgages, loans and notes receivable	6	195,805	86,593
Amounts receivable and other	9	62,917	57,124
Prepaid expenses, deposits and deferred financing costs	9	50,204	14,474
Cash and cash equivalents		48,955	35,255
		\$404,715	\$276,140
Total assets		\$12,013,103	\$11,702,153
Liabilities			
Non-current liabilities			
Debt	10	\$4,514,470	\$4,523,987
Other financial liabilities	11	245,527	277,400
Other payables	12	17,604	17,265
		\$4,777,601	\$4,818,652
Current liabilities			
Current portion of debt	10	538,252	459,278
Accounts payable and current portion of other payables	12	273,012	261,122
		\$811,264	\$720,400
Total liabilities		\$5,588,865	\$5,539,052
Equity			
Trust Unit equity		\$5,327,820	\$5,126,197
Non-controlling interests		1,096,418	1,036,904
		\$6,424,238	\$6,163,101
Total liabilities and equity		\$12,013,103	\$11,702,153

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

Approved by the Board of Trustees.



Michael Young
Trustee



Garry Foster
Trustee

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

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2023	2022	2023	2022
Net rental income and other					
Rentals from investment properties and other	16	\$206,016	\$196,962	\$623,560	\$598,375
Property operating costs and other	17	(75,614)	(69,481)	(238,450)	(224,922)
Net rental income and other		130,402	127,481	385,110	373,453
Other income and expenses					
General and administrative expense, net	18	(7,761)	(10,696)	(25,828)	(25,479)
Earnings from equity accounted investments	5	62,396	1,101	85,277	4,312
Fair value adjustment on investment properties	4	42,734	(92,557)	106,335	188,457
Loss on sale of investment properties		—	(112)	(23)	(216)
Interest expense	10(d)	(42,193)	(39,175)	(121,855)	(108,360)
Interest income		5,268	5,714	15,268	12,540
Fair value adjustment on financial instruments		24,329	11,767	51,654	91,246
Acquisition-related costs		—	25	—	(298)
Net income and comprehensive income		\$215,175	\$3,548	\$495,938	\$535,655
Net income and comprehensive income attributable to:					
Trust Units		\$174,565	\$2,795	\$402,295	\$434,691
Non-controlling interests		40,610	753	93,643	100,964
		\$215,175	\$3,548	\$495,938	\$535,655

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

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

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2023	2022	2023	2022
Cash provided by (used in)					
Operating activities					
Net income and comprehensive income		\$215,175	\$3,548	\$495,938	\$535,655
Items not affecting cash and other items	19	(90,497)	117,251	(126,890)	(179,439)
Cash interest paid	10(d)	(24,426)	(20,929)	(98,024)	(82,104)
Interest received		2,807	2,959	8,645	9,052
Distributions from equity accounted investments	5	780	15,231	3,995	17,190
Expenditures on direct leasing costs and tenant incentives		(1,982)	(2,391)	(8,935)	(6,752)
Expenditures on tenant incentives for properties under development		(2,479)	(267)	(4,716)	(2,543)
Changes in other non-cash operating items	19	(5,523)	(18,391)	(32,905)	(47,259)
Cash flows provided by operating activities		\$93,855	\$97,011	\$237,108	\$243,800
Financing activities					
Proceeds from issuance of unsecured debentures, net of issuance costs	10(b)	—	—	298,950	—
Proceeds from secured debt		466	—	2,733	—
Proceeds from unsecured debt		23,226	40,000	32,485	400,000
Proceeds from revolving operating facilities		125,027	75,000	218,027	325,000
Repayment of unsecured debentures	10(b)	—	—	(200,000)	—
Repayments of secured debt		(34,589)	(16,554)	(113,180)	(199,344)
Repayments of unsecured debt		(780)	(30,463)	(21,127)	(53,913)
Repayments of revolving operating facility		(83,000)	(65,000)	(163,832)	(230,000)
Distributions paid on Trust Units		(66,891)	(66,891)	(200,672)	(200,672)
Distributions paid on non-controlling interests and Units classified as liabilities		(15,514)	(15,494)	(46,554)	(46,789)
Payment of lease liability		(471)	(500)	(1,420)	(1,441)
Cash flows used in financing activities		\$(52,526)	\$(79,902)	\$(194,590)	\$(7,159)
Investing activities					
Acquisitions and Earnouts of investment properties	3	(357)	(1,779)	(2,777)	(127,539)
Additions to investment properties		(32,467)	(31,348)	(95,976)	(81,443)
Additions to equity accounted investments		(17,940)	(9,155)	(25,637)	(26,288)
Additions to equipment	8	(719)	(99)	(1,320)	(382)
Decrease in cash held as collateral		—	(32,761)	—	(83,093)
Advances of mortgages and loans receivable		(2,251)	(12,996)	(5,585)	(49,914)
Repayments of mortgages and loans receivable		16,372	39,289	53,352	47,964
Net proceeds from sale of investment properties		196	16,529	49,125	41,294
Cash flows used in investing activities		\$(37,166)	\$(32,320)	\$(28,818)	\$(279,401)
Increase (decrease) in cash and cash equivalents during the period		4,163	(15,211)	13,700	(42,760)
Cash and cash equivalents – beginning of period		44,792	34,686	35,255	62,235
Cash and cash equivalents – end of period		\$48,955	\$19,475	\$48,955	\$19,475

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

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

	Note	Attributable to Unitholders			Attributable to LP Units Classified as Non-Controlling Interests			Other Non- Controlling Interest (Note 20)	Total Equity
		Trust Units (Note 14)	Retained Earnings	Unit Equity	LP Units (Note 14)	Retained Earnings	LP Unit Equity		
Equity – January 1, 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	14	—	—	—	1,471	—	1,471	—	1,471
Net income and comprehensive income		—	402,295	402,295	—	93,322	93,322	321	495,938
Distributions	15	—	(200,672)	(200,672)	—	(35,600)	(35,600)	—	(236,272)
Equity – September 30, 2023		\$3,090,118	\$2,237,702	\$5,327,820	\$644,694	\$447,843	\$1,092,537	\$3,881	\$6,424,238
Equity – January 1, 2022		\$3,090,368	\$1,787,593	\$4,877,961	\$641,944	\$317,965	\$ 959,909	\$3,445	\$5,841,315
Issuance of Units	14	—	—	—	1,071	—	1,071	—	1,071
Unit issuance costs	14	(250)	—	(250)	—	—	—	—	(250)
Net income and comprehensive income		—	434,691	434,691	—	100,669	100,669	295	535,655
Distributions	15	—	(200,672)	(200,672)	—	(35,519)	(35,519)	(283)	(236,474)
Equity – September 30, 2022		\$3,090,118	\$2,021,612	\$5,111,730	\$643,015	\$383,115	\$1,026,130	\$3,457	\$6,141,317

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

SMARTCENTRES REAL ESTATE INVESTMENT TRUST

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and September 30, 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 14(a). The address of the Trust’s registered office is 3200 Highway 7, Vaughan, Ontario, L4K 5Z5. The Units of the Trust are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbol “SRU.UN”.

These unaudited interim condensed consolidated financial statements have been approved for issue by the Board of Trustees on November 8, 2023. The Board of Trustees has the power to amend the unaudited interim condensed consolidated financial statements after issue.

As at September 30, 2023, the Penguin Group of Companies (“Penguin”), owned by Mitchell Goldhar, owned approximately 20.9% (December 31, 2022 – 20.8%) of the issued and outstanding Units of the Trust and Limited Partnerships (see also Note 20, “Related party transactions”).

2. Summary of significant accounting policies

2.1 Basis of presentation

These unaudited interim condensed consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim condensed consolidated financial statements, International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). The unaudited interim condensed consolidated financial statements contain disclosures that are supplemental to the Trust’s annual consolidated financial statements. They do not include all the information and disclosures required by IFRS applicable for annual consolidated financial statements and, therefore, they should be read in conjunction with the annual audited consolidated financial statements as at and for the year ended December 31, 2022.

2.2 Accounting policies

The accounting policies followed in these unaudited interim condensed consolidated financial statements are consistent with the policies and method of their application used in the preparation of the audited consolidated financial statements as at and for the year ended December 31, 2022, except as noted below:

Amendments to IAS 8, Definition of Accounting Estimates

On January 1, 2023, the Trust adopted the amendments to IAS 8, Definition of Accounting Estimates. The amendments clarify the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors. There was no material impact to the Trust’s unaudited interim condensed consolidated financial statements on the adoption.

3. Acquisitions and Earnouts

Earnouts completed during the nine months ended September 30, 2023

During the nine months ended September 30, 2023, pursuant to development management agreements referred to in Note 4, "Investment properties" (see also Note 20, "Related party transactions"), the Trust completed the purchase of Earnout transactions on 12,610 square feet of retail space and one parcel of land.

The following table summarizes the consideration for Earnouts completed for the nine months ended September 30, 2023:

	Note	Total
Cash		\$2,777
LP Units issued	4(d)(ii)	1,471
Adjustments for other working capital amounts		3,948
		\$8,196

In July 2023, pursuant to a redemption agreement between the Trust and the joint venture partner, the partner transferred all its rights and ownership stake in Markham Main Street RR PropCo LP for a total redemption price of \$9,875 representing the partner's share. The transaction was deemed as an asset acquisition in accordance with IFRS 3 *Business Combinations*. (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:

	Nine Months Ended September 30, 2023			Year Ended December 31, 2022			
	Note	Income Properties	Properties Under Development	Total	Income Properties	Properties Under Development	Total
Balance – beginning of period		\$8,496,893	\$1,753,499	\$10,250,392	\$8,395,077	\$1,452,001	\$9,847,078
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		64,220	(64,220)	—	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		—	—	—	—	(25,000)	(25,000)
Transfer to properties under development from equity accounted investments		—	18,931	18,931	—	—	—
Additions		20,686	49,009	69,695	21,501	79,373	100,874
Capitalized interest	10(d)	—	32,877	32,877	—	35,036	35,036
Dispositions	4(b)	—	(49,148)	(49,148)	(777)	(40,726)	(41,503)
Fair value adjustment on investment properties		82,241	24,094	106,335	(54,122)	255,956	201,834
Balance – end of period		\$8,658,398	\$1,774,785	\$10,433,183	\$8,496,893	\$1,753,499	\$10,250,392
Investment properties		8,658,398	1,774,785	10,433,183	8,496,893	1,711,178	10,208,071
Investment properties classified as held for sale		—	—	—	—	42,321	42,321
		\$8,658,398	\$1,774,785	\$10,433,183	\$8,496,893	\$1,753,499	\$10,250,392

Secured debt with a carrying value of \$869,867 (December 31, 2022 – \$969,054) is secured by investment properties with a fair value of \$2,449,269 (December 31, 2022 – \$2,807,896).

Presented separately from investment properties is \$85,246 (December 31, 2022 – \$78,820) of net straight-line rents receivable and tenant incentives (these amounts are included in Note 8, "Other assets") arising from the recognition of rental revenues on a straight-line basis and amortization of tenant incentives over the respective lease terms. The fair value of investment properties has been reduced by these amounts.

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

i) **Income properties**

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

ii) **Properties under development**

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

The following table summarizes significant assumptions in Level 3 valuations:

As at	September 30, 2023	December 31, 2022
Weighted Average:		
Terminal Capitalization Rate	5.96 %	5.95 %
Discount Rate	6.48 %	6.47 %
Range:		
Terminal Capitalization Rate	4.20% – 7.70%	4.18% – 7.53%
Discount Rate	4.60% – 8.20%	4.58% – 8.03%

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 September 30, 2023:

Discount rate sensitivity (decrease)/increase	Weighted average overall discount rate	Estimated fair value of investment properties	Fair value variance	% Change
(1.00)%	5.48 %	\$10,678,200	\$1,832,600	20.7 %
(0.50)%	5.98 %	\$9,674,400	\$828,800	9.4 %
(0.25)%	6.23 %	\$9,241,300	\$395,700	4.5 %
—%	6.48 %	\$8,845,600	\$—	— %
0.25%	6.73 %	\$8,482,000	\$(363,600)	(4.1)%
0.50%	6.98 %	\$8,147,200	\$(698,400)	(7.9)%
1.00%	7.48 %	\$7,553,200	\$(1,292,400)	(14.6)%

b) Dispositions**Disposition of investment properties during the nine months ended September 30, 2023**

In January 2023, the Trust contributed its interest in a parcel of land totalling 1.41 acres located in Whitby, Ontario, to a joint venture, Whitby Self Storage LP, with the intention to develop and operate a self-storage facility.

In February 2023, the Trust, together with its co-ownership partner, Penguin, sold a land parcel totalling 4.3 acres located in Vaughan, Ontario, for gross proceeds of \$63,450, which was satisfied by cash. The Trust's share of such proceeds was \$42,300 relating to the Trust's two-thirds share in this land parcel, which was previously presented as assets held for sale in the Trust's consolidated financial statements for the year ended December 31, 2022.

In February 2023, the Trust sold a parcel of land totalling 2.64 acres located in Chilliwack, British Columbia, for gross proceeds of \$4,800, which was satisfied by cash.

c) Leasehold property interests

At September 30, 2023, 16 (December 31, 2022 – 16) investment properties with a fair value of \$987,118 (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 20, "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 20, "Related party transactions"). The lease requires a \$10,000 payment at the end of the lease term in 2038 to exercise a purchase option, which is considered to be a bargain purchase option. The Trust prepaid its entire lease obligation for this property of \$57,997 (December 31, 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 \$2,517 (December 31, 2022 – \$2,350), net of imputed interest at 9.18% of \$7,483 (December 31, 2022 – \$7,650) (see also Note 12, "Accounts and other payables").

A second leasehold interest was acquired on February 11, 2015 and includes a land lease that expires on September 1, 2054. The land lease requires monthly payments ranging from \$450 to \$600 annually until September 1, 2054, and a \$6,000 payment between September 1, 2023 and September 1, 2025 to exercise a purchase option that is considered to be a bargain purchase option. As the Trust expects to exercise the purchase option, the purchase option price has been included in accounts payable in the amount of \$6,000 (December 31, 2022 – \$6,061), net of imputed interest at 6.25% of \$478 (December 31, 2022 – \$314) (see also Note 12, "Accounts and other payables").

d) Properties under development

The following table presents properties under development:

As at	September 30, 2023	December 31, 2022
Properties under development not subject to development management agreements i)	\$1,713,840	\$1,698,652
Properties under development subject to development management agreements ii)	60,945	54,847
	\$1,774,785	\$1,753,499
Less: Properties under development classified as held for sale	—	42,321
	\$1,774,785	\$1,711,178

i) Properties under development not subject to development management agreements

During the nine months ended September 30, 2023, the Trust completed the development and leasing of certain properties under development not subject to development management agreements, for which the value of land and development costs incurred have been reclassified from properties under development to income properties.

For the three months ended September 30, 2023, the Trust incurred land and development costs of \$16,564 (three months ended September 30, 2022 – \$12,170). For the nine months ended September 30, 2023, the Trust incurred land and development costs of \$59,697 (nine months ended September 30, 2022 – \$36,463).

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 to 2025 may be extended to 2022 to 2027. See also Note 11, "Other financial liabilities".

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Development costs incurred	\$261	\$789	\$4,523	\$7,524
Earnout Fees paid	446	789	1,666	1,401
	\$707	\$1,578	\$6,189	\$8,925

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 principal intended activities:

As at		September 30, 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	3	50.0 % ⁽²⁾	5	50.0 % ⁽²⁾

(1) The Trust's investments in associates are partnered with Penguin. See also Note 20, "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 nine months ended September 30, 2023, the Trust contributed \$4,788 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:

	Nine Months Ended September 30, 2023			Year Ended December 31, 2022		
	Investment in Associates	Investment in Joint Ventures	Total	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of period	\$458,772	\$222,227	\$680,999	\$489,230	\$165,212	\$654,442
Operating Activities:						
Earnings (losses)	31,483	53,794	85,277	4,932	(733)	4,199
Distributions – VMC Residences condominium unit closings ⁽¹⁾	(653)	—	(653)	(24,322)	—	(24,322)
Distributions – operating activities	(3,505)	(490)	(3,995)	(4,550)	(234)	(4,784)
Financing Activities:						
Fair value adjustment on loan	2,161	—	2,161	3,690	—	3,690
Investing Activities:						
Cash contribution	9,532	34,112	43,644	23,154	32,982	56,136
Transfer from equity accounted investments to properties under development	—	(9,427)	(9,427)	—	—	—
Property contribution	—	—	—	—	25,000	25,000
Development distributions	(18,007)	—	(18,007)	(33,362)	—	(33,362)
Investment – end of period	\$479,783	\$300,216	\$779,999	\$458,772	\$222,227	\$680,999

(1) During the nine months ended September 30, 2023, the distribution in the amount of \$653 was satisfied by a non-cash settlement of the Residence III LP 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 Residence III LP loan payable) (see Note 10(b)(iv)).

a) Summary of balance sheets

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

As at	September 30, 2023				December 31, 2022			
	Associates		Joint Ventures	Total	Associates		Joint Ventures	Total
Equity accounted investments in:	PCVP	VMC Residences ⁽¹⁾			PCVP	VMC Residences ⁽¹⁾		
Non-current assets	\$1,409,064	\$—	\$893,642	\$2,302,706	\$1,333,107	\$—	\$729,104	\$2,062,211
Current assets ⁽²⁾	17,732	306,967	21,833	346,532	47,854	471,995	13,864	533,713
Total assets	\$1,426,796	\$306,967	\$915,475	\$2,649,238	\$1,380,961	\$471,995	\$742,968	\$2,595,924
Non-current liabilities ⁽³⁾	\$543,380	\$—	\$309,746	\$853,126	\$416,283	\$—	\$285,955	\$702,238
Current liabilities	46,758	122,478	34,559	203,795	113,075	385,011	36,683	534,769
Total liabilities	\$590,138	\$122,478	\$344,305	\$1,056,921	\$529,358	\$385,011	\$322,638	\$1,237,007
Net assets	\$836,658	\$184,489	\$571,170	\$1,592,317	\$851,603	\$86,984	\$420,330	\$1,358,917
Trust's share of net assets before adjustments	418,329	60,255	300,216	778,800	425,802	31,565	222,227	679,594
Fair value adjustment on loan	882	317	—	1,199	1,003	402	—	1,405
Trust's share of net assets	\$419,211	\$60,572	\$300,216	\$779,999	\$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 September 30, 2023 includes loan payable to the Trust of \$50,685 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 \$10,621, of which the Trust's share is \$3,271 (December 31, 2022 – \$76,607, of which the Trust's share is \$29,151).

The joint ventures listed above have entered into various development construction contracts with existing commitments totalling \$35,419, of which the Trust's share is \$17,615 (December 31, 2022 – \$124,349, of which the Trust's share is \$61,010).

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 September 30, 2023, the investment in associates and joint ventures had development credit facilities with an outstanding balance of \$607,370 (December 31, 2022 – \$696,897), of which the Trust's share was \$318,962 (December 31, 2022 – \$326,850). The development credit facilities bearing interest based on the BA rate plus 1.45% to 2.45% with maturity dates between May 2024 and June 2027.

b) Summary of earnings (losses)

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

Net Income from equity accounted investments in:	Three Months Ended September 30, 2023				Three Months Ended September 30, 2022			
	Associates		Joint Ventures	Total	Associates		Joint Ventures	Total
	PCVP	VMC Residences			PCVP	VMC Residences		
Revenue								
Rental revenue ⁽¹⁾	\$10,086	\$—	\$9,135	\$19,221	\$8,194	\$—	\$6,846	\$15,040
Residential sales revenue	—	146,294	—	146,294	—	153	—	153
Operating expense								
Rental operating costs	(5,192)	—	(3,294)	(8,486)	(4,162)	—	(2,802)	(6,964)
Residential cost of sales	—	(118,680)	—	(118,680)	—	(403)	—	(403)
Revenue net of operating expense	\$4,894	\$27,614	\$5,841	\$38,349	\$4,032	\$(250)	\$4,044	\$7,826
Fair value adjustment on investment properties	742	—	105,242	105,984	2,039	—	(2,026)	13
Interest (expense) income	(2,362)	1,231	(4,202)	(5,333)	(2,074)	232	(2,124)	(3,966)
Loss on sale of investment properties	—	—	—	—	(482)	—	—	(482)
Earnings (losses)	\$3,274	\$28,845	\$106,881	\$139,000	\$3,515	\$(18)	\$(106)	\$3,391
Trust's share of earnings before supplemental cost and additional profit sharing	1,637	7,438	52,887	61,962	1,757	(73)	59	1,743
Additional Trust's share of earnings ⁽²⁾	—	1,390	—	1,390	—	1	—	1
Supplemental cost	(727)	—	(229)	(956)	(586)	—	(57)	(643)
Trust's share of earnings (losses)	\$910	\$8,828	\$52,658	\$62,396	\$1,171	\$(72)	\$2	\$1,101

(1) Includes office rental from the Trust in the amount of \$701 for the three months ended September 30, 2023 (three months ended September 30, 2022 – \$689).

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

Net Income from equity accounted investments in:	Nine Months Ended September 30, 2023				Nine Months Ended September 30, 2022			
	Associates		Joint Ventures	Total	Associates		Joint Ventures	Total
	PCVP	VMC Residences			PCVP	VMC Residences		
Revenue								
Rental revenue ⁽¹⁾	\$27,895	\$—	\$24,205	\$52,100	\$23,655	\$—	\$18,521	\$42,176
Residential sales revenue	—	491,474	—	491,474	—	17,351	—	17,351
Operating expense								
Rental operating costs	(14,174)	—	(10,180)	(24,354)	(10,834)	—	(8,303)	(19,137)
Residential cost of sales	—	(398,105)	—	(398,105)	—	(13,323)	—	(13,323)
Revenue net of operating expense	\$13,721	\$93,369	\$14,025	\$121,115	\$12,821	\$4,028	\$10,218	\$27,067
Fair value adjustment on investment properties	9,135	—	110,140	119,275	3,769	—	(1,286)	2,483
Interest (expense) income	(7,024)	3,245	(11,435)	(15,214)	(5,595)	310	(4,985)	(10,270)
Loss on sale of investment properties	—	—	—	—	(482)	—	—	(482)
Earnings	\$15,832	\$96,614	\$112,730	\$225,176	\$10,513	\$4,338	\$3,947	\$18,798
Trust's share of earnings before supplemental cost and additional profit sharing	7,916	24,771	54,427	87,114	5,257	877	1,852	7,986
Additional Trust's share of earnings ⁽²⁾	—	2,637	—	2,637	—	236	—	236
Supplemental cost	(3,841)	—	(633)	(4,474)	(1,673)	—	(2,237)	(3,910)
Trust's share of earnings	\$4,075	\$27,408	\$53,794	\$85,277	\$3,584	\$1,113	\$(385)	\$4,312

(1) Includes office rental revenue from the Trust in the amount of \$2,076 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – \$2,032).

(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 \$7,682 related to associated development fees for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – \$3,346).

In accordance with the Supplemental Development and Construction Fee Agreements, the Trust invoiced certain investments in joint ventures for a net amount of \$1,265 related to associated supplemental development fees for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – \$4,474).

Acquisitions completed during the nine months ended September 30, 2023

In February 2023, pursuant to a 50:50 joint venture formed with SmartStop known as St-Regis Self Storage Limited Partnership, each partner contributed \$3,000 to fund the purchase of a parcel of land located in Dorval, Quebec, totalling 2.2 acres, in which the Trust had a 50% interest, with the intention to develop and operate a self-storage facility.

Redemption transaction during the nine months ended September 30, 2023

In July 2023, pursuant to a redemption agreement between the joint venture partner and the Trust, the partner transferred all its rights and ownership stake in Markham Main Street RR PropCo LP, which was established to develop a retirement residence project, for a total redemption price of \$9,875. The redemption was satisfied by \$4,852 of cash, \$5,000 through assumption of existing debt and other working capital adjustments. Upon completion of this transaction, the Trust has 100% ownership in Markham Main Street RR PropCo LP and transferred it from equity accounted investments to investment properties.

Disposition completed during the nine months ended September 30, 2023

In February 2023, PCVP disposed of a land parcel totalling 2.1 acres located in Vaughan, Ontario (VMC). This land parcel was previously classified as assets held for sale on PCVP's balance sheet as at December 31, 2022. The gross proceeds of this disposition were \$32,100 and satisfied by cash.

6. Mortgages, loans and notes receivable

The following table summarizes mortgages, loans and notes receivable:

As at	Note	September 30, 2023	December 31, 2022
Mortgages receivable (a)	20	\$24,297	\$39,456
Loans receivable (b)		257,810	282,312
Notes receivable (c)	20	2,924	2,924
		\$285,031	\$324,692
Current		195,805	86,593
Non-current		89,226	238,099
		\$285,031	\$324,692

- a) Mortgages receivable of \$24,297 (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 seven properties (December 31, 2022 – seven properties). The Trust is committed to lend up to \$157,829 (December 31, 2022 – \$190,720) to assist with the further development of these properties.

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

Property	Committed	Maturity Date	Extended Maturity Date	Annualized Variable Interest Rate at Year-End	The Trust's Purchase Option of Property ⁽²⁾	September 30, 2023	December 31, 2022
Pitt Meadows, BC ⁽¹⁾⁽⁴⁾	\$70,653	November 2023	August 2028	6.9 %	50.0 %	\$19,735	\$23,594
Toronto (StudioCentre), ON ⁽³⁾⁽⁴⁾	27,344	August 2028	N/A	6.9 %	25.0 %	4,562	15,862
Caledon (Mayfield), ON ⁽¹⁾⁽⁵⁾	15,498	April 2024	August 2028	7.0 %	50.0 %	—	—
Salmon Arm, BC ⁽³⁾⁽⁵⁾	13,398	August 2028	N/A	6.5 %	— %	—	—
Aurora (South), ON ⁽⁵⁾	15,155	August 2028	N/A	6.8 %	50.0 %	—	—
Vaughan (7 & 427), ON ⁽¹⁾⁽⁵⁾	15,781	December 2023	August 2028	6.8 %	50.0 %	—	—
	\$157,829			6.9 %		\$24,297	\$39,456

- (1) The maturity dates for these mortgages are automatically extended to August 31, 2028 unless written notice is delivered from the borrower. During the extended maturity period, the mortgages receivable accrue interest at a variable rate based on the BA 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 September 30, 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%.
- (5) Penguin fully repaid the outstanding balance of the mortgages in October 2022.

Mortgages receivable amendments

Interest on these mortgages accrues monthly as follows: from December 9, 2020 to the maturity date of each mortgage, at a variable rate based on the 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 \$95,944 (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	September 30, 2023	December 31, 2022
Penguin ⁽¹⁾	12,493	December 2023	Variable	20	\$7,754	\$7,389
Penguin ⁽²⁾	26,227	March 2024	6.21 %	20	13,107	13,266
Penguin ⁽³⁾	N/A	December 2029	Interest-free	10(b)(iv), 20	54,634	62,986
Penguin ⁽⁴⁾	18,450	August 2030	Variable	20	7,371	16,638
Total loans issued to Penguin					\$82,866	\$100,279
PCVP ⁽⁵⁾	N/A	March 2024	6.21 %	20	50,685	48,532
Self-storage facilities ⁽⁶⁾	133,900	May 2024	Variable	20	124,259	116,096
Total loans issued to equity accounted investments					\$174,944	\$164,628
Other ⁽⁷⁾	N/A	January 2023	5.00 %		—	2,308
Greenwin ⁽⁸⁾	11,694	September 2024	Variable		—	—
Greenwin ⁽⁹⁾	1,280	January 2025	Variable		—	—
Other ⁽¹⁰⁾	N/A	October 2023	4.00 %		—	15,097
Total loans issued to unrelated parties					\$—	\$17,405
					\$257,810	\$282,312

(1) 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.

(2) 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.

(3) 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 September 30, 2023, the loan balance of \$54,634 is net of a cumulative fair value adjustment totalling \$16,058.

(4) 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.

(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 loan was fully repaid in January 2023.

(8) 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.

(9) 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.

(10) 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 September 30, 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 13, "Fair value measurement".

7. Other financial assets

The following table summarizes the components of other financial assets:

As at	Note	September 30, 2023	December 31, 2022
Total return swap receivable (a)		\$116,881	\$137,526
Interest rate swap agreements		55,748	34,281
Currency swap agreement ⁽¹⁾	11	1,114	—
		\$173,743	\$171,807

(1) The currency swap agreement has been recorded in the revolving operating facilities balance as reflected in Note 10(c) "Revolving operating facilities".

a) Total return swap receivable

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

	Nine Months Ended September 30, 2023	Year Ended December 31, 2022
Balance – beginning of period	\$137,526	\$46,869
Additions	—	101,041
Distributions received	(7,126)	(5,466)
Fair value adjustments	(13,519)	(4,918)
Balance – end of period	\$116,881	\$137,526

8. Other assets

The following table summarizes the activity in other assets:

	December 31, 2022	Additions	Write-offs	Amortization and other adjustments	September 30, 2023
Straight-line rents receivable	\$44,061	\$6,223	\$(108)	\$(5,852)	\$44,324
Tenant incentives	34,759	11,716	(9)	(5,544)	40,922
	\$78,820	\$17,939	\$(117)	\$(11,396)	\$85,246
Equipment	2,335	1,320	—	(348)	3,307
Right-of-use assets	2,075	196	—	(1,396)	875
	\$83,230	\$19,455	\$(117)	\$(13,140)	\$89,428

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

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

As at	September 30, 2023	December 31, 2022
Amounts receivable and other		
Tenant receivables	\$24,400	\$26,735
Unbilled other tenant receivables	11,312	11,100
Receivables from related party – excluding equity accounted investments	9,476	11,899
Receivables from related party – equity accounted investments	4,147	616
Other non-tenant receivables	7,727	1,954
Other ⁽¹⁾	13,939	13,591
	\$71,001	\$65,895
Allowance for expected credit loss ("ECL")	(8,084)	(8,771)
Amounts receivable and other, net of allowance for ECL	\$62,917	\$57,124
Prepaid expenses, deposits and deferred financing costs ⁽²⁾	50,204	14,474

(1) The amount includes a related party amount of \$7,926 (December 31, 2022 – \$6,835).

(2) Includes prepaid realty tax of \$34,626 (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:

	Nine Months Ended September 30 2023	2022
Balance – beginning of period	\$8,771	\$18,954
Net allowance	(687)	(9,215)
Balance – end of period	\$8,084	\$9,739

10. Debt

The following table presents debt balances:

As at	September 30, 2023	December 31, 2022
Secured debt (a)	\$869,867	\$969,054
Unsecured debt (b)	4,047,828	3,932,928
Revolving operating facilities (c)	135,027	81,283
	\$5,052,722	\$4,983,265
Current	538,252	459,278
Non-current	4,514,470	4,523,987
	\$5,052,722	\$4,983,265

a) Secured debt

As at September 30, 2023, the secured debt balance of \$869,867 (December 31, 2022 – \$969,054) bears a weighted average interest rate of 3.99% (December 31, 2022 – 3.91%), and comprises \$837,000 (December 31, 2022 – \$948,921) at fixed interest rates, and \$32,867 (December 31, 2022 – \$20,133) bears variable interest rates from BA plus 170 basis points to BA plus 175 basis points. The secured debt, maturing between 2023 and 2031, 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.

b) Unsecured debt

The following table summarizes the components of unsecured debt:

As at	September 30, 2023	December 31, 2022
Unsecured debentures i)	\$2,752,393	\$2,652,327
Credit facilities ii)	996,455	996,238
TRS debt iii)	143,232	143,232
Other unsecured debt iv)	155,748	141,131
	\$4,047,828	\$3,932,928

i) Unsecured debentures

As at September 30, 2023, unsecured debentures totalled \$2,752,393 (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 September 30, 2023 (December 31, 2022 – 3.17%).

Unsecured debenture activities for the nine months ended September 30, 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 May 2023, DBRS adjusted the Trust’s credit rating to BBB and upgraded its outlook to stable.

ii) Credit facilities

The following table summarizes the activity for unsecured credit facilities:

(Issued In)	Initial Maturity Date	Annual Interest Rate	Facility Amount	September 30, 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	100,000	100,000
Revolving:					
May 2020	May 11, 2024	BA + 1.45%	100,000	—	—
				\$1,000,000	\$1,000,000
Less:					
Unamortized financing costs				(1,585)	(1,802)
Unamortized debt modification adjustments				(1,960)	(1,960)
				\$996,455	\$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 2.71 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 September 30, 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 \$155,748 (December 31, 2022 – \$141,131) at the Trust's share pertains to loans received from equity accounted investments in connection with contribution agreements relating to joint ventures. The loans are non-interest-bearing with repayment terms based on the distributions that are to be paid pursuant to the limited partnership agreements. The balances of the loans are expected to be paid at the end of their respective terms.

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

As at	September 30, 2023	December 31, 2022
PCVP (5.00% discount rate) ⁽¹⁾	\$56,398	\$64,992
PCVP (5.75% discount rate) ⁽²⁾	54,634	62,986
Vaughan NW RR PropCo LP	12,230	12,500
VMC Residences ⁽³⁾	32,486	653
\$155,748		\$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 September 30, 2023, the loan balance of \$56,398 is net of the unamortized fair value adjustment totalling \$14,294 (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 September 30, 2023, the loan balance of \$54,634 is net of the unamortized fair value adjustment totalling \$16,058 (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, \$32,486 was received and \$653 was settled during the nine months ended September 30, 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 September 30, 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	
					September 30, 2023	December 31, 2022
Revolving facility maturing March 2028	BA + 1.45%	\$500,000	\$10,000	\$11,954	\$478,046	\$477,626
Revolving facility maturing February 2024 ⁽¹⁾	US\$ SOFR + 1.55%	150,000	125,027	—	24,973	75,717
			\$135,027	\$11,954	\$503,019	\$553,343

(1) The Trust has drawn in US\$92,182 which was translated to \$125,027 as at September 30, 2023 (December 31, 2022 – drawn in US\$54,873 which was translated to \$74,283).

d) Interest expense

The following table summarizes interest expense:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Interest at stated rates	\$48,522	\$43,472	\$139,784	\$120,100
Amortization of acquisition date fair value adjustments on assumed debt	(69)	(119)	(243)	(366)
Amortization of deferred financing costs	958	849	2,792	2,754
Distributions on Units classified as liabilities and vested deferred units	4,539	4,368	13,491	13,039
Adjustment on debt modification	—	—	—	(1,960)
	\$53,950	\$48,570	\$155,824	\$133,567
Capitalized to properties under development	(11,363)	(9,135)	(32,877)	(24,450)
Capitalized to residential development inventory	(394)	(260)	(1,092)	(757)
	\$42,193	\$39,175	\$121,855	\$108,360

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Interest expense	\$42,193	\$39,175	\$121,855	\$108,360
Amortization of acquisition date fair value adjustments on assumed debt	69	119	243	366
Adjustment on debt modification	—	—	—	1,960
Amortization of deferred financing costs	(958)	(849)	(2,792)	(2,754)
Distributions on Units classified as liabilities and vested deferred units, net of amounts capitalized to properties under development	(2,171)	(4,368)	(6,320)	(13,039)
Change in accrued interest payable	(14,707)	(13,148)	(14,962)	(12,789)
Cash interest paid	\$24,426	\$20,929	\$98,024	\$82,104

For the nine months ended September 30, 2023, total interest paid was \$131,993 (nine months ended September 30, 2022 – \$107,311) which includes cash interest paid of \$98,024 (nine months ended September 30, 2022 – \$82,104) and interest capitalized to both properties under development and residential development inventory of \$33,969 (nine months ended September 30, 2022 – \$25,207).

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	2023	2024	2025	2026	2027	Thereafter
Secured debt	\$870,873	\$126,668	\$151,296	\$411,620	\$98,417	\$5,786	\$77,086
Unsecured debt	3,927,193	12,231	113,556	890,022	570,000	850,000	1,491,384
Revolving operating facilities	135,027	10,000	125,027	—	—	—	—
Interest obligations ⁽¹⁾	543,569	93,822	116,459	100,531	82,677	66,581	83,499
Accounts payable	272,339	272,339	—	—	—	—	—
Other payable	27,610	6,586	1,895	9,129	—	—	10,000
	\$5,776,611	\$521,646	\$508,233	\$1,411,302	\$751,094	\$922,367	\$1,661,969
Mortgage receivable advances (repayments) ⁽²⁾	133,532	261	1,130	(15,880)	1,034	378	146,609
Development obligations (commitments)	53,484	53,484	—	—	—	—	—
Total	\$5,963,627	\$575,391	\$509,363	\$1,395,422	\$752,128	\$922,745	\$1,808,578

(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 \$24,297 at September 30, 2023, and further forecasted commitments of \$133,532, mature over a period extending to 2028 if the Trust does not exercise its option to acquire the investment properties. Refer to Note 6, "Mortgages, loans and notes receivable", for timing of principal repayments.

11. Other financial liabilities

The following table summarizes the components of other financial liabilities:

As at	Note	September 30, 2023	December 31, 2022
Units classified as liabilities (a)		\$179,749	\$211,497
Deferred unit plan (c)		47,539	48,402
Long term incentive plan ("LTIP") (d)		—	580
Equity incentive plan ("EIP") (e)		18,239	16,204
Currency swap agreement ⁽¹⁾	7	—	717
		\$245,527	\$277,400

(1) The currency swap agreement has been recorded in the revolving operating facilities balance as reflected in Note 10(c) "Revolving operating facilities".

a) Units classified as liabilities**Total number of Units classified as liabilities**

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

	Number of Units Issued and Outstanding	Carrying Value
Balance – January 1, 2023	7,897,571	\$211,497
Change in carrying value	N/A	(31,748)
Balance – September 30, 2023	7,897,571	\$179,749
Balance – January 1, 2022	7,897,571	\$254,223
Change in carrying value	N/A	(49,281)
Balance – September 30, 2022	7,897,571	\$204,942

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 nine months ended September 30, 2023 and 2022:

Options	Strike Price	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
		Options Exercised	Amounts from Options Exercised	Options Exercised	Amounts from Options Exercised
Options to acquire Class B Smart LP III Units ⁽¹⁾	Market price	62,121	\$1,471	137,776	\$499
Options to acquire Class B Smart LP IV Units ⁽²⁾	Market price	—	—	21,785	572
		62,121	\$1,471	159,561	\$1,071

(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:

	Nine Months Ended September 30, 2023	Year Ended December 31, 2022
Balance – beginning of period	1,888,509	1,667,421
Granted	269,199	226,358
Reinvested units from distributions	118,575	121,028
Redeemed for cash	(70,390)	(110,867)
Forfeited	(11,083)	(15,431)
Balance – end of period	2,194,810	1,888,509

As at September 30, 2023, total outstanding deferred units included 1,852,473 vested units (December 31, 2022 – 1,607,987).

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Carrying value – beginning of period	\$50,210	\$47,004	\$48,402	\$50,660
Deferred units granted	—	—	3,605	3,612
Reinvested distributions on vested deferred units	889	718	2,538	2,123
Compensation expense – reinvested distributions and amortization	907	791	2,786	2,366
Redeemed for cash	(1,510)	(351)	(1,777)	(2,944)
Fair value adjustment	(2,957)	(2,669)	(8,015)	(10,324)
Carrying value – end of period	\$47,539	\$45,493	\$47,539	\$45,493

d) LTIP

The following table summarizes the activities in the LTIP:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Balance – beginning of period	\$—	\$741	\$580	\$697
Amortization	—	73	3	217
Fair value adjustment	—	20	—	(80)
LTIP vested and paid out ⁽¹⁾	—	—	(583)	—
Balance – end of period	\$—	\$834	\$—	\$834

(1) The vested LTIP has been fully paid out during the nine months ended September 30, 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:

	Nine Months Ended September 30, 2023	Year Ended December 31, 2022
Balance – beginning of period ^{(1) (2)}	1,370,540	1,339,699
Granted	134,000	65,000
Reinvested units from distributions	78,446	87,514
Forfeited	(51,571)	(121,673)
Balance – end of period	1,531,415	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:

Carrying Value	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Balance – beginning of period	\$17,999	\$13,119	\$16,204	\$10,377
Amortization costs	1,950	1,959	5,977	5,894
Fair value adjustment	(1,710)	(885)	(3,942)	(2,078)
Balance – end of period	\$18,239	\$14,193	\$18,239	\$14,193

12. Accounts and other payables

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

As at	September 30, 2023	December 31, 2022
Accounts payable ⁽¹⁾	\$92,835	\$86,592
Tenant prepaid rent, deposits, and other payables	99,793	108,364
Residential sales deposits	11,690	11,690
Accrued interest payable	29,056	14,094
Distributions payable	26,577	26,569
Realty taxes payable	3,291	2,946
Current portion of other payables	9,770	10,867
	\$273,012	\$261,122

(1) Includes accounts payable to Penguin in the amount of \$2,944 as at September 30, 2023 (December 31, 2022 – \$3,504). See also Note 20, "Related party transactions".

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

As at	September 30, 2023	December 31, 2022
Future land development obligations with Penguin	\$17,965	\$17,646
Lease liability – investment properties ⁽¹⁾	8,517	8,411
Lease liability – other	892	2,075
Total other payables	\$27,374	\$28,132
Less: Current portion of other payables	(9,770)	(10,867)
Total non-current portion of other payables	\$17,604	\$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 20, "Related party transactions") for certain undeveloped lands acquired from 2006 to 2015, either on completion and rental of additional space on the undeveloped lands or, if no additional space is completed on the undeveloped lands, at the expiry of the development management agreement periods ending in 2023 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 nine months ended September 30, 2023, imputed interest of \$329 (nine months ended September 30, 2022 – \$315) was capitalized to properties under development.

13. 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 unaudited interim condensed 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).

September 30, 2023	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Assets measured at fair value:				
Investment properties	\$10,433,183	\$—	\$—	\$10,433,183
Other financial assets	173,743	—	173,743	—
Assets measured at amortized cost:				
Mortgages, loans and notes receivable	\$285,031	\$—	\$284,547	\$—
Liabilities measured at fair value:				
Units classified as liabilities	\$179,749	\$—	\$179,749	\$—
Deferred unit plan	47,539	—	47,539	—
EIP	18,239	—	18,239	—
Financial liabilities measured at amortized cost:				
Secured debt	\$869,867	\$—	\$841,745	\$—
Unsecured debt	4,047,828	—	3,747,916	—
Revolving operating facilities	135,027	—	135,027	—

14. Unit equity

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

	Note	Number of Units Issued and Outstanding			Carrying Value		
		Trust Units	Smart LP Units	Total Units	Trust Units	Smart LP Units	Total
Balance – January 1, 2023		144,625,322	25,610,960	170,236,282	\$3,090,118	\$643,223	\$3,733,341
Options exercised	4(d), 11(b)	—	54,295	54,295	—	1,471	1,471
Balance – September 30, 2023		144,625,322	25,665,255	170,290,577	\$3,090,118	\$644,694	\$3,734,812
Balance – January 1, 2022		144,625,322	25,568,688	170,194,010	\$3,090,368	\$641,944	\$3,732,312
Options exercised	4(d), 11(b)	—	34,704	34,704	—	1,071	1,071
Unit issuance costs		—	—	—	(250)	—	(250)
Balance – September 30, 2022		144,625,322	25,603,392	170,228,714	\$3,090,118	\$643,015	\$3,733,133

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

LP Class B Unit Type	Number of Units Issued and Outstanding			Carrying Value		
	Balance – January 1, 2023	Options Exercised (Note 11(b))	Balance – September 30, 2023	Balance – January 1, 2023	Value From Options Exercised (Note 11(b))	Balance – September 30, 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

LP Class B Unit Type	Number of Units Issued and Outstanding			Carrying Value		
	Balance – January 1, 2022	Options Exercised (Note 11(b))	Balance – September 30, 2022	Balance – January 1, 2022	Value From Options Exercised (Note 11(b))	Balance – September 30, 2022
Smart Limited Partnership	16,424,430	—	16,424,430	\$392,327	\$—	\$392,327
Smart Limited Partnership II	756,525	—	756,525	17,680	—	17,680
Smart Limited Partnership III	4,039,184	16,049	4,055,233	108,097	499	108,596
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	34,704	25,603,392	\$641,944	\$1,071	\$643,015

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 September 30, 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 20, "Related party transactions").

15. Unit distributions

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

Unit Type Subject to Distributions	Nine Months Ended September 30	
	2023	2022
Trust Units	\$200,672	\$200,672
Limited Partnership Units	35,600	35,519
Other non-controlling interest	—	283
Distributions on Units classified as equity	\$236,272	\$236,474
Distributions on Units classified as liabilities	10,954	10,954
Total Unit distributions	\$247,226	\$247,428

On October 17, 2023, the Trust declared a distribution for the month of October 2023 of \$0.15417 per Unit, representing \$1.85 per Unit on an annualized basis, to Unitholders of record on October 31, 2023.

16. Rentals from investment properties and other

The following table presents rentals from investment properties and other:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Gross base rent	\$133,260	\$129,533	\$395,943	\$385,323
Less: Amortization of tenant incentives	(1,712)	(1,957)	(5,615)	(5,241)
Net base rent	131,548	127,576	390,328	380,082
Property tax and insurance recoveries	43,297	39,191	131,793	129,041
Property operating cost recoveries	22,902	20,200	76,013	67,855
	66,199	59,391	207,806	196,896
Miscellaneous revenue	4,547	4,683	13,090	10,414
Rentals from investment properties	\$202,294	\$191,650	\$611,224	\$587,392
Service and other revenues	3,722	5,312	12,336	10,983
Rentals from investment properties and other	\$206,016	\$196,962	\$623,560	\$598,375

17. Property operating costs and other

The following table summarizes property operating costs and other:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Recoverable property operating costs ⁽¹⁾	\$67,892	\$61,677	\$215,082	\$207,117
Property management fees and costs	1,405	1,258	3,459	3,198
Expected credit loss (recovery)	419	(306)	321	(2,656)
Non-recoverable costs	1,419	1,792	4,777	6,731
Property operating costs	\$71,135	\$64,421	\$223,639	\$214,390
Residential cost of sales and marketing costs	1,063	30	3,376	425
Other expenses relating to service and other revenues ⁽²⁾	3,416	5,030	11,435	10,107
Other expenses	4,479	5,060	14,811	10,532
Property operating costs and other	\$75,614	\$69,481	\$238,450	\$224,922

(1) Include recoverable property tax and insurance costs.

(2) Relate to service and other revenues as disclosed in Note 16, "Rentals from investment properties and other".

18. General and administrative expense

The following table summarizes general and administrative expense:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Salaries and benefits	\$5,695	\$7,541	\$16,966	\$16,392
Professional fees	925	1,884	4,364	4,848
Public company costs	332	332	1,086	1,020
Amortization of intangible assets	333	333	999	999
Other costs including office rent, information technology, marketing, communications, and other employee expenses	476	606	2,413	2,220
General and administrative expense	\$7,761	\$10,696	\$25,828	\$25,479

19. Supplemental cash flow information

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Fair value adjustments	\$(67,063)	\$80,790	\$(157,989)	\$(279,703)
Loss on sale of investment properties	—	112	23	216
Earnings from equity accounted investments	(62,396)	(1,101)	(85,277)	(4,312)
Interest expense	42,193	39,175	121,855	108,360
Other financing costs	(227)	(99)	(1,102)	(1,116)
Interest income	(5,268)	(5,714)	(15,268)	(12,540)
Amortization of other assets and intangible assets	2,128	2,750	8,024	7,533
Lease obligation interest	148	151	443	432
Deferred unit compensation expense, net of redemptions	(603)	439	1,008	(578)
LTIP and EIP amortization, net of payment	591	748	1,393	2,269
	\$(90,497)	\$117,251	\$(126,890)	\$(179,439)

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Amounts receivable and other	\$(812)	\$(5,744)	\$(5,793)	\$(12,031)
Prepaid expenses, deposits and deferred financing costs	(6,274)	(18,619)	(35,730)	(37,898)
Accounts payable	11,850	13,880	6,243	476
Realty taxes payable	(7,099)	9,706	345	218
Tenant prepaid rent, deposits and other payables, and residential sales deposits	(3,345)	2,312	(8,571)	12,664
Other working capital changes	157	(19,926)	10,601	(10,688)
	\$(5,523)	\$(18,391)	\$(32,905)	\$(47,259)

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

Non-cash investing and financing balances	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Total return swap receivable	\$116,881	\$115,257	\$116,881	\$115,257
Units issued on acquisition	161	107	1,471	1,071
Liabilities assumed on acquisition, net of other assets	21	—	3,948	2,008
Distributions payable at period end	26,577	26,568	26,577	26,568
Total return swap debt	143,232	124,935	143,232	124,935

20. 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 September 30, 2023, held approximately 20.9% of the issued and outstanding Units (December 31, 2022 – 20.8%) of the Trust. The following table presents Units owned by Penguin:

Type	Class	Units owned by Penguin	
		September 30, 2023	December 31, 2022
Trust Units	N/A	15,254,463	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		37,285,246	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 September 30, 2023, there were 9,691,096 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 September 30, 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 nine months ended September 30, 2023, distributions declared to Penguin totalled \$51,655 (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 \$60,945 (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	September 30, 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 September 30, 2023, Penguin's ownership would increase to 24.7% (December 31, 2022 – 24.6%) if Penguin were to exercise all remaining Earnout options.

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 September 30, 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 12, "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 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 11, "Other financial liabilities".

h) Summary of transactions and balances with Penguin

The following tables summarize related party transactions and balances with Penguin:

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2023	2022	2023	2022
Related party transactions with Penguin					
Acquisitions and Earnouts:					
Earnouts	3	\$539	\$1,041	\$8,196	\$8,404
Revenues:					
Service and other revenues:					
Management fee and other services revenue pursuant to the Development and Services Agreement		2,335	626	8,091	1,860
Supplement to the Development and Services Agreement fees – time billings		—	3,486	—	6,034
Support services		348	362	1,043	894
		\$2,683	\$4,474	\$9,134	\$8,788
Interest income from mortgages and loans receivable		967	2,696	3,592	6,369
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of \$95 (three months ended September 30, 2022 – \$88))		603	211	2,155	577
		\$4,253	\$7,381	\$14,881	\$15,734
Expenses and other payments:					
Fees paid pursuant to the Penguin Services Agreement – capitalized to properties under development		1,949	1,888	5,239	5,529
EIP – capitalized to properties under development		1,359	1,283	4,004	3,842
Development fees and interest expense – capitalized to investment properties		53	308	121	308
Opportunity fees pursuant to the development management agreements – capitalized to properties under development ⁽¹⁾		15	15	45	45
Marketing and other costs – included in general and administrative expense and property operating costs		17	57	53	58
Disposition fees pursuant to the Development and Services Agreement – included in general and administrative expense		—	38	497	86
		\$3,393	\$3,589	\$9,959	\$9,868

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

As at	Note	September 30, 2023	December 31, 2022
Related party balances with Penguin disclosed elsewhere in the financial statements			
Receivables:			
Amounts receivable and other ⁽¹⁾	9	\$17,402	\$18,734
Mortgages receivable	6(a)	24,297	39,456
Loans receivable	6(b)	82,866	100,280
Notes receivable	6(c)	2,924	2,924
Total receivables		\$127,489	\$161,394
Payables and other accruals:			
Accounts payable and accrued liabilities		2,944	3,504
Future land development obligations	12	17,965	17,646
Total payables and other accruals		\$20,909	\$21,150

(1) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of \$9,476 and other of \$7,926 (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 10(b)(iv).

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

The following table summarizes related party transactions and balances with PCVP:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Related party transactions with PCVP				
Revenues:				
Supplemental Development Fee	\$1,454	\$1,172	\$7,682	\$3,346
Interest income from mortgages and loans receivable	785	333	2,153	982
Expenses and other payments:				
Rent and operating costs (included in general and administrative expense and property operating costs)	701	689	2,076	2,032

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

As at	Note	September 30, 2023	December 31, 2022
Related party balances disclosed elsewhere in the financial statements			
Amounts receivable ⁽¹⁾	9	\$4,147	\$616
Loans receivable ⁽²⁾	6(b)	174,944	164,628
Other unsecured debt ⁽³⁾	10(b)(iv)	155,748	141,131

(1) Amounts receivable includes Penguin's portion, which represents \$639 (December 31, 2022 – \$29) relating to Penguin's 50% investment in the PCVP and 50% in Residences (One) LP.

(2) Loans receivable includes Penguin's portion, which represents \$25,342 (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 September 30, 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:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Legal fees incurred from a law firm in which a partner is a Trustee:				
Capitalized to investment properties	\$218	\$329	\$374	\$1,451
Included in general and administrative expense	15	49	1,033	734
	\$233	\$378	\$1,407	\$2,185

21. Key management and Trustees' compensation

The following table presents the compensation relating to key management:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Salaries and other short-term employee benefits	\$644	\$693	\$1,931	\$2,078
Deferred unit plan	648	745	1,898	2,083
EIP	213	1,023	1,872	3,613
LTIP	—	93	3	137
	\$1,505	\$2,554	\$5,704	\$7,911

The following table presents the compensation relating to Trustees:

	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Trustees' fees	\$197	\$153	\$561	\$490
Deferred unit plan	197	153	561	490
	\$394	\$306	\$1,122	\$980

22. Segmented information

As at September 30, 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 24.1% of the Trust's annualized rentals from investment properties for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – 25.3%).

23. Risk management

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

Change in interest rate of:	-1.50%	-1.00%	-0.50%	+0.50%	+1.00%	+1.50%
Net income increase (decrease) from variable-rate debt	\$10,517	\$7,011	\$3,506	\$(3,506)	\$(7,011)	\$(10,517)
Net income increase (decrease) from variable-rate mortgages and loans receivable	\$(2,455)	\$(1,637)	\$(818)	\$818	\$1,637	\$2,455

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

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

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

Change in interest rate of:	-1.50%	-1.00%	-0.50%	+0.50%	+1.00%	+1.50%
Fair value gain (loss) on interest rate swap agreements	\$(36,908)	\$(24,050)	\$(11,335)	\$13,681	\$25,987	\$38,163

The Trust's exposure to interest rate risk is monitored by management on a regular basis (see also Note 10, "Debt").

24. Commitments and contingencies

The Trust has certain obligations and commitments pursuant to development management agreements to complete the purchase of Earnouts totalling approximately 177,000 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 September 30, 2023, the carrying value of these obligations and commitments included in properties under development was \$60,945 (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 \$53,484 (December 31, 2022 – \$20,669) and commitments relating to equity accounted investments that total \$46,041 (December 31, 2022 – \$200,956), of which the Trust’s share is \$20,886 (December 31, 2022 – \$90,161) that will be incurred in future periods, see Note 5, “Equity accounted investments”.

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 \$157,829 (December 31, 2022 – \$190,720) (see also Note 6, “Mortgages, loans and notes receivable”), of which \$24,297 has been provided as at September 30, 2023 (December 31, 2022 – \$39,456).

As at September 30, 2023, letters of credit totalling \$45,134 (December 31, 2022 – \$48,312) – including letters of credit drawn down under the revolving operating facilities described in Note 10(c) – have been issued on behalf of the Trust by financial institutions as security for debt and for maintenance and development obligations to municipal authorities.

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

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

25. Subsequent event

On November 3, 2023, the Trust’s self-storage joint ventures (the “JV”) closed a two-year interest-only credit facility in an amount of \$70,000. The facility is secured by five self-storage facilities and bears interest at a rate of 6.21%. The JV used the proceeds to repay \$68,890 of construction loans owing to the Trust.