2023 THIRD QUARTER REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended
September 30, 2023

SMARTCENTRES®
REAL ESTATE INVESTMENT TRUST

SMARTLIVING

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

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

Section I — Introduction

About this Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") sets out SmartCentres Real Estate Investment Trust's ("SmartCentres" or the "Trust") business overview and strategic direction, and provides an analysis of the financial performance and financial condition as at September 30, 2023 and for the three and nine months ended September 30, 2023, management's outlook and the risks facing the business.

This MD&A should be read in conjunction with the Trust's audited consolidated financial statements for the year ended December 31, 2022, and the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023, the notes contained therein, and the Trust's annual information form for the year ended December 31, 2022 ("AIF"). Such interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed consolidated financial statements, and International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The Canadian dollar is the functional and reporting currency for purposes of preparing the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023.

This MD&A is dated November 8, 2023, which is the date of the press release announcing the Trust's results for the three and nine months ended September 30, 2023. Disclosure contained in this MD&A is current to that date, unless otherwise noted.

Key Operational, Development and Financial Information

(in thousands of dollars, except per Unit and other non-financial data)	**September 30, 2023**	December 31, 2022	September 30, 2022
Portfolio Information (Number of properties)			
Retail properties	**155**	155	155
Office properties	**4**	4	4
Self-storage properties	**9**	6	6
Residential properties	**2**	2	2
Industrial properties	**1**	—	—
Properties under development	**20**	19	19
Total number of properties with an ownership interest	**191**	186	186
Leasing and Operational Information[(1)]			
Gross leasable retail and office area (in thousands of sq. ft.)	**35,033**	34,750	34,685
In-place and committed occupancy rate	**98.5 %**	98.0 %	98.1 %
Average lease term to maturity (in years)	**4.3**	4.2	4.3
Net annualized retail rental rate excluding Anchors (per occupied sq. ft.)	**$22.43**	$22.20	$22.40
Mixed-Use Development Information			
Trust's share of future development area (in thousands of sq. ft.)	**40,325**	41,200	39,500
Trust's share of estimated costs of future projects currently under construction, or for which construction is expected to commence within the next five years (in millions of dollars)	**10,875**	10,000	9,800
Total number of estimated future projects currently in development planning stage	**272**	274	275

(in thousands of dollars, except per Unit and other non-financial data)	**September 30, 2023**	December 31, 2022	September 30, 2022
Financial Information			
Total assets[2]	**12,013,103**	11,702,153	11,862,633
Investment properties[2]	**10,433,183**	10,250,392	10,211,384
Total unencumbered assets[3]	**9,067,121**	8,415,900	8,383,900
Debt[2]	**5,052,722**	4,983,265	5,159,860
Debt to Aggregate Assets[3][4][5]	**43.0 %**	43.6 %	43.7 %
Adjusted Debt to Adjusted EBITDA[3][4][5]	**9.7X**	10.3X	10.0X
Weighted average interest rate[3][4]	**4.13 %**	3.86 %	3.67 %
Weighted average term of debt (in years)	**3.7**	4.0	4.2
Interest coverage ratio[3][4]	**2.8X**	3.1X	3.3X

(1) Excluding residential and self-storage area.
(2) Represents a Generally Accepted Accounting Principles ("GAAP") measure.
(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.
(4) Includes the Trust's proportionate share of equity accounted investments.
(5) As at September 30, 2023, cash-on-hand of $45.3 million was excluded for the purposes of calculating the applicable ratios (December 31, 2022 – $33.4 million, September 30, 2022 – $150.0 million).

	Three Months Ended		**Nine Months Ended**	
(in thousands of dollars, except per Unit information)	**September 30, 2023**	September 30, 2022	**September 30, 2023**	September 30, 2022
Financial Information				
Rentals from investment properties and other[1]	**206,016**	196,962	**623,560**	598,375
Net income and comprehensive income[1]	**215,175**	3,548	**495,938**	535,655
Cash flows provided by operating activities[1]	**93,855**	97,011	**237,108**	243,800
Net rental income and other[1]	**130,402**	127,481	**385,110**	373,453
NOI[2][3]	**143,834**	130,986	**424,407**	384,888
NOI from condominium and townhome closings and other adjustments[2][3]	**7,186**	(244)	**22,496**	496
SPNOI[2][3]	**136,686**	134,117	**397,992**	385,715
Change in net rental income and other[2]	**2.3 %**	2.9 %	**3.1 %**	3.8 %
Change in SPNOI[2]	**1.9 %**	3.1 %	**3.2 %**	3.3 %
FFO[2][3][4][5]	**98,405**	88,403	**294,072**	269,102
FFO with adjustments[2][3][4]	**96,969**	93,519	**285,229**	279,380
AFFO[2][3][4][5]	**85,788**	81,093	**262,237**	248,230
AFFO with adjustments[2][3][4]	**84,352**	86,209	**253,394**	258,508
Distributions declared	**82,411**	82,382	**247,226**	247,145
Units outstanding[6]	**178,188,148**	178,126,285	**178,188,148**	178,126,285
Weighted average – basic	**178,184,795**	178,123,918	**178,174,700**	178,118,504
Weighted average – diluted[7]	**180,069,508**	179,678,009	**180,002,762**	179,644,083
Per Unit Information (Basic/Diluted)				
Net income and comprehensive income[1]	**$1.21/$1.19**	$0.02/$0.02	**$2.78/$2.76**	$3.01/$2.98
FFO[2][3][4][5]	**$0.55/$0.55**	$0.50/$0.49	**$1.65/$1.64**	$1.51/$1.50
FFO with adjustments[2][3][4]	**$0.54/$0.54**	$0.53/$0.52	**$1.60/$1.59**	$1.57/$1.56
AFFO[2][3][4][5]	**$0.48/$0.48**	$0.46/$0.45	**$1.47/$1.46**	$1.39/$1.38
AFFO with adjustments[2][3][4]	**$0.47/$0.47**	$0.48/$0.48	**$1.42/$1.41**	$1.45/$1.44
Distributions declared	**$0.463**	$0.463	**$1.388**	$1.388
Payout Ratio Information				
Payout Ratio to cash flows provided by operating activities	**87.8 %**	84.9 %	**104.3 %**	101.4 %
Payout Ratio to AFFO[2][3][4][5]	**96.1 %**	101.6 %	**94.3 %**	99.6 %
Payout Ratio to AFFO with adjustments[2][3][4]	**97.7 %**	95.6 %	**97.6 %**	95.6 %

(1) Represents a GAAP measure.
(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.
(3) Includes the Trust's proportionate share of equity accounted investments.
(4) See "Other Measures of Performance" in this MD&A for a reconciliation of these measures to the nearest consolidated financial statement measure.
(5) The calculation of the Trust's FFO and AFFO and related payout ratios, including comparative amounts, are financial metrics that were determined based on the REALpac White Paper on FFO and AFFO issued in January 2022 ("REALpac White Paper"). Comparison with other reporting issuers may not be appropriate. The payout ratio to AFFO is calculated as declared distributions divided by AFFO.
(6) Total Units outstanding include Trust Units and LP Units (each as defined below), including Units classified as liabilities. LP Units classified as equity in the consolidated financial statements are presented as non-controlling interests.
(7) The diluted weighted average includes the vested portion of the deferred units issued pursuant to the deferred unit plan.

Highlights for the Quarter

Operational

- Shopping centre leasing activity continued to strengthen from Q2 2023, with an industry-leading in-place and committed occupancy rate of 98.5% as at September 30, 2023 (June 30, 2023 – 98.2%).

- Executed new leases of 182,682 square feet during the quarter.

- Renewed 84.2% of the 5,083,274 square feet of current year expiries, with average growth in renewed rents of 8.4% (excluding anchors).

Development

- Park Place condominium pre-development is underway on the 53-acre SmartVMC West lands strategically acquired in December 2021. Pre-sales for this development have commenced. The Trust's acquisition in December 2021 of a two-thirds interest in the SmartVMC West lands more than doubled the Trust's holdings in the SmartVMC city centre development, which now comprises 105 acres.

- Occupancy and condo closings for Transit City 4 and 5 continued with an additional 274 units closed during the third quarter generating $6.9 million of FFO[1]. The remaining 106 units are expected to take place in Q4 2023.

- The Millway, a 458 rental unit apartments project is nearing completion. Leasing continues to benefit from strong demand and is ahead of budget. As of the end of the quarter, 67% of the 331 completed units were leased. The remaining units are expected to be completed and ready for lease by the end of 2023.

- Siteworks at ArtWalk condominium Phase 1 commenced in September 2023, with all 320 released units sold out and the remaining units expected to be released for sale in Q4 2023.

- The second phase of the purpose-built residential rental project in Laval, comprising 211 units, opened on July 1, 2023, and reached 82% occupancy at the end of Q3 2023. Occupancy for the first phase has reached 99%.

- Groupe Sélection (formerly Réseau Sélection), the partner on the new retirement residence and seniors' apartment project, totalling 402 units, at the Trust's Laurentian Place shopping centre in Ottawa, is currently in proceedings pursuant to the *Companies' Creditors Arrangement Act*. The court is seeking a buyer for Groupe Sélection's interest as it is unable to continue the development. As a result, the Trust is now managing the site and contractors, and after a pause in the construction of the project, activity has resumed to complete the structure of the two towers. The Trust continues to review alternative scenarios for the completion and operation of this project. The valuation and development metrics remain intact with SmartCentres' ongoing support to substantial completion.

- The Trust, together with its partner, Penguin, has also commenced preliminary siteworks for the 224,000 square foot retail project on Laird Drive in Toronto, that is expected to feature a flagship 200,000 square foot Canadian Tire store together with 24,000 square feet of additional retail space. Canadian Tire is expected to take possession in early 2026.

- During the three months ended September 30, 2023, the Trust obtained municipal approvals for two self-storage facilities in Stoney Creek and in Toronto (Gilbert Ave), and commenced construction.

Financial

- Same Properties NOI[1] increased by $2.6 million or 1.9% in Q3 2023 as compared to the same period in 2022, which was attributable to lease-up activity and higher rental renewal rates.

- Rentals from investment properties and other[2] were $206.0 million, as compared to $197.0 million for the same period in 2022, representing an increase of $9.0 million or 4.6%, primarily due to the increase in net base rent and net CAM recoveries from higher rental rates and occupancy.

- Net rental income and other for the three months ended September 30, 2023 increased by $2.9 million or 2.3% as compared to the three months ended September 30, 2022, primarily due to lease-up activity, higher rental renewal rates and percentage rents.

- Net income and comprehensive income[2] was $215.2 million as compared to $3.5 million for the same period in 2022, representing an increase of $211.6 million. This increase was primarily attributable to: i) a $187.7 million increase in the fair value adjustment on investment properties; ii) a $12.8 million increase in NOI primarily due to an increase in net base rent as a result of improved occupancy; and iii) a $12.6 million increase in the fair value adjustments on financial instruments.

- Net income and comprehensive income per Unit[2] was $1.19 (three months ended September 30, 2022 – $0.02). The increase was primarily due to a valuation adjustment in the prior year.

- FFO per Unit[1] was $0.55 for the three months ended September 30, 2023, compared to $0.49 for the three months ended September 30, 2022. The increase was mainly attributable to higher profits from condo closings at Transit City 4 & 5 and higher rental income, partially offset by higher interest costs and a non-cash loss on the total return swap. FFO with adjustments per Unit[1] was $0.54 for the three months ended September 30, 2023 (three months ended September 30, 2022 – $0.52).

- The Payout Ratio to AFFO[1] for the three months ended September 30, 2023 was 96.1%, as compared to 101.6% for the same period ended September 30, 2022. The Payout Ratio to AFFO[1] with adjustments for the three months ended September 30, 2023 was 97.7%, as compared to 95.6% for the three months ended September 30, 2022.

- The Payout Ratio to cash flows provided by operating activities for the three months ended September 30, 2023 was 87.8%, as compared to 84.9% for the three months ended September 30, 2022.

- As at September 30, 2023, the Trust increased its unsecured/secured debt ratio[1][3] to 81%/19% (December 31, 2022 – 74%/26%).

- The Trust's fixed rate/variable rate debt ratio[1][3] was 82%/18% as at September 30, 2023 (December 31, 2022 – 82%/18%).

- The Trust continues to add to its unencumbered pool of high-quality assets. As at September 30, 2023, this unencumbered portfolio of investment properties was valued at $9.1 billion (September 30, 2022 – $8.4 billion).

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.
(2) Represents a GAAP measure.
(3) Net of cash-on-hand of $45.3 million as at September 30, 2023 for the purposes of calculating the applicable ratios.

Presentation of Certain Terms Including Non-GAAP Measures

Readers are cautioned that certain terms used in this MD&A include non-GAAP measures and other terms. The following terms are non-GAAP measures used in this MD&A: Adjusted Debt, Adjusted Funds From Operations ("AFFO"), AFFO with adjustments, AFFO per Unit, AFFO with adjustments per Unit (defined below), Net Debt, Adjusted Debt to Adjusted EBITDA, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization Expense ("Adjusted EBITDA"), Adjusted Interest Expense including Capitalized Interest, Debt Service Expense, Aggregate Assets, Gross Book Value, Debt to Aggregate Assets, Debt to Aggregate Assets excluding TRS debt and receivable, Debt to Gross Book Value, Fixed Charge Coverage Ratio, Fixed Rate to Variable Rate Debt Ratio, Forecasted Annualized NOI, Funds From Operations ("FFO"), FFO with adjustments, FFO per Unit, FFO with adjustments per Unit, Interest Coverage Ratio, Net Operating Income ("NOI"), Investment Properties – non-GAAP, Payout Ratio to AFFO, Payout Ratio to AFFO with adjustments, Proportionate Share Reconciliation, Recovery Ratio, Same Properties NOI ("SPNOI"), Total Proportionate Share, Transactional FFO, Unencumbered Assets, Unencumbered Assets to Unsecured Debt, and Unsecured to Secured Debt Ratio. These non-GAAP measures are defined in this MD&A and non-GAAP financial measures have been reconciled to the closest IFRS measure in the unaudited interim condensed consolidated financial statements of the Trust for the three and nine months ended September 30, 2023 in "Non-GAAP Measures". Readers should refer to "Non-GAAP Measures" in this MD&A for definitions and reconciliations of the Trust's non-GAAP financial measures.

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

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

Non-GAAP Measures

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

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Adjusted Debt and **Net Debt**	Adjusted Debt is defined as Debt, inclusive of the Trust's share of debt in equity accounted investments, net of loans receivable and cash-on-hand. Net Debt is defined as Debt, inclusive of the Trust's share of debt in equity accounted investments, net of cash-on-hand. Adjusted Debt and Net Debt are intended to be used by investors as measures of the level of indebtedness of the Trust and its ability to meet its obligations, as liquid assets are used to reduce outstanding liabilities. Management uses Adjusted Debt and Net Debt to calculate certain covenant ratios, and to assess the Trust's level of indebtedness.	Section VII — Financing and Capital Resources, "Debt", "Financial Covenants"
Adjusted Debt to Adjusted EBITDA	Adjusted Debt to Adjusted EBITDA is defined as Adjusted Debt divided by Adjusted EBITDA. The ratio is intended to be used by investors as a measure of the level of the Trust's debt versus the Trust's ability to service that debt. Management uses the ratio to assess the Trust's level of leverage and its capacity to borrow.	Section VII — Financing and Capital Resources, "Financial Covenants"
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization Expense ("Adjusted EBITDA")	Adjusted EBITDA is defined as the Trust's net income and comprehensive income adjusted by income taxes, interest expense, amortization expense and depreciation expense, as well as adjustments for gains and losses on disposal of investment properties including transactional gains and losses on the sale of investment properties to a joint venture that are expected to be recurring, and the fair value changes associated with investment properties and financial instruments, and excludes extraordinary items such as, but not limited to, yield maintenance on redemption of unsecured debentures and Transactional FFO – gain (loss) on sale of land to co-owners. The measure is intended to be used by investors to help determine the Trust's ability to service its debt, finance capital expenditures and provide for distributions to its unitholders ("Unitholders"). Management uses this measure to assess the Trust's profitability, as it removes the non-cash impact of the fair value changes and gains and losses on investment property dispositions.	Section IV — Business Operations and Performance, "Results of Operations"

Non-GAAP Measures (Continued)

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

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Debt to Aggregate Assets and **Debt to Aggregate Assets (excluding TRS debt and receivable)**	Debt to Aggregate Assets is defined as Net Debt divided by Aggregate Assets. Debt to Aggregate Assets (excluding TRS debt and receivable) is defined as Net Debt (excluding TRS debt) divided by Aggregate Assets (excluding TRS receivable). The ratios are intended to be used by investors to assess the leverage of the Trust on a consolidated basis. Management uses the ratios to assess an acceptable level of leverage for the Trust.	Section VII — Financing and Capital Resources, "Financial Covenants"
Debt to Gross Book Value	Debt to Gross Book Value is defined as Net Debt divided by Gross Book Value. The ratio is intended to be used by investors to assess the leverage of the Trust on a consolidated basis, while using the Trust's cost basis for assets. Management uses this ratio to assess an acceptable level of leverage for the Trust.	Section VII — Financing and Capital Resources, "Financial Covenants"
Fixed Charge Coverage Ratio	Fixed Charge Coverage Ratio is defined as Adjusted EBITDA divided by Debt Service Expense. The ratio is intended to be used by investors to assess the Trust's ability to service its fixed charges. Management uses this ratio to manage the Trust's cash flows and fixed obligations.	Section VII — Financing and Capital Resources, "Financial Covenants"
Fixed Rate to Variable Rate Debt Ratio	Fixed Rate to Variable Rate Debt Ratio is defined as the percentage of Fixed Rate Debt out of total Debt compared with the percentage of Variable Rate Debt (excluding interest rate swap agreements with fixed interest rates) out of total Debt. The ratio is intended to be used by investors to assess the Trust's ability to service its debt against the fluctuation of interest rate.	Section VII — Financing and Capital Resources, "Debt"
Forecasted Annualized NOI	Forecasted Annualized NOI is defined as management's estimate of NOI for the next fiscal year, based on the current period's NOI. The measure is intended to be used by investors to project the next year's operating income of the Trust. Management uses this measure as a benchmark of the Trust's future profitability.	Section VII — Financing and Capital Resources, "Debt"

Non-GAAP Measures (Continued)

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

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Payout Ratio to AFFO and **Payout Ratio to AFFO with adjustments**	Payout Ratio to AFFO and Payout Ratio to AFFO with adjustments, are defined as distributions declared divided by AFFO, and AFFO with adjustments. It is the proportion of earnings paid out as dividends to Unitholders. The measures are intended to be used by investors to assess the distribution rate of the Trust. Management determines the Trust's Unit cash distribution rate by, among other considerations, its assessment of cash flow as determined using certain non-GAAP measures. As such, management believes the cash distributions are not an economic return of capital, but a distribution of sustainable cash flow from operations.	Section IV — Business Operations and Performance, "Other Measures of Performance"
Proportionate Share Reconciliation and **Total Proportionate Share**	References made to a "total proportionate share" or "the Trust's proportionate share of EAI" represent the Trust's proportionate interest in the financial position and operating activities of its entire portfolio, which reflect the difference in accounting treatment between joint ventures using proportionate consolidation and equity accounting. Proportionate Share Reconciliation represents the adjustment to account for the Trust's proportionate share of equity accounted investments. The presentation is intended to be used by investors to assess the Trust's financial position and performance on a consolidated basis because it represents how the Trust and its partners manage the net assets and operating performance for each of the Trust's co-owned properties. The Trust accounts for its investments in both associates and joint ventures using the equity method of accounting.	Section IV — Business Operations and Performance, "Results of Operations"
Recovery Ratio	The Recovery Ratio is defined as property operating cost recoveries divided by recoverable costs. The measure is intended to be used by investors and management to assess the Trust's ability to manage recoverable operating expenses for its investment properties.	Section IV — Business Operations and Performance, "Results of Operations"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Same Properties NOI ("SPNOI")	To facilitate a more meaningful comparison of NOI between periods, SPNOI amounts are defined as the NOI attributable to those income properties that were owned by the Trust during the current period and the same period in the prior year. Any NOI from properties either acquired, Earnouts, developed or disposed of, outside of the periods mentioned above, are excluded from Same Properties NOI. Certain non-cash items including straight-line rent and amortization of tenant incentives are also excluded to present the SPNOI on a cash basis. Same Properties NOI is intended to be used by investors and management as profitability growth indicators on the Trust's existing investment property portfolio.	Section IV — Business Operations and Performance, "Results of Operations"
Transactional FFO	Transactional FFO represents the net financial/economic gain resulting from a partial sale of an investment property. Transactional FFO is calculated as the difference between the actual selling price and actual costs incurred for the subject investment property. Because the Trust intends to establish numerous joint ventures with partners in which it plans to co-develop mixed-use development initiatives, the Trust expects such gains to be recurring and therefore represent part of the Trust's overall distributable earnings. The measure is intended to be used by investors to assist in assessing the profitability of the Trust. Management uses this measure to calculate FFO with adjustments and Transactional FFO, a profitability measure.	Section IV — Business Operations and Performance, "Other Measures of Performance"
Unencumbered Assets	Unencumbered Assets is defined as the Trust's assets that are free and clear of any encumbrances. The measure is intended to be used by investors and management to assess the Trust's ability to secure additional financing. Management uses this measure to calculate Unencumbered Assets to Unsecured Debt Ratio.	Section VII — Financing and Capital Resources, "Debt"
Unencumbered Assets to Unsecured Debt Ratio	Unencumbered Assets to Unsecured Debt Ratio is defined as the Trust's unencumbered assets divided by the Trust's unsecured debt. The ratio is intended to be used by investors to assess the Trust's ability to use investment properties to satisfy unsecured debt obligations. This ratio is a significant financial covenant pursuant to the terms of the Trust's revolving operating facilities and other credit facilities.	Section VII — Financing and Capital Resources, "Financial Covenants"
Unsecured to Secured Debt Ratio	Unsecured to Secured Debt Ratio is defined as the Trust's unsecured debt (including on equity accounted investments) divided by the Trust's secured debt (including on equity accounted investments). The ratio is intended to be used by investors to assess the Trust's composition of debt. Management uses this ratio to determine the Trust's ability to borrow additional unsecured debt.	Section VII — Financing and Capital Resources, "Financial Covenants"

Forward-Looking Statements

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

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

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

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: a rising interest rate environment; a continuing trend toward land use intensification, including residential development in urban and suburban markets; access to equity and debt capital markets, and to bank and mortgage financing, to fund, at acceptable costs, future capital requirements and to enable the refinancing of debts as they mature on acceptable terms; the availability of investment opportunities for growth in Canada; the timing and ability of the Trust to sell certain properties; the timing and ability of the Trust and its joint venture partners to pre-sell and close on the sale of condominium and townhome units as well as lease available residential rental units; and the valuations to be realized on property sales relative to current IFRS values. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable Canadian securities laws and, as such, the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement and readers should not place undue reliance on such forward-looking statements. These forward-looking statements are made as at the date of this MD&A and the Trust assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by applicable securities legislation.

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

Section II — Business Overview, Strategic Direction, ESG and Outlook

Business Overview

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.

As of September 30, 2023, the Trust owned 191 properties representing 35.0 million square feet at key intersections across Canada with a 98.5% industry-leading committed occupancy rate and total enterprise value of approximately $10.4 billion.

Strategic Direction

The Trust has recognized that it could do more with its large open-format shopping centre portfolio and has evolved into a diversified Real Estate Investment Trust ("REIT") with recurring revenue from two major sources:

i) core rental income from retail, office, apartments, industrial and self-storage properties, and
ii) income from condominium and townhome sales.

As SmartCentres expands its major mixed-use real estate development, it has partnered with experienced industry experts in many real estate categories, including: rental apartments, condominiums, self-storage centres, seniors' housing and office buildings. This focus on mixed-use development provides the Trust with a foundation for growth of both NAV and FFO with a development pipeline of 272 projects representing 55.3 million square feet, all located in Canada's major markets.

To enhance the stability and growth of its income, creating entire city centres has become a major new growth avenue for the Trust and, together with Penguin, the Trust has designed and commenced the development of over 100 acres in its flagship Vaughan Metropolitan Centre in Vaughan, Ontario ("SmartVMC"). SmartVMC is a master-planned community that, once completed, is expected to have over 20 million square feet of mixed-use space. The Trust has a 50% interest in the approximately 52 acres comprising the eastern portion of SmartVMC and, in December 2021, the Trust acquired a two-thirds interest from unrelated parties in approximately 53 acres of development lands in the western part of SmartVMC. By virtue of this transaction, the Trust has become the largest landowner in SmartVMC, Vaughan's rapidly growing downtown.

The Trust maintains sufficient liquidity and manages its balance sheet and capital structure conservatively. The Trust sets goals to maintain leverage within target ranges and staggers its debt maturities with a mix of unsecured and secured debt to provide continued financial flexibility and liquidity. This provides the Trust with the financial strength needed to thrive and continue its growth.

Environmental, Social and Governance ("ESG")

The Trust embeds its ESG strategy into its business to create value, today and well into the future. That strategy underpins the Trust's decision-making processes across all levels of the business.

ESG considerations have long been part of the Trust's culture and ethos. Our business was founded with the economic realities of the average Canadian household in mind: bringing value and convenience-oriented retail to the Canadian market. That market is evolving as Canadians seek a more integrated lifestyle that seamlessly combines work with home life. These changes are at the heart of our SmartLiving transformation plan, one that is driven by ESG opportunities such as diverse housing forms, accessibility to urban amenities, transit connections, and green space.

For 2023, the Trust established a number of ESG targets, which include:

- Develop a three-year roll-forward ESG plan that aligns with the Trust's business plan for the coming years;
- Establish best practices and processes to collect and analyze utility consumption data to set reduction targets commencing 2023;
- Audit requisite number of properties to maintain BOMA Best certification;
- Investigate and document analysis of new ESG initiatives, including geothermal, solar power, district energy, and green bond issuance;
- Enhance governance through improved enterprise resource planning ("ERP") systems and update segregation of duties and authority levels;
- Commence development of Task Force on Climate-related Financial Disclosures ("TCFD") alignment strategy as well as greenhouse gasses ("GHG") assessment and management plan; and
- Commence development of portfolio-wide community and tenant engagement framework.

To date, the Trust has progressed its key sustainability and ESG initiatives, as follows:

- Completed a materiality assessment to identify and prioritize the ESG factors that have the potential to drive value in our business;
- Set up board of trustees (the "Board of Trustees") and management structures for oversight of ESG factors;
- Developed a three-year action plan to implement our ESG strategy;
- Exceeded our diversity target of 30% female independent Trustees with 50% of our current independent Trustees and 37.5% of our total Board of Trustees members being female;
- Submitted the Global Real Estate Sustainability Benchmark ("GRESB") for the second year and increased our score by 25 points over our previous submission;
- Integrated Penguin Pickup into our centres as a convenient one-stop shop for our customers and the neighbouring community, creating transportation efficiencies with positive environmental impacts;
- Certified 94% of our retail sites as BOMA BEST Silver for excellence in energy and environmental management;
- Installed 173 electric vehicle charging stations across our portfolio; and
- Achieved a 43% waste diversion rate.

The Trust has published its 2022–2023 ESG report, which can be found on the Trust's website (www.smartcentres.com). The information on SmartCentres' website does not form part of this MD&A.

Outlook

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

Although the Canadian economy continues to experience heightened levels of inflation and higher interest rates, the Trust remains confident in its ability to manage through these challenges. While the Trust's retail portfolio continues to act as the anchor to cash flow, 82% of the Trust's debt is fixed, with a staggered ladder of manageable maturities and strong relationships with Canada's lending community that are expected to assure strong levels of liquidity for the future. Several projects, all having financing in place, will continue under construction over the course of 2023. New development initiatives will only commence when market conditions permit and when appropriate financing has been arranged.

The Trust has an unparalleled development pipeline with 55.3 million square feet of mixed-use development initiatives, and a significant underutilized landbank, that present exceptional mixed-use intensification potential in major cities across Canada. By focusing on the quality of our portfolio and the build out of our development pipeline, we will continue to generate resilient income and grow FFO to support sustainable distributions and increase net asset value. Continuing to build on the development pipeline, during the quarter ended September 30, 2023, the Trust has commenced siteworks at ArtWalk condominium Phase 1, of which the first released 320 units were sold out, and at a retail project on Laird Avenue in Toronto, which will feature a flagship Canadian Tire store. In addition, all eight operating self-storage facilities are welcomed by their local communities, achieving an over 90% occupancy rate for those facilities which have been operating for at least one year. Four additional self-storage facilities are currently under construction with four more in the process of obtaining municipal approvals.

Section III — Development Activities

Mixed-Use Development Initiatives

The following table summarizes the 272 identified mixed-use, recurring rental income and development income initiatives, which are included in the Trust's large development pipeline:

	Under construction		Construction expected to commence within next 2 years		Active (Construction expected to commence within next 3–5 years)		Future (Construction expected to commence after 5 years)		Total	
Description	**Q3 2023**	**Q2 2023**	**Q3 2023**	**Q2 2023**	**Q3 2023**	**Q2 2023**	**Q3 2023**	**Q2 2023**	**Q3 2023**	**Q2 2023**
Section A										
Number of projects in which the Trust has an ownership interest										
Residential Rental	**2**	3	**16**	16	**30**	30	**71**	71	**119**	120
Seniors' Housing	**1**	1	**1**	1	**6**	6	**12**	12	**20**	20
Self-storage	**4**	2	**4**	6	**10**	10	**12**	12	**30**	30
Office Buildings / Industrial	**1**	1	**1**	1	**1**	1	**5**	5	**8**	8
Hotels	**—**	—	**—**	—	**—**	—	**3**	3	**3**	3
Subtotal – Recurring rental income initiatives	**8**	7	**22**	24	**47**	47	**103**	103	**180**	181
Condominium developments	**3**	2	**9**	10	**28**	28	**45**	45	**85**	85
Townhome developments	**1**	1	**1**	1	**2**	2	**3**	3	**7**	7
Subtotal – Development income initiatives	**4**	3	**10**	11	**30**	30	**48**	48	**92**	92
Total	**12**	10	**32**	35	**77**	77	**151**	151	**272**	273
Section B										
Planning entitlements (#)[1]	**12**	10	**29**	32	**53**	53	**85**	85	**179**	180
Section C										
Project area (in thousands of sq. ft.) – at 100%[2]										
Recurring rental income initiatives	**1,700**	1,600	**3,850**	4,150	**7,550**	7,550	**17,250**	17,250	**30,350**	30,550
Development income initiatives	**1,525**	1,200	**3,275**	3,600	**8,500**	8,500	**11,600**	11,600	**24,900**	24,900
Total project area (in thousands of sq. ft.) – at 100%	**3,225**	2,800	**7,125**	7,750	**16,050**	16,050	**28,850**	28,850	**55,250**	55,450
Trust's share of project area (in thousands of sq. ft.)										
Recurring rental income initiatives	**950**	900	**2,850**	3,000	**4,800**	4,800	**12,075**	12,075	**20,675**	20,775
Development income initiatives	**575**	400	**2,975**	3,150	**5,800**	5,800	**10,300**	10,300	**19,650**	19,650
Total Trust's share of project area (in thousands of sq. ft.)	**1,525**	1,300	**5,825**	6,150	**10,600**	10,600	**22,375**	22,375	**40,325**	40,425
Section D										
Total estimated costs (in millions of dollars) – at 100% based on current planning budgets[2]	**1,500**	1,200	**4,425**	4,800	**9,950**	9,950	**–** [3]	– [3]	**15,875**	15,950
Trust's share of such estimated costs (in millions of dollars)	**700**	550	**3,575**	3,750	**6,600**	6,600	**–** [3]	– [3]	**10,875**	10,900

(1) Planning entitlements represent those projects whereby the official plan currently permits intended/proposed uses.
(2) Square footage and cost figures provided at 100% pertain to projects for which the Trust has an ownership interest in such projects.
(3) The Trust has not fully determined the costs attributable to future projects expected to commence after five years and as such they are not included in this table.

Status of Current Development Initiatives

This section contains forward-looking statements related to expected milestones and completion dates of various development initiatives. Completion, milestone or occupancy dates of each of the projects described below may be delayed or adversely impacted. Please refer to the "Forward-Looking Statements" section in this MD&A for more information.

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

The following table provides additional details on the Trust's 13 development initiatives that are currently under construction or where initial siteworks have began (in order of estimated initial occupancy/closing date):

Projects under construction (Location/Project Name)	Type	Trust's Share (%)	Actual / estimated initial occupancy / closing date	% of completion	GFA[1] (sq. ft.)	No. of units
Mixed-use Developments						
Vaughan / The Millway	Apartment	50	Q1 2023	94 %	—	458
Vaughan / Transit City 4	Condo	25	Q1 2023	96 %	—	498
Vaughan / Transit City 5			Q2 2023	96 %		528
Pickering (Seaton Lands)	Industrial	100	Q2 2023	90 %	229,000	—
Markham East / Boxgrove	Self-storage	50	Q1 2024	63 %	133,000	910
Whitby	Self-storage	50	Q1 2024	59 %	126,000	811
Vaughan NW	Townhouse	50	Q3/Q4 2024	34 %	—	174
Toronto (Gilbert Ave.)	Self-storage	50	Q4 2024	41 %	176,000	1,469
Stoney Creek	Self-storage	50	Q4 2024	16 %	138,000	973
Ottawa SW [2]	Retirement Residence	50	Q2 2025	25 %	—	402
Ottawa SW [2]	Seniors' Apartments					
Vaughan / ArtWalk (40 Storeys)	Condo	50	Q2 2027	12 %	—	373
Retail Development						
Toronto (Laird)	Retail	50	Q1 2026	19 %	224,000	—

	In millions of dollars
Total Capital Spend to Date at 100% [3]	$970.9
Estimated Cost to Complete at 100%	775.9
Total Expected Capital Spend by Completion at 100% [3]	$1,746.8
Total Capital Spend to Date at Trust's share [3]	$403.8
Estimated Cost to Complete at Trust's share	386.0
Total Expected Capital Spend by Completion at Trust's share [3]	$789.8

(1) GFA represents Gross Floor Area.
(2) Figure represents capital spend of both retirement residence and seniors' apartments projects.
(3) Total capital spend to date and total expected capital spend by completion include land value.

SmartVMC Development Initiatives

In December 2021, the Trust acquired a two-thirds interest in approximately 53 acres in SmartVMC valued at $513.0 million. Existing permissions on the property include multi-residential, condominium, seniors' housing, office, retail, schools, recreational, entertainment and other uses, although further entitlements or permissions may be required as specific developments are planned. The Trust now has an ownership interest in approximately 105.0 acres in the Vaughan Metropolitan Centre. When completed, SmartVMC is planned to consist of approximately 20.0 million square feet (11.5 million square feet at the Trust's share) of mixed-use development, anchored by public transit infrastructure spending by the various levels of government of over $3.0 billion, including the VMC subway station. SmartVMC currently includes:

i) the 360,000 square foot KPMG tower, with 100% of the office space leased;
ii) the 225,000 square foot PwC-YMCA office and community-use complex, with fully occupied office space and community-use space, including a new world-class YMCA facility and municipal library, both of which opened in 2022;
iii) the new 140,000 square foot Walmart store which opened in 2020;
iv) the 458-unit rental apartment project, The Millway;

v) 1.6 million square feet of condo units closed in prior years (Transit City 1, 2 & 3);
vi) near one million square feet of condo units closing in 2023 (Transit City 4 & 5), and
vii) in summary, the details of high-rise residential reflected below.

The Trust is actively pursuing additional initiatives at SmartVMC, which include:
i) the development of more than 4.0 million square feet (4,600 units) of residential density on the land at SmartVMC previously occupied by a Walmart store, with zoning and site plan applications submitted in 2020 for approval of Phase 1 of 550,000 square feet. Zoning was approved by the City of Vaughan in September 2021. Pre-sale of the first phase condominum, ArtWalk, was launched in November 2021 and all of the 320 released units have been pre-sold. The remaining units are expected to be released for sale in Q4 2023;
ii) the development of 1.2 million square feet of mixed-use density – office, retail and residential – on the SmartVMC lands immediately south of the Transit City 4 & 5 towers, with the rezoning and site plan applications submitted in September 2020; and
iii) Park Place condominiums pre-sales launched in May 2022 on SmartVMC West lands.

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

Project	Storeys	Type	Estimated Total Building Area (sq. ft./units)	Expected Completion Year	Trust’s Share (%)
KPMG Tower	15	Office	330,000 sq. ft.	Completed	50
KPMG Tower	N/A	Retail	30,000 sq. ft.	Completed	50
PwC-YMCA Complex/Tower	9	Office	225,000 sq. ft. (1)	Completed	50
Office Tower #3 – Proposed	TBD(2)	Office	500,000 sq. ft.	2028	50
Office Tower #4 – Proposed	TBD(2)	Office	500,000 sq. ft.	2029	50
Total Office			1,585,000 sq. ft.		
The Millway	36	Apartments	458 units (3)	2023	50
Transit City 1	55	Condo	551 units	Completed (2020)	25
Transit City 2	55	Condo	559 units	Completed (2020)	25
Transit City 1 & 2 Townhomes	N/A	Townhomes	22 units	Completed (2022)	25
Transit City 3	55	Condo	631 units	Completed (2021)	25
Transit City 4 & 5	45 and 50	Condo	1,026 units	2023	25
ArtWalk	40 and 18	Condo/ Apartments	569 units	2026–2027	50
Park Place	48 and 56	Condo	1,094 units	2027	67
Apple Mill Road and Jane Street	64	Condo	798 units	TBD	50
Total Residential			5,708 units		

(1) Includes 112,000 square feet of YMCA, library and community-use space.
(2) The number of storeys for this project has not been finalized.
(3) 92 of the 458 units attributable to the purpose-built residential rental apartment, The Millway, are located in the podiums of Transit City 4 & 5.

Residential and Other Mixed-Use Development Initiatives

In addition to the Trust’s 13 development initiatives that are currently under construction, the following table shows the mixed-use development initiatives which have been completed during the last two years:

Project	Type	Estimated Total GFA (sq. ft./ units)	Year of Construction Completion(1)	Trust’s Share (%)
Laval Centre (QC)	Residential rental	211 units	2023	50
Brampton (Kingspoint Plaza) SmartStop (ON)	Self-storage facility	138,000 sq. ft. (1,000 units)	2023	50
Aurora SmartStop (ON)	Self-storage facility	141,000 sq. ft. (960 units)	2022	50
Mascouche N Phase 1 (QC)	Residential rental	238 units	2022	80
Vaughan NW SmartStop (ON)	Self-storage facility	118,000 sq. ft. (880 units)	2021	50
Oshawa S SmartStop (ON)	Self-storage facility	124,000 sq. ft. (950 units)	2021	50
Scarborough E SmartStop (ON)	Self-storage facility	137,000 sq. ft. (940 units)	2021	50

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

In addition, the Trust is currently working on initiatives for the development of many properties for which final municipal approvals have been obtained or are being actively pursued. Completion, milestone or occupancy dates of each of the projects described below may be delayed or adversely impacted. Please refer to the "Forward-Looking Statements" section in this MD&A for more information.

Residential

i. the development of a new residential block consisting of three phases totalling 500 units at Laval Centre in Quebec. The application for architecture approval for the first two phases was submitted in Q4 2021 and approved in Q3 2022. The application for the construction permit was made in Q4 2022. Issuance of the construction permit for Phase 1 (163 units) and Phase 2 (178 units) is expected in Q4 2023;

ii. the development of a 35-storey high-rise purpose-built residential rental tower containing 442 units, on Balliol Street in midtown Toronto, Ontario, with zoning and site plan applications submitted in September 2020. A second submission of these applications was made in July 2021. A third submission of these applications was made in March 2022. Zoning approval was received in July 2022 and site plan approval is expected in Q1 2024;

iii. the development of up to 1,600 residential units, in various forms, in Mascouche, Quebec, with the first phase consisting of 238 units in two 10-storey rental towers which opened in July 2022. Construction of a second phase is expected to commence in 2024;

iv. the development of up to 5.3 million square feet of predominately residential space, in various forms, at Highway 400 & Highway 7, in Vaughan, Ontario, with a rezoning application submitted in December 2019 and a site plan application for the first four residential buildings totalling 1,742 units submitted in October 2020. Currently working with the City of Vaughan on advancement of Weston & Highway 7 Secondary Plan;

v. the development of up to 5.5 million square feet of predominately residential space, in various forms, at Oakville North in Oakville, Ontario, with an initial two-tower 587-unit residential phase, with 6,000 square feet of retail, now permitted after an Ontario Land Tribunal settlement in May 2023 of our zoning appeal. Site plan approval is underway;

vi. the development of up to 1.5 million square feet of residential space in various forms on the Trust's undeveloped lands at the Vaughan NW property in Vaughan, Ontario. Approximately 60% of the 174 draft plan-approved townhomes have been pre-sold, lot servicing has been completed, and new home construction has commenced. Official Plan and Zoning Approval were obtained in June 2022 for five mid-rise buildings, of which Site Plan Approval was obtained for the Phase I development of two mid-rise buildings;

vii. the development of up to 1.5 million square feet of residential space, in various forms, in Pointe-Claire, Quebec, with the first phase, a two-tower rental project, being actively pursued, but subject to the urban planning revision process by the city of Pointe-Claire;

viii. the development of up to 200,000 square feet of residential townhomes at Oakville South in Oakville, Ontario;

ix. the development of four high-rise purpose-built residential rental buildings comprising approximately 1,700 units with Greenwin, in Barrie, Ontario, for which a zoning application was approved by Barrie City Council in January 2021 with the site plan approved for Phase 1 by Barrie City Council in June 2021. An application for a building permit was submitted in July 2021. Environmental Risk Assessment was approved for the entire site in September 2021 and the application of Certificate of Property Use was submitted in February 2022 and approved in September 2022;

x. the development of residential density at the Trust's shopping centre at 1900 Eglinton Avenue East in Scarborough, Ontario, with Official Plan Approval obtained in August 2022 for 4.65 million square feet of density. Approval was also obtained in August 2022 of a Phase I development to include two residential towers (46 and 48 storeys), permitting 975 residential units comprising up to 806,000 square feet. Site plan application and approvals for Phase I are ongoing. In addition, applications for Phase II, consisting of approximately 1.4 million square feet were submitted in September 2022;

xi. the development of the first phase, a 46-unit rental building, which is part of a multi-phase master plan in Alliston, Ontario, with a rezoning application approved by town council in December 2020, a site plan application approved in July 2022, and the full building permit received in December 2022;

xii. the Q4 2020 acquisition of an additional 33.33% interest (new ownership structure of 66.66% held by the Trust and 33.33% held by Penguin) in 50 acres of adjacent land to the Trust's Premium Outlets Montreal in Mirabel, Quebec, for the ultimate development of residential density of up to 4,500 units. Site plan applications for the first phase rental building with 168 units expected to be submitted in Q4 2023. Master plan of development for the site is subject to approval;

xiii. the development of up to 900,000 square feet of predominately residential space on Yonge St. in Aurora, Ontario, with rezoning applications for the entire site and site plan submitted for Phase 1 in July 2021 and resubmitted in April 2022 and an appeal filed to the Ontario Land Tribunal in March 2023. Entire site zoning and Phase 1 site plan approvals are anticipated in Q1 2024;

xiv. the development of 1.5 million square feet of residential density adjacent to the new South Keys light rail train station at the Trust's Ottawa South Keys Centre, consistent with current zoning permissions. Site plan application for the first phase rental complex with 446 units was submitted and deemed complete in Q4 2021 and work is ongoing on a second submission to respond to agency comments on the application;

xv. the development of approximately 404,000 square feet of residential space in various forms on the Trust's undeveloped lands situated in Owen Sound, Ontario, with a Phase I application submitted on January 31, 2023, that will permit two four-storey apartment form buildings totalling 156 units, along with 87 traditional townhouses. Phase II is proposed to accommodate three four-storey apartment form buildings totalling 234 units. The entire 404,000 square foot project was approved by Owen Sound City Council on May 29, 2023. Conditional site plan approval was granted on August 24, 2023;

xvi. initial occupancy in the two purpose-built residential rental towers (238 units) in Mascouche, Quebec began in July 2022, with the final floor opened in November 2022. More than 195 units have been leased and current lease-up activity is ongoing at a favourable pace. A second phase is planned with construction expected to commence in 2024;

xvii. the Q4 2020 acquisition of a 50% interest in a property in downtown Markham for the development of a 243,000 square foot retirement residence planned with Revera. The rezoning application was submitted in December 2020, and an appeal was filed in July 2022 for the initial Official Plan Amendment & Zoning Bylaw Amendment submission. In Q1 2023 Revera agreed to sell its interests in the proposed retirement living projects in Markham (which closed this quarter) and Vaughan NW (which is expected to close late this year) that were subject to site-specific joint venture agreements with Revera to SmartCentres. A settlement agreement was entered into with the City of Markham and formally approved by the Ontario Land Tribunal on June 12, 2023. The Ontario Land Tribunal-approved Zoning Bylaw now permits the development of a residential mixed-use project (apartment or condo) of approximately 260,000 square feet as-of-right. A Site Plan Application is underway with an anticipated submission in Q4 2023. In July 2023, the Trust completed purchase of Revera's 50% interest in this project;

xviii. the development of approximately 980,000 square feet of mixed-use density on the Trust's Parkway Plaza Centre in Stoney Creek, Ontario, with a Phase 1 development consisting of two towers (each 20 storeys), totalling approximately 420,000 square feet and 494 residential units. The 980,000 square foot proposal was approved by Hamilton City Council on August 18, 2023. A Site Plan Application is underway with an anticipated submission by January 2024;

Office Buildings / Industrial

xix. the intensification of the Toronto StudioCentre in Toronto, Ontario (zoning allows for up to 1.2 million square feet);

xx. during the second quarter of 2022, the Trust completed the purchase of approximately 38 acres of industrial lands in Pickering, adjacent to Hwy 407, on which the Trust received approval and built 228,500 square feet of space for the 16-acre Phase 1 development, of which over half of the space has already been leased and taken possession in April 2023 by Bad Boy as their head office and warehouse;

Seniors' Housing

xxi. the development of a retirement residential building at the Trust's shopping centre at Bayview and Major Mackenzie in Richmond Hill, Ontario, with a rezoning application for a nine-storey building submitted in Q1 2021 and a site plan application submitted in Q4 2021. The application was appealed to the Ontario Land Tribunal and a hearing on the matter took place July 4-10, 2023. The matter now rests with the Tribunal Member for consideration with a decision on the application anticipated by Q4 2023;

Self-storage

xxii. all of the eight operating self-storage facilities (Toronto (Leaside), Vaughan NW, Brampton (Bramport), Oshawa South, Toronto (Dupont), Scarborough East, Aurora and Brampton (Kingspoint Plaza)) have been very well received by their local communities, with current combined occupancy levels ahead of expectations, at over 92% for facilities which have been operating for at least one year;

xxiii. four self-storage facilities are currently under construction in Whitby, Markham, Toronto (Gilbert Ave.) and Stoney Creek. Additional self-storage facilities have been approved by the Board of Trustees and the Trust is in the process of obtaining municipal approvals for a location in Toronto (Jane St.) and for three sites outside of Ontario in New Westminster and Burnaby, British Columbia, and in Dorval, Quebec;

Mixed-Use

xxiv. the development of up to 5.0 million square feet of predominately residential space, in various forms over the long term, in Pickering, Ontario, with the initial zoning for five towers with a gross floor area of approximately 1,400,000 square feet and site plan application for a three-tower mixed-use phase, approximating 700,000 square feet, approved by city council in June 2022;

xxv. the development of up to 2.6 million square feet of predominately residential space, in various forms, at the Westside Mall in Toronto, Ontario, with a zoning application for the first 35-storey mixed-use tower submitted in 2021 and work continuing collaboratively with the City. A complete Official Plan application and revised Zoning application were submitted to the City on October 3, 2023. The Bylaw is anticipated to be presented at city council in Q1 2024;

xxvi. the Trust is planning the redevelopment of a portion of its 73-acre Cambridge retail property (subject to a leasehold interest with Penguin) which now allows various forms of residential, retail, office, institutional and commercial uses, providing for the creation of a vibrant urban community with the potential for over 12.0 million square feet of development on the overall property once completed. Work is underway to start the site plan approval process for an initial phase for a high-rise condominium and a mid-rise apartment. Discussions with City staff continue as a site plan application submission is anticipated in 2024.

Residential Development Inventory

Vaughan NW Residential Development
As reflected in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023, residential development inventory consists of development lands, co-owned with Fieldgate and another partner, located at Vaughan NW, Ontario, for the purpose of developing and selling residential townhome units. The phased sales program for the Vaughan NW Townhomes was launched in December 2021. As of September 30, 2023, approximately 60% of the planned 174 townhomes have been pre-sold within the initial three phases of the sales program and closings are now expected to begin in the first half of 2024.

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

(in thousands of dollars)	**Nine Months Ended September 30, 2023**	Year Ended December 31, 2022
Balance – beginning of period	**$40,373**	$27,399
Development costs	**5,369**	11,931
Capitalized interest for the period	**1,092**	1,043
Balance – end of period	**$46,834**	$40,373

SmartVMC Residential Development
Residential development concerning SmartVMC, is recorded under equity accounted investments (investment in associates) in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023. The following summarizes the status of condominium closings at Transit City 4 & 5:

	As at and for the Nine Months Ended September 30, 2023		
	Transit City 4	**Transit City 5**	**Total**
Total units remaining to be closed	7	99	**106**
Units closed in Q1 2023	194	—	**194**
Units closed in Q2 2023	174	278	**452**
Units closed in Q3 2023	123	151	**274**
Total units closed	491	429	**920**
Total units	498	528	**1,026**
% of units closed	99 %	81 %	**90 %**

The following table summarizes the net profits and FFO from the closings of Transit City 4 & 5 taking into account the Trust's proportionate share in equity accounted investments (non-GAAP):

(in thousands of dollars, except per Unit information)	**Three Months Ended September 30, 2023**		**Nine Months Ended September 30, 2023**	
	Total	**Trust's share**	**Total**	**Trust's share**
Condominium sales revenue	$146,190	$36,548	$491,105	$122,776
Cost of goods sold	(118,397)	(29,599)	(397,318)	(99,329)
Other	275	69	(108)	(27)
NOI before additional partnership profit(1)	**$28,068**	**$7,018**	**$93,679**	**$23,420**
Additional partnership profit(1)(2)	—	1,390	—	2,637
NOI(1)	**$28,068**	**$8,408**	**$93,679**	**$26,057**
General and administrative expenses	—	(1,049)	—	(3,355)
Net profit	**$28,068**	**$7,359**	**$93,679**	**$22,702**
Adjustment for previously capitalized interest associated with Transit City closing	N/A	(441)	N/A	(1,348)
FFO(1)		**$6,918**		**$21,354**
Per Unit – basic/diluted(3):				
FFO(1)		**$0.04 / $0.04**		**$0.12 / $0.12**

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.
(2) Additional profit allocated to the Trust for Transit City closing pursuant to the development agreement and limited partnership agreement.
(3) Diluted FFO is adjusted for the dilutive effect of vested deferred units, which are not dilutive for net income purposes. To calculate diluted FFO for the nine months ended September 30, 2023, 1,828,062 vested deferred units are added back to the weighted average Units outstanding.

Properties Under Development

As at September 30, 2023, the fair value of properties under development, including properties under development recorded in equity accounted investments, totalled $2.4 billion as compared to $2.3 billion at December 31, 2022, resulting in a net increase of $36.1 million as presented in the following table. The net increase was primarily due to the fair value adjustments and the development expenditures incurred during the nine months ended September 30, 2023, partially offset by the sale of land parcels located in Vaughan, Ontario ("VMC"). See "Investment Properties" in this MD&A for further discussion.

(in thousands of dollars)	**September 30, 2023**	December 31, 2022	Variance
Developments	**$1,713,840**	$1,698,652	$15,188
Earnouts subject to option agreements(1)	**60,945**	54,847	6,098
Total	**$1,774,785**	$1,753,499	$21,286
Equity accounted investments	**598,750**	583,898	14,852
Total including equity accounted investments(2)	**$2,373,535**	$2,337,397	$36,138
Less: Properties under development classified as held for sale	**—**	(58,371)	58,371
Total including equity accounted investments (excluding properties classified as held for sale)(2)	**$2,373,535**	$2,279,026	$94,509

(1) Earnout development costs during the development period are paid by the Trust and funded through interest-bearing secured debt provided by the vendors to the Trust. On completion of the development and the commencement of lease payments by a tenant, the Earnouts will be acquired from the vendors based on predetermined or formula-based capitalization rates ranging from 6.00% to 7.40%, net of land and development costs incurred. Penguin has contractual options to acquire Trust Units and LP Units on completion of Earnouts as shown in Note 11(b) of the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023. Effective December 9, 2020, pursuant to the Omnibus Agreement (defined below) between the Trust and Penguin (see also "Related Party Transactions"), Penguin has the option to extend all Earnouts by two years from the previous expiry date, and the Trust has been given a right of first offer in connection with the sale of the economic and financial benefits and rights of any such development parcel during any extended period. For further details, see the Trust's management information circular dated November 6, 2020, filed on SEDAR+.

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

Future Retail Developments, Earnouts and Mezzanine Financing

Total future Retail Developments, Earnouts and Mezzanine Financing could increase the existing Trust portfolio by an additional 2.1 million square feet. With respect to the future pipeline, commitments have been negotiated on 0.2 million square feet. The Trust continues to revise its estimates and adjust its plans towards mixed-use developments.

The following table summarizes the expected potential future retail pipeline in properties under development as at September 30, 2023:

(in thousands of square feet)	**Committed**	**Years 0–2**	**Years 3–5**	**Beyond Year 5**	**Total(1)**
Developments	224	161	902	152	**1,439**
Earnouts	25	—	152	—	**177**
	249	161	1,054	152	**1,616**
Mezzanine Financing	—	—	—	489	**489**
	249	161	1,054	641	**2,105**

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

During the nine months ended September 30, 2023, the future retail properties under development pipeline decreased by 21,000 square feet to a total of 1.6 million square feet. The change is summarized in the following table:

(in thousands of square feet)	**Total Area**
Future retail properties under development pipeline – June 30, 2023	1,637
Add:	
Properties transferred from investment properties to properties under development	9
Net adjustment to project densities	252
Less:	
Completion of Earnouts and Developments	(282)
Net change	(21)
Future retail properties under development pipeline – September 30, 2023	**1,616**

Uncommitted Retail Pipeline

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

(in thousands of dollars)	Years 0–2	Years 3–5	Beyond Year 5	Total Estimated Costs	Costs Incurred	Future Development Costs
Developments	$43,641	$315,263	$72,996	$431,900	$120,665	$311,235
Earnouts	—	48,747	—	48,747	3,849	44,898
	$43,641	**$364,010**	**$72,996**	**$480,647**	**$124,514**	**$356,133**

Approximately 9.4% of the retail properties under development, representing a proportion of gross investment cost (committed and uncommitted) relating to Earnouts ($58.2 million, divided by total estimated costs of $616.2 million), representing 177,000 square feet are lands that are under contract by vendors to develop and lease for additional proceeds when developed. In certain events, the developer may sell the portion of undeveloped land to accommodate the construction plan that provides the best use of the property. It is management's intention to finance the costs of construction through interim financing or operating facilities and, once rental revenue is stabilized, long-term financing will be arranged. With respect to the remaining gross leasable area, it is expected that 1.4 million square feet of future space will be developed as the Trust leases space and finances the related construction costs.

Completed and Future Earnouts and Developments on Existing Properties

For the three months ended September 30, 2023, $88.4 million of Earnouts and Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, as compared to $12.9 million in the same period in 2022.

	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022	
	Area (sq. ft.)	**Investment ($ millions)**	Area (sq. ft.)	Investment ($ millions)
Earnouts	**2,053**	**$0.5**	4,667	$1.0
Redevelopment – transfers from properties under development to income properties	**115,074**	**30.3**	28,968	11.9
Developments – equity accounted investments	**164,974**	**57.6**	—	—
	282,101	**$88.4**	33,635	$12.9

For the nine months ended September 30, 2023, $160.9 million of Earnouts and Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, as compared to $44.2 million in the same period in 2022.

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	Area (sq. ft.)	**Investment ($ millions)**	Area (sq. ft.)	Investment ($ millions)
Earnouts(1)	**12,610**	**$5.8**	5,891	$1.7
Retail Developments	**—**	**—**	3,839	4.3
Redevelopment – transfers from properties under development to income properties	**310,079**	**73.7**	114,680	38.2
Self-storage facilities – equity accounted investments	**98,956**	**23.8**	—	—
Developments – equity accounted investments	**164,974**	**57.6**	—	—
	586,619	**$160.9**	124,410	$44.2

(1) The Earnouts for the nine months ended September 30, 2023 excluded one land parcel sale totalling $2.4 million of investment and the area for this parcel sale is not reflected in the table above (for the nine months ended September 30, 2022: one land parcel sale totalling $5.6 million of investment was excluded).

The following table summarizes future retail Developments, Earnouts and Mezzanine Financing as at September 30, 2023:

	Area (sq. ft.)	Total Area	Income ($000s)	Gross Commitment ($000s)		Invested To Date ($000s)		Net Commitment ($000s)	Yield / Cap Rate	
Developments										
Committed Developments										
2023	—	— %	$—	$—	(2)	$—	(2)	$—	— %	(3)
2024 and beyond	224,203	13.9 %	6,853	126,113	(2)	44,376	(2)	81,737	5.4 %	(3)
Total Committed Developments	**224,203**	**13.9 %**	**$6,853**	**$126,113**		**$44,376**		**$81,737**	**5.4 %**	
Uncommitted Developments										
2023	27,901	1.7 %	463	5,630	(2)	2,749	(2)	2,881	8.2 %	(3)
2024 and beyond	1,187,782	73.5 %	25,147	426,270	(2)	117,916	(2)	308,354	5.9 %	(3)
Total Uncommitted Developments	**1,215,683**	**75.2 %**	**$25,610**	**$431,900**		**$120,665**		**$311,235**	**5.9 %**	
Total Developments	**1,439,886**	**89.1 %**	**$32,463**	**$558,013**		**$165,041**	(1)	**$392,972**	**5.8 %**	
Earnouts										
Committed Earnouts										
2023	5,042	0.3 %	157	2,500		511		1,989	6.3 %	
2024 and beyond	19,740	1.2 %	454	6,945		764		6,181	6.5 %	
Total Committed Earnouts	**24,782**	**1.5 %**	**$611**	**$9,445**		**$1,275**		**$8,170**	**6.5 %**	
Uncommitted Earnouts										
2023	—	— %	—	—		—		—	— %	
2024 and beyond	151,720	9.4 %	3,374	48,747		3,849		44,898	6.9 %	
Total Uncommitted Earnouts	**151,720**	**9.4 %**	**$3,374**	**$48,747**		**$3,849**		**$44,898**	**6.9 %**	
Total Earnouts	**176,502**	**10.9 %**	**$3,985**	**$58,192**		**$5,124**	(1)	**$53,068**	**6.8 %**	
Total Before Non-cash Development Cost	**1,616,388**	**100.0 %**	**$36,448**	**$616,205**		**$170,165**		**$446,040**	**5.9 %**	
Non-cash development cost [4]						83,185	(1)			
Land / Intensification projects						1,521,435	(1)			
Equity accounted investments						598,750	(1)			
Total	**1,616,388**	**100.0 %**	**$36,448**	**$616,205**		**$2,373,535**	(1)	**$446,040**	**5.9 %**	
Options through Mezzanine Financing	**488,440**									
Total Potential Pipeline	**2,104,828**									

(1) Under "Completed and Future Earnouts and Developments on Existing Properties" in the MD&A for the three and nine months ended September 30, 2023, Earnouts of $60.9 million, Developments of $1,713.8 million and Equity Accounted Investments of $598.8 million comprise the total amount of $2,373.5 million. The amounts in the table above have been adjusted for Earnouts that are expected to be completed after the expiry of the Earnout options being reclassified as Developments.

(2) Includes fair value adjustment for land.

(3) On a cost basis, the yield would be 3.7%, 5.6%, 7.9%, and 5.8%, respectively.

(4) Represents net liability currently recorded.

Section IV — Business Operations and Performance

Results of Operations

Below is a summary of selected financial information concerning the Trust's operations for the three and nine months ended September 30, 2023. This information should be read in conjunction with the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023.

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

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

Quarterly Comparison to Prior Year

(in thousands of dollars)	**Three Months Ended September 30, 2023**			Three Months Ended September 30, 2022			
	GAAP Basis	**Proportionate Share Reconciliation**	**Total Proportionate Share[1]**	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share[1]	Variance of Total Proportionate Share[1]
Net rental income and other							
Rentals from investment properties and other	**$206,016**	**$9,580**	**$215,596**	$196,962	$7,286	$204,248	$11,348
Property operating costs and other	**(74,551)**	**(4,397)**	**(78,948)**	(69,451)	(3,567)	(73,018)	(5,930)
	$131,465	**$5,183**	**$136,648**	$127,511	$3,719	$131,230	$5,418
Residential sales revenue and other[2]	**—**	**37,934**	**37,934**	—	7	7	37,927
Residential cost of sales and other	**(1,063)**	**(29,685)**	**(30,748)**	(30)	(221)	(251)	(30,497)
	$(1,063)	**$8,249**	**$7,186**	$(30)	$(214)	$(244)	$7,430
NOI	**$130,402**	**$13,432**	**$143,834**	$127,481	$3,505	$130,986	$12,848
Other income and expenses							
General and administrative expense, net	**(7,761)**	**(4)**	**(7,765)**	(10,696)	(3)	(10,699)	2,934
Earnings from equity accounted investments	**62,396**	**(62,396)**	**—**	1,101	(1,101)	—	—
Fair value adjustment on investment properties	**42,734**	**52,798**	**95,532**	(92,557)	411	(92,146)	187,678
Gain (loss) on sale of investment properties	**—**	**—**	**—**	(112)	(241)	(353)	353
Interest expense	**(42,193)**	**(3,502)**	**(45,695)**	(39,175)	(1,553)	(40,728)	(4,967)
Interest income	**5,268**	**628**	**5,896**	5,714	(375)	5,339	557
Supplemental costs	**—**	**(956)**	**(956)**	—	(643)	(643)	(313)
Fair value adjustment on financial instruments	**24,329**	**—**	**24,329**	11,767	—	11,767	12,562
Acquisition-related costs	**—**	**—**	**—**	25	—	25	(25)
Net income and comprehensive income	**$215,175**	**$—**	**$215,175**	$3,548	$—	$3,548	$211,627

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

For the three months ended September 30, 2023, net income and comprehensive income increased by $211.6 million as compared to the same period in 2022. This increase was primarily attributable to the following:

- $187.7 million increase in the fair value adjustment on investment properties, mainly relating to changes in valuation parameters and leasing activities compared to the same period in 2022;
- $12.8 million increase in NOI primarily due to lease-up activity with higher rents and rental renewal rates, and condo closings at Transit City 4 & 5 (see "Net Operating Income" subsection in this MD&A for further discussion);
- $12.6 million increase in the fair value adjustment on financial instruments compared to the same period in 2022, primarily due to mark to market adjustments for interest rate swaps; and
- $2.9 million decrease in general and administrative expense due to the timing of cost allocation in the prior year period;

Partially offset by the following:

- $5.0 million increase in interest expense primarily due to higher interest rates (see "Interest Income and Interest Expense" section in this MD&A for further discussion).

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Nine Months Ended September 30, 2023**			Nine Months Ended September 30, 2022			
	GAAP Basis	**Proportionate Share Reconciliation**	**Total Proportionate Share[1]**	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share[1]	Variance of Total Proportionate Share[1]
Net rental income and other							
Rentals from investment properties and other	**$623,560**	**$26,105**	**$649,665**	$598,375	$20,202	$618,577	$31,088
Property operating costs and other	**(235,074)**	**(12,680)**	**(247,754)**	(224,497)	(9,688)	(234,185)	(13,569)
	$388,486	**$13,425**	**$401,911**	$373,878	$10,514	$384,392	$17,519
Residential sales revenue and other[2]	**—**	**125,401**	**125,401**	—	4,524	4,524	120,877
Residential cost of sales and other	**(3,376)**	**(99,529)**	**(102,905)**	(425)	(3,603)	(4,028)	(98,877)
	$(3,376)	**$25,872**	**$22,496**	$(425)	$921	$496	$22,000
NOI	**$385,110**	**$39,297**	**$424,407**	$373,453	$11,435	$384,888	$39,519
Other income and expenses							
General and administrative expense, net	**(25,828)**	**(259)**	**(26,087)**	(25,479)	(107)	(25,586)	(501)
Earnings from equity accounted investments	**85,277**	**(85,277)**	**—**	4,312	(4,312)	—	—
Fair value adjustment on investment properties	**106,335**	**58,849**	**165,184**	188,457	2,042	190,499	(25,315)
Loss on sale of investment properties	**(23)**	**—**	**(23)**	(216)	(241)	(457)	434
Interest expense	**(121,855)**	**(9,631)**	**(131,486)**	(108,360)	(3,952)	(112,312)	(19,174)
Interest income	**15,268**	**1,495**	**16,763**	12,540	(955)	11,585	5,178
Supplemental costs	**—**	**(4,474)**	**(4,474)**	—	(3,910)	(3,910)	(564)
Fair value adjustment on financial instruments	**51,654**	**—**	**51,654**	91,246	—	91,246	(39,592)
Acquisition-related costs	**—**	**—**	**—**	(298)	—	(298)	298
Net income and comprehensive income	**$495,938**	**$—**	**$495,938**	$535,655	$—	$535,655	$(39,717)

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

(2) Includes additional partnership profit and other revenues.

For the nine months ended September 30, 2023, net income and comprehensive income decreased by $39.7 million as compared to the same period in 2022. This decrease was primarily attributed to the following:

- $39.6 million decrease in the fair value adjustment on financial instruments primarily due to: i) $19.2 million decrease in fair value adjustments pertaining to interest rate swap agreements (see further details in the "Debt" subsection of this MD&A), ii) $17.5 million lower fair value gains on Units classified as liabilities due to fluctuation in the Trust's Unit price, and iii) $2.4 million higher fair value loss on the TRS due to fluctuation in the Trust's Unit price;
- $25.3 million decrease in the fair value gain on investment properties, primarily as a result of changes in valuation parameters, partially offset by leasing activities during the nine months ended September 30, 2023; and
- $19.2 million increase in interest expense primarily due to higher interest rates (see "Interest Income and Interest Expense" section in this MD&A for further discussion);

Partially offset by the following:

- $39.5 million increase in NOI primarily due to higher lease-up and rental renewal rates, and condo closings at Transit City 4 & 5 (see "Net Operating Income" subsection in this MD&A for further discussion); and
- $5.2 million increase in interest income mainly due to higher interest rates.

Net Operating Income

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

Quarterly Comparison to Prior Year

(in thousands of dollars)	**Three Months Ended September 30, 2023**			Three Months Ended September 30, 2022			
	Trust portion excluding EAI	**Equity Accounted Investments**	**Total Proportionate Share[1]**	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share[1]	Variance[1]
Net base rent	**$131,548**	**$6,571**	**$138,119**	$127,576	$4,727	$132,303	$5,816
Property tax and insurance recoveries	**43,297**	**748**	**44,045**	39,191	718	39,909	4,136
Property operating cost recoveries	**22,902**	**1,332**	**24,234**	20,200	1,150	21,350	2,884
Miscellaneous revenue	**4,547**	**1,236**	**5,783**	4,683	975	5,658	125
Rentals from investment properties	**$202,294**	**$9,887**	**$212,181**	$191,650	$7,570	$199,220	$12,961
Service and other revenues	**3,415**	**—**	**3,415**	5,028	—	5,028	(1,613)
Earnings from other	**307**	**(307)**	**—**	284	(284)	—	—
Rentals from investment properties and other[2]	**$206,016**	**$9,580**	**$215,596**	$196,962	$7,286	$204,248	$11,348
Recoverable tax and insurance costs	**(44,247)**	**(781)**	**(45,028)**	(39,910)	(729)	(40,639)	(4,389)
Recoverable CAM costs	**(23,645)**	**(1,288)**	**(24,933)**	(21,767)	(1,283)	(23,050)	(1,883)
Property management fees and costs	**(1,405)**	**(345)**	**(1,750)**	(1,258)	(237)	(1,495)	(255)
Non-recoverable operating costs	**(1,419)**	**(1,895)**	**(3,314)**	(1,792)	(1,283)	(3,075)	(239)
ECL	**(419)**	**(88)**	**(507)**	306	(35)	271	(778)
Property operating costs	**$(71,135)**	**$(4,397)**	**$(75,532)**	$(64,421)	$(3,567)	$(67,988)	$(7,544)
Other expenses	**(3,416)**	**—**	**(3,416)**	(5,030)	—	(5,030)	1,614
Property operating costs and other[2]	**$(74,551)**	**$(4,397)**	**$(78,948)**	$(69,451)	$(3,567)	$(73,018)	$(5,930)
Net rental income and other	**$131,465**	**$5,183**	**$136,648**	$127,511	$3,719	$131,230	$5,418
Residential sales closings revenue	**—**	**37,934**	**37,934**	—	7	7	37,927
Residential cost of sales and marketing costs	**(1,063)**	**(29,685)**	**(30,748)**	(30)	(221)	(251)	(30,497)
Net profit on condominium sales	**$(1,063)**	**$8,249**	**$7,186**	$(30)	$(214)	$(244)	$7,430
NOI[3]	**$130,402**	**$13,432**	**$143,834**	$127,481	$3,505	$130,986	$12,848
Net rental income and other as a percentage of net base rent	**99.9 %**	**78.9 %**	**98.9 %**	99.7 %	84.7 %	99.2 %	(0.3)%
Net rental income and other as a percentage of rentals from investment properties	**65.0 %**	**52.4 %**	**64.4 %**	66.4 %	52.9 %	65.9 %	(1.5)%
Net rental income and other as a percentage of rentals from investment properties and other	**63.8 %**	**54.1 %**	**63.4 %**	64.7 %	52.9 %	64.3 %	(0.9)%
Recovery Ratio (including prior year adjustments)	**97.5 %**	**100.5 %**	**97.6 %**	96.3 %	92.8 %	96.2 %	1.4 %
Recovery Ratio (excluding prior year adjustments)	**97.2 %**	**100.5 %**	**97.3 %**	93.3 %	92.9 %	93.3 %	4.0 %

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(2) As reflected under the column 'Trust portion excluding EAI' in the table above, this amount represents a GAAP measure.
(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.

NOI for the three months ended September 30, 2023 increased by $12.8 million or 9.8% as compared to the same period in 2022. This increase was primarily attributable to the following:

- $7.4 million increase in profit on condo closing;
- $3.9 million net increase in base rent primarily due to lease-up activity with higher rent and rental renewal rates; and
- $1.8 million increase in base rent from self-storage facilities and apartment rentals.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Nine Months Ended September 30, 2023**			Nine Months Ended September 30, 2022			
	Trust portion excluding EAI	**Equity Accounted Investments**	**Total Proportionate Share(1)**	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share(1)	Variance of Total Proportionate Share(1)
Net base rent	**$390,328**	**$17,415**	**$407,743**	$380,082	$13,118	$393,200	$14,543
Property tax and insurance recoveries	**131,793**	**2,270**	**134,063**	129,041	2,222	131,263	2,800
Property operating cost recoveries	**76,013**	**3,635**	**79,648**	67,855	3,107	70,962	8,686
Miscellaneous revenue	**13,090**	**3,687**	**16,777**	10,414	2,633	13,047	3,730
Rentals from investment properties	**$611,224**	**$27,007**	**$638,231**	$587,392	$21,080	$608,472	$29,759
Service and other revenues	**11,434**	**—**	**11,434**	10,105	—	10,105	1,329
Earnings from other	**902**	**(902)**	**—**	878	(878)	—	—
Rentals from investment properties and other(2)	**$623,560**	**$26,105**	**$649,665**	$598,375	$20,202	$618,577	$31,088
Recoverable tax and insurance costs	**(134,814)**	**(2,364)**	**(137,178)**	(133,058)	(2,287)	(135,345)	(1,833)
Recoverable CAM costs	**(80,268)**	**(3,617)**	**(83,885)**	(74,059)	(3,224)	(77,283)	(6,602)
Property management fees and costs	**(3,459)**	**(962)**	**(4,421)**	(3,198)	(690)	(3,888)	(533)
Non-recoverable operating costs	**(4,777)**	**(5,486)**	**(10,263)**	(6,731)	(3,378)	(10,109)	(154)
ECL	**(321)**	**(255)**	**(576)**	2,656	(109)	2,547	(3,123)
Property operating costs	**$(223,639)**	**$(12,684)**	**$(236,323)**	$(214,390)	$(9,688)	$(224,078)	$(12,245)
Other expenses	**(11,435)**	**4**	**(11,431)**	(10,107)	—	(10,107)	(1,324)
Property operating costs and other(2)	**$(235,074)**	**$(12,680)**	**$(247,754)**	$(224,497)	$(9,688)	$(234,185)	$(13,569)
Net rental income and other	**$388,486**	**$13,425**	**$401,911**	$373,878	$10,514	$384,392	$17,519
Residential sales closings revenue	**—**	**125,401**	**125,401**	—	4,524	4,524	120,877
Residential cost of sales and marketing costs	**(3,376)**	**(99,529)**	**(102,905)**	(425)	(3,603)	(4,028)	(98,877)
Net profit on condo and townhome closings	**$(3,376)**	**$25,872**	**$22,496**	$(425)	$921	$496	$22,000
NOI(3)	**$385,110**	**$39,297**	**$424,407**	$373,453	$11,435	$384,888	$39,519
Net rental income and other as a percentage of net base rent	**99.5 %**	**77.1 %**	**98.6 %**	98.1 %	86.8 %	97.8 %	0.8 %
Net rental income and other as a percentage of rentals from investment properties	**63.6 %**	**49.7 %**	**63.0 %**	63.5 %	54.0 %	63.2 %	(0.2)%
Net rental income and other as a percentage of rentals from investment properties and other	**62.3 %**	**51.4 %**	**61.9 %**	62.4 %	54.0 %	62.1 %	(0.2)%
Recovery Ratio (including prior year adjustments)	**96.6 %**	**98.7 %**	**96.7 %**	95.1 %	96.7 %	95.1 %	1.6 %
Recovery Ratio (excluding prior year adjustments)	**96.4 %**	**99.3 %**	**96.5 %**	94.5 %	96.3 %	94.5 %	2.0 %

(1) This column contains non-GAAP measures because it includes figures that are recorded in equity accounted investments. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.
(2) As reflected under the column "Trust portion excluding EAI" in the table above, this amount represents a GAAP measure.
(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.

NOI for the nine months ended September 30, 2023 increased by $39.5 million or 10.3% as compared to the same period in 2022. This increase was primarily attributed to the following:

- $22.0 million increase in profits from condo closings;
- $14.5 million net increase in base rent, of which $10.1 million relates to lease-up activity with higher rent and rental renewal rates for retail properties, $1.7 million relates to self-storage facilities and $2.7 million relates to apartment rentals;
- $3.7 million increase in miscellaneous revenue mainly due to higher short-term rentals, percentage rent, and parking revenue; and
- $2.7 million increase in net CAM and tax recoveries principally due to higher occupancy;

Partially offset by the following:

- $3.1 million increase in ECL mainly due to a reversal in the same period in 2022.

Same Properties NOI

	Three Months Ended		Nine Months Ended	
(in thousands of dollars)	**September 30, 2023**	September 30, 2022	**September 30, 2023**	September 30, 2022
Net rental income	**$130,403**	$127,483	**$385,111**	$373,455
Service and other revenues	**3,415**	5,028	**11,434**	10,105
Other expenses	**(3,416)**	(5,030)	**(11,435)**	(10,107)
Net rental income and other	**$130,402**	$127,481	**$385,110**	$373,453
NOI from equity accounted investments(1)	**13,432**	3,505	**39,297**	11,435
Total portfolio NOI before adjustments(1)	**$143,834**	$130,986	**$424,407**	$384,888
Adjustments:				
Lease termination	**(230)**	12	**(691)**	(133)
Net profit on condo and townhome closings	**(7,186)**	244	**(22,496)**	(496)
Non-recurring items and other adjustments(2)	**1,814**	3,073	**5,324**	6,143
Total portfolio NOI after adjustments(1)	**$138,232**	$134,315	**$406,544**	$390,402
NOI sourced from:				
Acquisitions	**(576)**	27	**(5,537)**	(3,857)
Dispositions	**—**	1	**2**	(12)
Earnouts and Developments	**(970)**	(226)	**(3,017)**	(818)
Same Properties NOI(1)	**$136,686**	$134,117	**$397,992**	$385,715

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.
(2) Includes non-recurring items such as one-time adjustments relating to vaccination centre costs, royalties, straight-line rent and amortization of tenant incentives.

The Same Properties NOI for the three months ended September 30, 2023 increased by $2.6 million or 1.9% as compared to the same period in 2022, which was primarily due to lease-up activity with higher rents and rental renewal rates on existing leases.

The Same Properties NOI for the nine months ended September 30, 2023 increased by $12.3 million or 3.2% as compared to the same period in 2022, which was primarily due to the following:

- $10.2 million increase attributable to lease-up activity with higher rents and rental renewal rates on existing leases; and
- $2.1 million increase in net CAM and tax recoveries principally due to higher occupancy.

Adjusted EBITDA

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

	Rolling 12 Months Ended		
(in thousands of dollars)	**September 30, 2023**	September 30, 2022	Variance
Net income and comprehensive income	**$596,309**	$1,187,736	$(591,427)
Add (deduct) the following items:			
Net interest expense	**151,810**	137,054	14,756
Amortization of equipment, intangible assets and tenant improvements	**11,367**	10,907	460
Fair value adjustments on investment properties and financial instruments	**(228,795)**	(840,441)	611,646
Fair value adjustment on TRS	**(7,298)**	(6,958)	(340)
Adjustment for supplemental costs	**5,212**	5,035	177
(Gain) loss on sale of investment properties	**(509)**	521	(1,030)
Gain on sale of land to co-owners (Transactional FFO)	**—**	336	(336)
Acquisition-related costs	**—**	3,089	(3,089)
Adjusted EBITDA(1)	**$528,096**	$497,279	$30,817

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

Other Measures of Performance

The following measures of performance are sometimes used by Canadian REITs and other reporting entities as indicators of financial performance. Because these measures are not standardized as prescribed by IFRS, they may not be comparable to similar measures presented by other reporting entities. Management uses these measures to analyze operating performance. Because one of the factors that may be considered relevant by prospective investors is the cash distributed by the Trust relative to the price of the Units, management believes these measures are useful supplemental measures that may assist prospective investors in assessing an investment in Units. The Trust analyzes its cash distributions against these measures to assess the stability of the monthly cash distributions to Unitholders. These measures are not intended to represent operating profits for the year; nor should they be viewed as an alternative to net income and comprehensive income, cash flows from operating activities or other measures of financial performance calculated in accordance with IFRS. The calculations are derived from the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023 and September 30, 2022, unless otherwise stated, do not include any assumptions and forward-looking information, and are consistent with prior reporting years.

Funds From Operations ("FFO")

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

Adjusted Funds From Operations ("AFFO")

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

Management considers both FFO and AFFO as key performance indicators to assess the Trust's operating performance and the sustainability of the Trust's distribution level. FFO and AFFO should not be construed as an alternative to net income and comprehensive income or cash flows provided by or used in operating activities determined in accordance with IFRS. The Trust's method of calculating FFO and AFFO is in accordance with the recommendations in the REALpac White Paper, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO and AFFO reported by other issuers.

Reconciliation of FFO

	Three Months Ended September 30			Nine Months Ended September 30		
(in thousands of dollars)	**2023**	2022	Variance	**2023**	2022	Variance
Net income and comprehensive income	**$215,175**	$3,548	$211,627	**$495,938**	$535,655	$(39,717)
Add (deduct):						
Fair value adjustment on investment properties and financial instruments[(1)]	**(67,063)**	80,790	(147,853)	**(157,989)**	(279,703)	121,714
Loss on derivative – TRS	**(5,482)**	(4,900)	(582)	**(13,519)**	(11,138)	(2,381)
Loss on sale of investment properties	**—**	112	(112)	**23**	216	(193)
Amortization of intangible assets and tenant improvement allowance	**2,085**	2,294	(209)	**6,730**	6,197	533
Distributions on Units classified as liabilities and vested deferred units	**2,172**	1,801	371	**6,321**	5,333	988
Adjustment on debt modification	**—**	—	—	**—**	(1,960)	1,960
Salaries and related costs attributed to leasing activities[(2)]	**1,776**	2,216	(440)	**5,810**	5,994	(184)
Acquisition-related costs	**—**	(25)	25	**—**	298	(298)
Adjustments relating to equity accounted investments[(3)]	**(50,258)**	2,567	(52,825)	**(49,242)**	8,210	(57,452)
FFO[(4)]	**$98,405**	$88,403	$10,002	**$294,072**	$269,102	$24,970
Add (deduct) non-recurring adjustments:						
Loss on derivative – TRS	**5,482**	4,900	582	**13,519**	11,138	2,381
FFO sourced from condominium and townhome closings	**(6,918)**	216	(7,134)	**(21,354)**	(860)	(20,494)
Transactional FFO – loss on sale of land to co-owner	**—**	—	—	**(1,008)**	—	(1,008)
FFO with adjustments[(4)]	**$96,969**	$93,519	$3,450	**$285,229**	$279,380	$5,849

(1) Includes fair value adjustments on investment properties and financial instruments. Fair value adjustment on investment properties is described in "Investment Properties" in the Trust's MD&A. Fair value adjustment on financial instruments comprises the following financial instruments: units classified as liabilities, Deferred Unit Plan ("DUP"), Equity Incentive Plan ("EIP"), TRS, interest rate swap agreements, and LTIP recorded in the same period in 2022. The significant assumptions made in determining the fair value are more thoroughly described in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023. For details, please see discussion in "Results of Operations" section in this MD&A.

(2) Salaries and related costs attributed to leasing activities of $5.8 million were incurred in the nine months ended September 30, 2023 (nine months ended September 30, 2022 – $6.0 million) and were eligible to be added back to FFO based on the definition of FFO, in the REALpac White Paper, which provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO results in more comparability between Canadian publicly traded real estate entities that expensed their internal leasing departments and those that capitalized external leasing expenses.

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

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

For the three months ended September 30, 2023, FFO increased by $10.0 million or 11.3% to $98.4 million as compared to the same period in 2022. This increase was primarily attributable to:

- $6.9 million net condo profits representing 274 units at Transit City 4 & 5;
- $5.7 million higher net rental income from higher occupancy, lease-up activity and rental renewal rates; and
- $2.9 million decrease in general and administrative expense, primarily due to the timing of cost allocation in the prior year period;

Partially offset by:

- $4.4 million increase in net interest expense.

For the nine months ended September 30, 2023, FFO increased by $25.0 million or 9.3% to $294.1 million as compared to the same period in 2022. This increase was primarily attributable to:

- $21.4 million in net condo profits representing 920 units at Transit City 4 & 5; and
- $19.0 million higher net rental income from higher occupancy, lease-up activity and rental renewal rates;

Partially offset by:

- $14.0 million increase in net interest expense.

For the three and nine months ended September 30, 2023, FFO with adjustments increased by $3.5 million to $97.0 million and $5.8 million to $285.2 million, respectively, as compared to the same periods in 2022. The increases were primarily due to higher net rental income and other, offset by higher net interest expense.

Reconciliation of AFFO

	Three Months Ended September 30			Nine Months Ended September 30		
(in thousands of dollars)	**2023**	2022	Variance	**2023**	2022	Variance
FFO[(1)]	**$98,405**	$88,403	$10,002	**$294,072**	$269,102	$24,970
Add (Deduct):						
Straight-line rents	**(410)**	(24)	(386)	**(211)**	(403)	192
Adjusted salaries and related costs attributed to leasing	**(1,776)**	(2,216)	440	**(5,810)**	(5,994)	184
Capital expenditures, leasing commissions, and tenant improvements[(2)]	**(10,431)**	(5,070)	(5,361)	**(25,814)**	(14,475)	(11,339)
AFFO[(1)]	**$85,788**	$81,093	$4,695	**$262,237**	$248,230	$14,007
Add (deduct) non-recurring adjustments:						
Loss on derivative – TRS	**5,482**	4,900	582	**13,519**	11,138	2,381
FFO sourced from condominium and townhome closings	**(6,918)**	216	(7,134)	**(21,354)**	(860)	(20,494)
Transactional FFO – loss on sale of land to co-owner	**—**	—	—	**(1,008)**	—	(1,008)
AFFO with adjustments[(1)]	**$84,352**	$86,209	$(1,857)	**$253,394**	$258,508	$(5,114)

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.
(2) Please see the "Maintenance Capital Requirements" section in this MD&A for details of actual capital expenditures, actual leasing commissions and actual tenant improvements.

For the three and nine months ended September 30, 2023, AFFO increased by $4.7 million to $85.8 million and by $14.0 million to $262.2 million, respectively, as compared to the same periods in 2022. The increases were primarily due to the increase in FFO, partially offset by changes in sustaining capital expenditures, leasing commissions and tenant improvements.

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

	Three Months Ended September 30			Nine Months Ended September 30		
	2023	2022	Variance	**2023**	2022	Variance
Per Unit – basic/diluted[(1)]:						
FFO[(2)]	**$0.55/$0.55**	$0.50/$0.49	0.05/0.06	**$1.65/$1.64**	$1.51/$1.50	0.14/0.14
FFO with adjustments[(2)]	**$0.54/$0.54**	$0.53/$0.52	0.01/0.02	**$1.60/$1.59**	$1.57/$1.56	0.03/0.03
AFFO[(2)]	**$0.48/$0.48**	$0.46/$0.45	0.02/0.03	**$1.47/$1.46**	$1.39/$1.38	0.08/0.08
AFFO with adjustments[(2)]	**$0.47/$0.47**	$0.48/$0.48	(0.01)/(0.01)	**$1.42/$1.41**	$1.45/$1.44	(0.03)/(0.03)
Payout Ratio to AFFO[(2)]	**96.1 %**	101.6 %	(5.5)%	**94.3 %**	99.6 %	(5.3)%
Payout Ratio to AFFO with adjustments[(2)]	**97.7 %**	95.6 %	2.1 %	**97.6 %**	95.6 %	2.0 %

(1) Diluted FFO and AFFO is adjusted for the dilutive effect of vested deferred units, which are not dilutive for net income purposes. The calculation of diluted FFO and AFFO is a non-GAAP measure and does not consider the impact of unvested deferred units. To calculate diluted FFO and AFFO for the three months ended September 30, 2023, 1,884,713 vested deferred units are added back to the weighted average Units outstanding (three months ended September 30, 2022 – 1,554,091 vested deferred units). To calculate diluted FFO and AFFO for the nine months ended September 30, 2023, 1,828,062 vested deferred units are added back to the weighted average Units outstanding (nine months ended September 30, 2022 – 1,525,579 vested deferred units).
(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.

Weighted Average Number of Units

The weighted average number of Trust Units and exchangeable LP Units is used in calculating the Trust's net income and comprehensive income per Unit, net income and comprehensive income excluding fair value adjustments per Unit, and FFO/AFFO per Unit. The corresponding diluted per Unit amounts are adjusted for the dilutive effect of the vested portion of deferred units granted under the Trust's DUP unless they are anti-dilutive. To calculate diluted FFO/AFFO per Unit for the three and nine months ended September 30, 2023 and September 30, 2022, vested deferred units are added back to the weighted average Units outstanding because they are dilutive.

The following table sets forth the weighted average number of Units outstanding for the purposes of FFO/AFFO per Unit and net income and comprehensive income per Unit calculations in this MD&A:

	Three Months Ended September 30		**Nine Months Ended September 30**	
(number of Units)	**2023**	2022	**2023**	2022
Trust Units	**144,625,322**	144,625,322	**144,625,322**	144,625,322
Class B LP Units	**16,424,430**	16,424,430	**16,424,430**	16,424,430
Class D LP Units	**311,022**	311,022	**311,022**	311,022
Class F LP Units	**8,708**	8,708	**8,708**	8,708
Class B LP II Units	**756,525**	756,525	**756,525**	756,525
Class B LP III Units	**4,113,743**	4,052,866	**4,103,648**	4,051,210
Class B LP IV Units	**3,112,565**	3,112,565	**3,112,565**	3,108,807
Class B Oshawa South LP Units	**710,416**	710,416	**710,416**	710,416
Class D Oshawa South LP Units	**260,417**	260,417	**260,417**	260,417
Class B Oshawa Taunton LP Units	**374,223**	374,223	**374,223**	374,223
Class D Series 1 VMC West LP Units	**3,623,188**	3,623,188	**3,623,188**	3,623,188
Class D Series 2 VMC West LP Units	**2,173,913**	2,173,913	**2,173,913**	2,173,913
Class B Boxgrove LP Units	**170,000**	170,000	**170,000**	170,000
Class B Series ONR LP Units	**1,248,140**	1,248,140	**1,248,140**	1,248,140
Class B Series 1 ONR LP I Units	**132,881**	132,881	**132,881**	132,881
Class B Series 2 ONR LP I Units	**139,302**	139,302	**139,302**	139,302
Total Exchangeable LP Units	**33,559,473**	33,498,596	**33,549,378**	33,493,182
Total Units – Basic	**178,184,795**	178,123,918	**178,174,700**	178,118,504
Vested deferred units	**1,884,713**	1,554,091	**1,828,062**	1,525,579
Total Units and vested deferred units – Diluted	**180,069,508**	179,678,009	**180,002,762**	179,644,083

Determination of Distributions

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

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

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

Distributions and AFFO Highlights

	Three Months Ended September 30			Nine Months Ended September 30		
(in thousands of dollars)	**2023**	2022	Variance	**2023**	2022	Variance
Cash flows provided by operating activities	**$93,855**	$97,011	$(3,156)	**$237,108**	$243,800	$(6,692)
Distributions declared	**82,411**	82,382	29	**247,226**	247,145	81
AFFO(1)	**85,788**	81,093	4,695	**262,237**	248,230	14,007
AFFO with adjustments(1)	**84,352**	86,209	(1,857)	**253,394**	258,508	(5,114)
Surplus (shortfall) of cash flows provided by operating activities over distributions declared	**11,444**	14,629	(3,185)	**(10,118)**	(3,345)	(6,773)
Surplus (shortfall) of AFFO(1) over distributions declared	**3,377**	(1,289)	4,666	**15,011**	1,085	13,926
Surplus of AFFO(1) with adjustments over distributions declared	**1,941**	3,827	(1,886)	**6,168**	11,363	(5,195)

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

For the three months ended September 30, 2023, there was a surplus of $11.4 million of cash flows provided by operating activities over distribution declared, as compared to the $14.6 million surplus during the same period in 2022. For the nine months ended September 30, 2023, there was a $10.1 million excess distribution over cash flows provided from operating activities, as compared to the $3.3 million excess distribution during the same period in 2022, mainly due to timing differences in property tax and interest payments which are reported under cash flow from operating activities. The shortfalls were funded by proceeds from dispositions of investment properties, proceeds from the revolving unsecured debt facilities, and cash-on-hand. For the three and nine months ended September 30, 2023, there was a $3.4 million and a $15.0 million surplus of AFFO over distributions declared, respectively.

The following tables illustrate: i) the annualized surplus of cash flows provided by operating activities over distributions declared, ii) AFFO, and iii) AFFO-related payout ratios, for the rolling 12 months ended September 30, 2023 and September 30, 2022:

	Rolling 12 Months Ended	
(in thousands of dollars)	**September 30, 2023**	September 30, 2022
Cash flows provided by operating activities	**$371,776**	$377,473
Distributions declared	**329,612**	326,868
AFFO(1)	**348,339**	332,182
Surplus of cash flows provided by operating activities over distributions declared	**42,164**	50,605
Surplus of AFFO(1) over distributions declared	**18,727**	5,314
Payout Ratio to Cash flows provided by operating activities	**88.7 %**	86.6 %
Payout Ratio to AFFO(1)	**94.6 %**	98.4 %

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

General and Administrative Expense

The following tables summarize general and administrative expense for the three and nine months ended September 30, 2023:

	Three Months Ended September 30			Nine Months Ended September 30		
(in thousands of dollars)	**2023**	2022	Variance	**2023**	2022	Variance
Salaries and benefits	**$5,695**	$7,541	$(1,846)	**$16,966**	$16,392	$574
Professional fees	**925**	1,884	(959)	**4,364**	4,848	(484)
Public company costs	**332**	332	—	**1,086**	1,020	66
Amortization of intangible assets	**333**	333	—	**999**	999	—
Other costs including office rent, information technology, marketing, communications, and other employee expenses	**476**	606	(130)	**2,413**	2,220	193
General and administrative expense	**$7,761**	$10,696	$(2,935)	**$25,828**	$25,479	$349

The $2.9 million decrease during the three months ended September 30, 2023 was primarily attributed to the timing of cost allocation in the prior year period.

Interest Income and Interest Expense

Interest Income

The following table summarizes the components of interest income:

	Three Months Ended September 30			Nine Months Ended September 30		
(in thousands of dollars)	**2023**	2022	Variance	**2023**	2022	Variance
Mortgage interest	**$422**	$2,231	$(1,809)	**$1,721**	$5,205	$(3,484)
Loan interest	**4,167**	2,306	1,861	**11,713**	5,523	6,190
Notes receivable interest	**66**	66	—	**197**	197	—
TRS deposit interest	**4**	907	(903)	**12**	1,239	(1,227)
Bank interest	**609**	204	405	**1,625**	376	1,249
	$5,268	$5,714	$(446)	**$15,268**	$12,540	$2,728

For the nine months ended September 30, 2023, interest income increased by $2.7 million as compared to the nine months ended September 30, 2022, as a result of higher interest rates compared to the prior year period.

Interest Expense

The following table summarizes the components of interest expense:

	Three Months Ended September 30			Nine Months Ended September 30		
(in thousands of dollars)	**2023**	2022	Variance	**2023**	2022	Variance
Interest at stated rates	**$48,522**	$43,472	$5,050	**$139,784**	$120,100	$19,684
Amortization of acquisition date fair value adjustments on assumed debt	**(69)**	(119)	50	**(243)**	(366)	123
Adjustment on debt modification	**—**	—	—	**—**	(1,960)	1,960
Amortization of deferred financing costs	**958**	849	109	**2,792**	2,754	38
Distributions on Units classified as liabilities – excluding SmartVMC West	**969**	969	—	**2,909**	2,872	37
Distributions on Units classified as liabilities – SmartVMC West	**2,682**	2,681	1	**8,044**	8,044	—
Distributions on vested deferred units	**888**	718	170	**2,538**	2,123	415
Total interest expense before capitalized interest	**$53,950**	$48,570	$5,380	**$155,824**	$133,567	$22,257
Less:						
Interest capitalized to properties under development – excluding SmartVMC West	**(4,482)**	(3,597)	(885)	**(13,006)**	(10,689)	(2,317)
Interest capitalized to properties under development – SmartVMC West	**(4,513)**	(2,969)	(1,544)	**(12,700)**	(6,055)	(6,645)
Interest capitalized to residential development inventory	**(394)**	(260)	(134)	**(1,092)**	(757)	(335)
Distributions capitalized to properties under development – SmartVMC West	**(2,368)**	(2,569)	201	**(7,171)**	(7,706)	535
Total capitalized interest	**$(11,757)**	$(9,395)	$(2,362)	**$(33,969)**	$(25,207)	$(8,762)
Interest expense net of capitalized interest expense	**$42,193**	$39,175	$3,018	**$121,855**	$108,360	$13,495
Capitalized interest as a percentage of interest expense	**21.8 %**	19.3 %	2.5 %	**21.8 %**	18.9 %	2.9 %

For the three and nine months ended September 30, 2023, interest expense net of capitalized interest totalled $42.2 million and $121.9 million, respectively, representing an increase of $3.0 million and $13.5 million, respectively, over the prior year periods. The increase is attributable to higher debt balances and interest rates compared to the prior periods.

Quarterly Results and Trends

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

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Results of operations								
Net income and comprehensive income	**215,175**	167,902	112,861	100,310	3,548	161,997	370,110	652,081
Per Unit								
Basic	**$1.21**	$0.94	$0.63	$0.56	$0.02	$0.91	$2.08	$3.77
Diluted(3)	**$1.19**	$0.93	$0.63	$0.56	$0.02	$0.90	$2.06	$3.74
Net base rent(1)(2)	**138,119**	135,617	134,007	133,201	132,303	131,543	129,354	128,571
Rentals from investment properties and other	**206,016**	206,950	210,594	206,223	196,962	198,585	202,828	192,850
NOI(1)(2)	**143,834**	147,105	133,468	133,632	130,986	130,034	123,868	129,679
Other measures of performance								
FFO(2)	**98,405**	98,534	97,133	102,471	88,403	88,464	92,235	97,452
Per Unit								
Basic(2)	**$0.55**	$0.55	$0.55	$0.58	$0.50	$0.50	$0.52	$0.56
Diluted(2)(3)	**$0.55**	$0.55	$0.54	$0.57	$0.49	$0.49	$0.51	$0.56
FFO with adjustments(2)	**96,969**	97,247	91,013	104,090	93,520	95,207	90,654	93,673
Per Unit								
Basic(2)	**$0.54**	$0.55	$0.51	$0.58	$0.53	$0.53	$0.51	$0.54
Diluted(2)(3)	**$0.54**	$0.54	$0.51	$0.58	$0.52	$0.53	$0.50	$0.54
Cash flows provided by operating activities	**93,855**	61,322	81,931	134,668	97,011	43,970	102,819	133,673
AFFO(2)	**85,788**	87,848	88,601	86,102	81,094	81,436	85,700	83,952
AFFO with adjustments(2)	**84,352**	86,561	82,481	87,723	86,210	88,179	84,119	80,432
Distributions declared	**82,411**	82,410	82,405	82,386	82,382	82,385	82,376	79,725
Payout ratio to AFFO with adjustments	**97.7 %**	95.2 %	99.9 %	93.9 %	95.6 %	93.4 %	97.9 %	99.1 %
Units outstanding(4)	**178,188,148**	178,181,722	178,176,825	178,133,853	178,126,285	178,122,655	178,122,655	178,091,581
Weighted average Units outstanding								
Basic	**178,184,795**	178,179,652	178,159,373	178,129,000	178,123,918	178,122,655	178,108,771	172,983,636
Diluted(3)	**180,069,508**	180,045,789	179,891,028	179,696,944	179,678,009	179,662,689	179,590,588	174,380,800
Total assets	**12,013,103**	11,833,262	11,719,131	11,702,153	11,862,633	11,905,066	11,721,953	11,293,248
Total unencumbered assets(2)	**9,067,121**	8,844,821	8,653,321	8,415,900	8,383,900	8,413,000	8,364,500	6,640,600
Debt	**5,052,722**	5,010,331	4,956,957	4,983,265	5,159,860	5,128,604	4,951,171	4,854,527
Total leasable area (sq. ft.)	**35,033,430**	34,922,198	34,777,002	34,750,379	34,685,033	34,660,693	34,663,687	34,118,613
In-place occupancy rate	**98.1 %**	97.8 %	97.4 %	97.6 %	97.6 %	97.2 %	97.0 %	97.4 %
In-place and committed occupancy rate	**98.5 %**	98.2 %	98.0 %	98.0 %	98.1 %	97.6 %	97.2 %	97.6 %

(1) Includes the Trust's proportionate share of equity accounted investments.
(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.
(3) Diluted metrics are adjusted for the dilutive effect of the vested Earnout options and vested portion of deferred units, unless they are anti-dilutive.
(4) Total Units outstanding include Trust Units and LP Units, including Units classified as financial liabilities.

Section V — Leasing Activities and Lease Expiries

Leasing Activities

Retail, Office and Industrial

Occupancy

The Trust's value-oriented portfolio continued to provide an attractive place to shop as tenants witnessed customer traffic returning to pre-pandemic levels. With COVID-19-related measures now lifted, tenants have retained many of the strategic changes established during the pandemic, including reconfigured store layouts and click and collect, to enhance the customer shopping experience. Tenant confidence continued to grow with the improving customer traffic resulting in demand for new locations in all markets and for all store sizes. In addition to the regular staple of value-oriented tenants continuing to seek more space in Walmart-anchored sites, new uses are also enhancing each centre's offering with entertainment/experiential, pet supplies, furniture, specialty and takeout food all growing their store counts. U.S.-based tenants are also re-engaging their search for new store openings in Canada.

As at September 30, 2023, the Trust's in-place and committed occupancy rate was 98.5% (December 31, 2022 - 98.0%). The increase in occupancy was principally driven by the higher demand for high traffic and dominant shopping centres, anchored by the likes of Walmart, Canadian Tire, TJX Banners, grocery and home improvement anchors.

Occupancy[1]

	September 30, 2023	December 31, 2022	Variance
Total leasable area (in sq. ft.)	**35,033,430**	34,750,379	283,051
In-place occupancy rate	**98.1 %**	97.6 %	0.5 %
In-place and committed occupancy rate	**98.5 %**	98.0 %	0.5 %

(1) Excluding residential and self-storage area.

New Leasing Activity

During the three months ended September 30, 2023, the Trust completed new leases with a wide variety of tenants, with uses such as sporting goods and apparel, dollar stores and food service uses. Many of the Trust's existing tenants continued their growth plans with retailers in furniture, general merchandise and pet stores expanding their brick-and-mortar footprint nationally. During the third quarter of 2023, the Trust executed 182,682 square feet of new leasing on existing built space.

The following table presents a continuity of the Trust's in-place occupancy rate (excluding residential and self-storage area) for the three months ended September 30, 2023:

(in square feet)	**Vacant Area**	**Occupied Area**	**Leasable Area**	**In-place Occupancy Rate**
Beginning balance – July 1, 2023	757,112	34,165,086	34,922,198	97.8 %
New vacancies	107,174	(107,174)	—	
New leases	(182,682)	182,682	—	
Subtotal	681,604	34,240,594	34,922,198	
Acquisitions and Earnouts	—	2,053	2,053	
Transferred from properties under development to income properties	—	117,468	117,468	
Transferred from income properties to properties under development	(8,989)	—	(8,989)	
Other including unit area remeasurements	(1)	701	700	
Ending balance – September 30, 2023	**672,614**	**34,360,816**	**35,033,430**	**98.1 %**
Committed new leases – September 30, 2023	(156,642)	156,642	—	
Ending balance – September 30, 2023, including committed new leases	**515,972**	**34,517,458**	**35,033,430**	**98.5 %**

Renewal Activity

For the nine months ended September 30, 2023, the Trust achieved a tenant renewal rate of 84.2% (September 30, 2022 – 85.7%) for tenants with expiring leases in 2023.

Renewal Summary(1)

	September 30, 2023	September 30, 2022	Variance
Space expiring in calendar year (in sq. ft.)	**5,083,274**	4,956,012	127,262
Renewed (in sq. ft.)	**3,851,687**	3,942,903	(91,216)
Near completion (in sq. ft.)	**429,967**	306,822	123,145
Total renewed and near completion (in sq. ft.)	**4,281,654**	4,249,725	31,929
Renewal rate (including near completion)	**84.2 %**	85.7 %	(1.5)%
Renewed rental rate (in dollars per sq. ft.) – including Anchors	**15.90**	11.66	4.24
Renewed rental rate (in dollars per sq. ft.) – excluding Anchors	**21.15**	16.20	4.95
Renewed rent change (including Anchors)	**6.2 %**	2.7 %	3.5 %
Renewed rent change (excluding Anchors)	**8.4 %**	3.3 %	5.1 %

(1) Excluding residential and self-storage area.

Tenant Profile

The Trust's portfolio is represented in all major markets across Canada particularly in the Greater-VECTOM markets (Vancouver, Edmonton, Calgary, Toronto, Ottawa and Montreal). While the Greater-VECTOM and primary markets have in-place occupancy of 97.8% and 98.1%, respectively, and account for 88.4% of revenue and 89.7% of fair value, properties in the secondary markets reflect a higher in-place occupancy rate of 99.3%.

Portfolio Summary by Market Type

Market	**Number of Income Producing Properties**	**Area (000 sq. ft.)**	**Gross Revenue**	**Income Property Fair Value**	**In-place Occupancy**
Greater-VECTOM	111	23,411	71.9 %	76.3 %	97.8 %
Primary	31	6,746	16.5 %	13.4 %	98.1 %
Secondary	28	4,876	11.6 %	10.3 %	99.3 %
Total	**170**	**35,033**	**100.0 %**	**100.0 %**	**98.1 %**

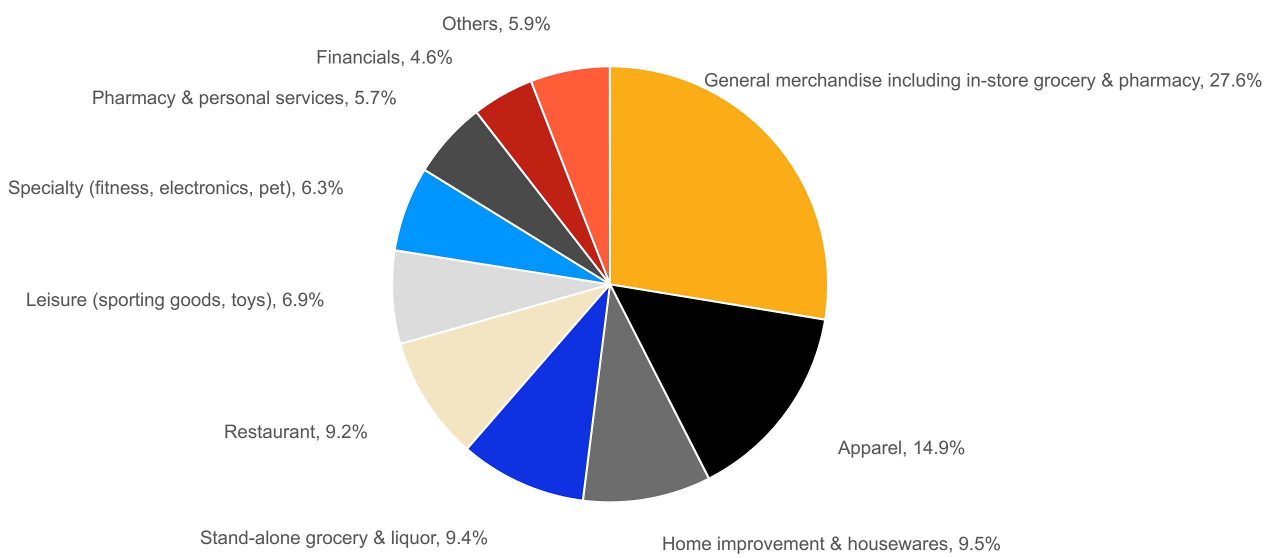
Tenant Categories

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

Annualized Gross Rent by Category for Tenants In-place as at September 30, 2023

Category	Total	Greater-VECTOM	Primary	Secondary
General merchandise including in-store grocery & pharmacy	27.6 %	23.3 %	34.3 %	44.0 %
Apparel	14.9 %	15.5 %	13.4 %	13.1 %
Home improvement & housewares	9.5 %	9.5 %	9.6 %	9.2 %
Stand-alone grocery & liquor	9.4 %	9.9 %	8.3 %	7.9 %
Restaurant	9.2 %	10.3 %	6.6 %	5.9 %
Leisure (sporting goods, toys)	6.9 %	7.1 %	7.9 %	4.1 %
Specialty (fitness, electronics, pet)	6.3 %	5.9 %	7.4 %	7.2 %
Pharmacy & personal services	5.7 %	6.7 %	3.6 %	2.4 %
Financials	4.6 %	5.0 %	4.2 %	2.5 %
Others	5.9 %	6.8 %	4.7 %	3.7 %
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

The following chart represents the Trust's retail portfolio exposure by annualized gross rent by category as at September 30, 2023:



Top 25 Tenants

The 25 largest tenants (by annualized gross rental revenue among retail, office and industrial tenants) accounted for 60.5% of portfolio revenue as at September 30, 2023 and are presented in the following table:

#	Tenant	Number of Stores	Annualized Gross Rental Revenue ($ millions)	Percentage of Total Annualized Gross Rental Revenue	Leased Area (sq. ft.)	Leased Area as a % of Total Gross Leasable Area
1	Walmart(1)	100	$198.6	24.1%	14,182,181	40.5 %
2	Winners, HomeSense, Marshalls	55	36.6	4.5%	1,445,609	4.1 %
3	Canadian Tire, Mark's and FGL Sports	75	36.4	4.4%	1,447,771	4.1 %
4	Loblaws, Shoppers Drug Mart	25	22.7	2.8%	909,054	2.6 %
5	Sobeys	15	16.9	2.0%	687,033	2.0 %
6	Dollarama	61	16.6	2.0%	585,606	1.7 %
7	Lowes, Rona	8	15.1	1.8%	870,545	2.5 %
8	LCBO	39	13.4	1.6%	363,674	1.0 %
9	Michaels	24	12.6	1.5%	478,041	1.4 %
10	Best Buy	18	12.1	1.5%	437,074	1.2 %
11	Recipe Unlimited	55	11.6	1.4%	272,330	0.8 %
12	Staples	21	10.4	1.3%	449,599	1.3 %
13	Gap Inc.	26	9.1	1.1%	269,742	0.8 %
14	Reitmans	59	8.9	1.1%	309,397	0.9 %
15	Toys R Us	8	8.5	1.0%	304,515	0.9 %
16	Bulk Barn	50	8.1	1.0%	235,260	0.7 %
17	Bonnie Togs	42	7.5	0.9%	195,903	0.6 %
18	CIBC	27	7.4	0.9%	149,560	0.4 %
19	The Brick	9	7.1	0.9%	258,244	0.7 %
20	Dollar Tree, Dollar Giant	26	6.8	0.8%	217,286	0.6 %
21	Metro	9	6.8	0.8%	315,438	0.9 %
22	Sleep Country	38	6.8	0.8%	181,572	0.5 %
23	GoodLife Fitness Clubs	11	6.6	0.8%	255,759	0.7 %
24	Petsmart	16	6.6	0.8%	209,678	0.6 %
25	Bank of Nova Scotia	23	6.0	0.7%	123,002	0.4 %
		840	**$499.2**	**60.5%**	**25,153,873**	**71.9 %**

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

Lease Expiries

The following table presents total retail, office and industrial lease expiries for the portfolio as at September 30, 2023:

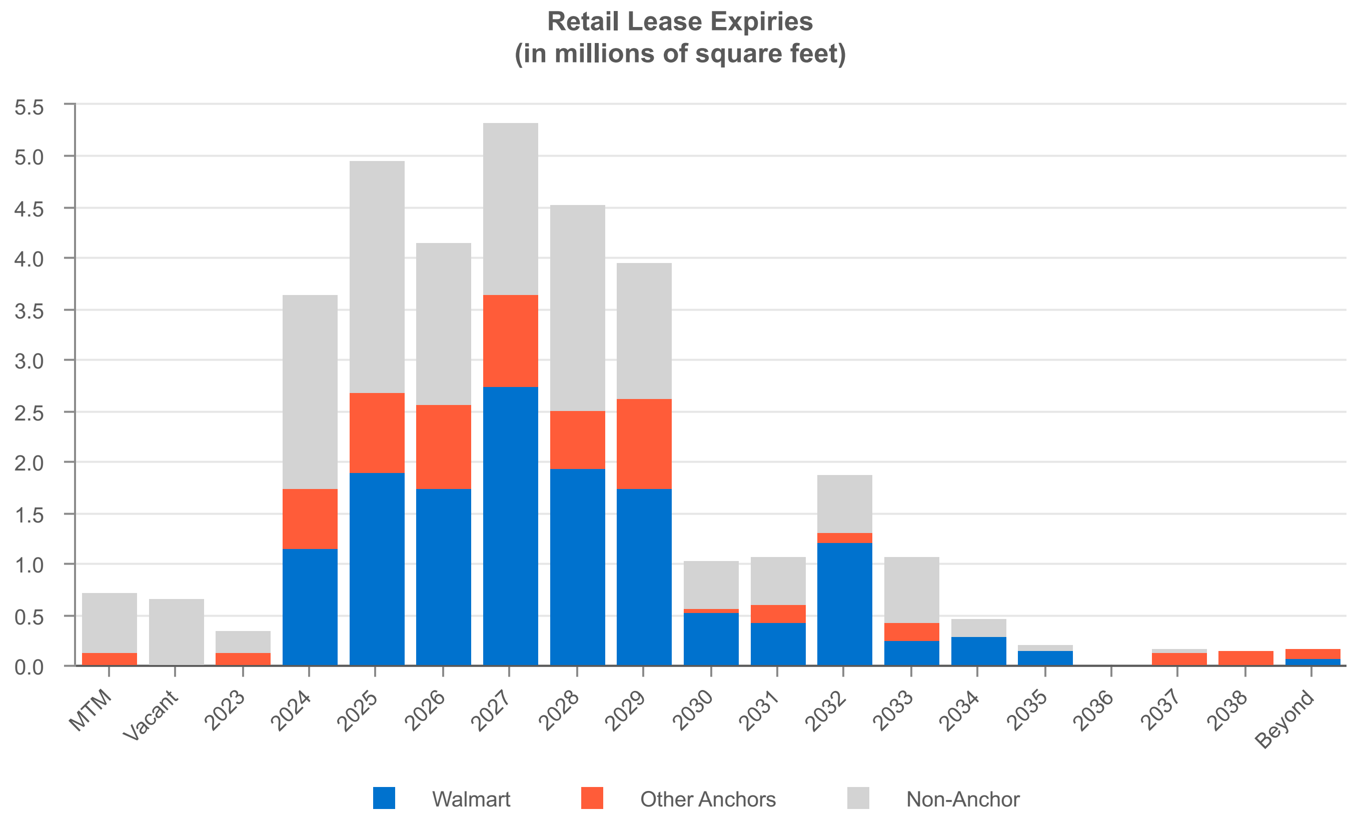
Year of Expiry	Total Area (sq. ft.)	Percentage of Total Area	Annualized Base Rent	Average Base Rent psf[1]
Month-to-month and holdovers	719,420	2.1 %	$17,279	$24.02
2023	360,269	1.0 %	4,238	11.76
2024	3,663,133	10.5 %	60,626	16.55
2025	4,967,360	14.2 %	69,314	13.95
2026	4,168,353	11.9 %	62,120	14.90
2027	5,339,899	15.0 %	74,621	13.97
2028	4,541,251	13.0 %	74,820	16.48
2029	3,969,429	11.3 %	59,314	14.94
2030	1,041,924	3.0 %	21,438	20.58
2031	1,073,679	3.1 %	19,965	18.60
2032	1,876,828	5.4 %	30,897	16.46
2033	1,075,434	3.1 %	19,886	18.49
Beyond	1,084,214	3.1 %	16,740	15.44
Vacant	672,614	1.9 %	—	—
Total retail	34,553,807	98.6 %	$531,258	$15.68
Total office	353,868	1.0 %		
Total industrial	125,755	0.4 %		
Total retail, office and industrial	**35,033,430**	**100.0 %**		

(1) The total average base rent per square foot excludes vacant space of 672,614 square feet.

The following table presents total retail, office and industrial lease expiries for the portfolio excluding Anchor tenants as at September 30, 2023:

Year of Expiry	Total Area (excluding Anchor tenants) (sq. ft.)	Percentage of Total Area (including Anchor tenants)	Percentage of Total Area (excluding Anchor tenants)	Annualized Base Rent	Average Base Rent psf[1]
Month-to-month and holdovers	585,169	1.7 %	3.9 %	$14,718	$25.15
2023	231,061	0.7 %	1.5 %	3,041	13.16
2024	1,920,862	5.5 %	12.8 %	41,117	21.41
2025	2,283,813	6.5 %	15.2 %	46,085	20.18
2026	1,590,349	4.5 %	10.6 %	36,278	22.81
2027	1,684,483	4.8 %	11.2 %	37,903	22.50
2028	2,024,231	5.8 %	13.5 %	46,989	23.21
2029	1,333,724	3.8 %	8.9 %	30,791	23.09
2030	478,727	1.4 %	3.2 %	12,782	26.70
2031	457,857	1.3 %	3.0 %	11,239	24.55
2032	558,167	1.6 %	3.7 %	13,980	25.05
2033	651,135	1.9 %	4.3 %	14,786	22.71
Beyond	295,842	0.8 %	2.0 %	6,431	21.74
Vacant	672,614	1.9 %	4.5 %	—	—
Total retail	14,768,034	42.2 %	98.3 %	$316,140	$22.43
Total office	262,151	0.7 %	1.7 %		
Total industrial	—	— %	— %		
Total retail, office and industrial	**15,030,185**	**42.9 %**	**100.0 %**		

(1) The total average base rent per square foot excludes vacant space of 672,614 square feet.



Self-storage Rental Facilities

The following table provides information on the self-storage rental facilities completed as at September 30, 2023:

Self-storage location	Open date	Number of units (1)	Leasable area (1)	Total rental revenue YTD(2) ($ thousands)
Toronto (Dupont)	October 2019	720	46,800	$792
Toronto (Leaside)	June 2020	1,000	100,000	954
Brampton (Bramport)	November 2020	1,050	101,300	817
Vaughan NW	January 2021	880	85,300	668
Oshawa South	August 2021	950	95,300	732
Scarborough East	November 2021	940	98,900	717
Aurora	December 2022	960	99,700	246
Brampton (Kingspoint Plaza)	March 2023	1,000	95,900	153
		7,500	**723,200**	**$5,079**

(1) Figures are shown at 100% ownership.
(2) Total rental figures are for the nine months ended September 30, 2023 and shown at the Trust's share.

As at September 30, 2023, the average occupancy rate for the self-storage rental facilities, which have been operating for at least one year, was 92.3%.

Section VI — Asset Profile

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

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

(in thousands of dollars)	**September 30, 2023**			December 31, 2022		
	GAAP Basis	**Proportionate Share Reconciliation(1)**	**Total Proportionate Share(2)**	GAAP Basis	Proportionate Share Reconciliation(1)	Total Proportionate Share(2)
Assets						
Non-current assets						
Investment properties	**$10,433,183**	**$1,083,207**	**$11,516,390**	$10,208,071	$957,354	$11,165,425
Equity accounted investments	**779,999**	**(779,999)**	**—**	680,999	(680,999)	—
Mortgages, loans and notes receivable	**89,226**	**(87,472)**	**1,754**	238,099	(76,994)	161,105
Other financial assets	**173,743**	**—**	**173,743**	171,807	—	171,807
Other assets	**89,428**	**8,764**	**98,192**	83,230	8,977	92,207
Intangible assets	**42,809**	**—**	**42,809**	43,807	—	43,807
	$11,608,388	**$224,500**	**$11,832,888**	$11,426,013	$208,338	$11,634,351
Current assets						
Assets held for sale	**—**	**—**	**—**	42,321	16,050	58,371
Residential development inventory	**46,834**	**34,713**	**81,547**	40,373	113,207	153,580
Current portion of mortgages, loans and notes receivable	**195,805**	**—**	**195,805**	86,593	—	86,593
Amounts receivable and other	**62,917**	**1,510**	**64,427**	57,124	(7,033)	50,091
Prepaid expenses, deposits and deferred financing costs	**50,204**	**16,382**	**66,586**	14,474	15,807	30,281
Cash and cash equivalents	**48,955**	**58,247**	**107,202**	35,255	35,419	70,674
	$404,715	**$110,852**	**$515,567**	$276,140	$173,450	$449,590
Total assets	**$12,013,103**	**$335,352**	**$12,348,455**	$11,702,153	$381,788	$12,083,941
Liabilities						
Non-current liabilities						
Debt	**4,514,470**	**285,303**	**4,799,773**	4,523,987	212,928	4,736,915
Other financial liabilities	**245,527**	**—**	**245,527**	277,400	—	277,400
Other payables	**17,604**	**—**	**17,604**	17,265	—	17,265
	$4,777,601	**$285,303**	**$5,062,904**	$4,818,652	$212,928	$5,031,580
Current liabilities						
Current portion of debt	**538,252**	**(38,987)**	**499,265**	459,278	63,860	523,138
Accounts payable and current portion of other payables	**273,012**	**89,036**	**362,048**	261,122	105,000	366,122
	$811,264	**$50,049**	**$861,313**	$720,400	$168,860	$889,260
Total liabilities	**$5,588,865**	**$335,352**	**$5,924,217**	$5,539,052	$381,788	$5,920,840
Equity						
Trust Unit equity	**5,327,820**	**—**	**5,327,820**	5,126,197	—	5,126,197
Non-controlling interests	**1,096,418**	**—**	**1,096,418**	1,036,904	—	1,036,904
	$6,424,238	**$—**	**$6,424,238**	$6,163,101	$—	$6,163,101
Total liabilities and equity	**$12,013,103**	**$335,352**	**$12,348,455**	$11,702,153	$381,788	$12,083,941

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

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

Investment Properties

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

	Nine Months Ended September 30, 2023			Year Ended December 31, 2022		
(in thousands of dollars)	**Income Properties**	**Properties Under Development**	**Total Investment Properties**	Income Properties	Properties Under Development	Total Investment Properties
Investment properties						
Opening balance	**$8,496,893**	**$1,753,499**	**$10,250,392**	$8,395,077	$1,452,001	$9,847,078
Transfer from properties under development to income properties	**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**	—	—	—
Acquisitions, Earnouts, and related adjustments of investment properties	**—**	**2,435**	**2,435**	101,993	28,679	130,672
Dispositions	**—**	**(49,148)**	**(49,148)**	(777)	(40,726)	(41,503)
Fair value adjustment	**82,241**	**24,094**	**106,335**	(54,122)	255,956	201,834
Capital expenditures and other	**22,352**	**81,886**	**104,238**	22,902	114,409	137,311
Ending balance	**$8,658,398**	**$1,774,785**	**$10,433,183**	$8,496,893	$1,753,499	$10,250,392
Investment properties classified as equity accounted investments						
Opening balance	**389,506**	**583,898**	**973,404**	319,024	518,427	837,451
Transfer from properties under development to income properties	**29,083**	**(29,083)**	**—**	24,736	(24,736)	—
Transfer from properties under development to equity accounted investments	**—**	**—**	**—**	—	12,500	12,500
Transfer to properties under development from equity accounted investments	**—**	**(9,466)**	**(9,466)**	—	—	—
Acquisitions, Earnouts, and related adjustments of investment properties	**—**	**6,132**	**6,132**	—	5,325	5,325
Dispositions	**—**	**(15,325)**	**(15,325)**	(8)	(14,805)	(14,813)
Fair value adjustment	**53,957**	**4,892**	**58,849**	624	—	624
Capital expenditures and other	**11,911**	**57,702**	**69,613**	45,130	87,187	132,317
Ending balance	**$484,457**	**$598,750**	**$1,083,207**	$389,506	$583,898	$973,404
Total balance (including investment properties classified as equity accounted investments) – end of period (Investment Properties – non-GAAP)(1)	**$9,142,855**	**$2,373,535**	**$11,516,390**	$8,886,399	$2,337,397	$11,223,796
Investment properties(1)	**9,142,855**	**2,373,535**	**11,516,390**	8,886,399	2,279,026	11,165,425
Investment properties classified as held for sale(1)	**—**	**—**	**—**	—	58,371	58,371
	$9,142,855	**$2,373,535**	**$11,516,390**	$8,886,399	$2,337,397	$11,223,796

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

The gross leasable retail, office and industrial area consists of 35.0 million square feet. In addition, the Trust may acquire 1.6 million square feet of future potential gross leasable retail area and has the option to acquire an additional 50.0% interest in four investment properties and a 25.0% interest in another investment property (0.5 million square feet) on their completion pursuant to the terms of Mezzanine Financing. The portfolio is located across Canada, with assets in each of the ten provinces. By selecting well-located centres, the Trust seeks to attract high-quality tenants at market rental rates.

Valuation Methodology

From October 1, 2020 to September 30, 2023, the Trust has had approximately 69.4% (by value) or 65.7% (by number of properties) of its operating portfolio appraised externally by independent national real estate appraisal firms with representation and expertise across Canada.

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

The portfolio is valued internally by management utilizing valuation methodologies that are consistent with the external appraisals. Management performed these valuations by updating cash flow information reflecting current leases, renewal terms, ECL and market rents and applying updated discount rates determined, in part, through consultation with various external appraisers and available market data. In addition, the fair value of properties under development reflects the impact of development agreements.

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

Investment properties (including properties under development and properties classified as held for sale) as recorded in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023, with a total carrying value of $0.9 billion (December 31, 2022 – $1.5 billion) were valued by external national appraisers, and investment properties with a total carrying value of $9.5 billion (December 31, 2022 – $8.8 billion) were internally valued by the Trust.

Based on these valuations, the weighted average discount rate on the Trust's income properties portfolio as at September 30, 2023 was 6.48% (December 31, 2022 – 6.47%) and the weighted average terminal capitalization rate as at September 30, 2023 remained stable at 5.96% (December 31, 2022 – 5.95%) with no material change to the range quarter over quarter.

Management's reassessment of the valuation of certain investment properties based on the Trust's continued ability to lease and generate NOI in the foreseeable future, has resulted in a net fair value adjustment (gain) on investment properties of $106.3 million (excluding investment properties recorded in equity accounted investments) for the nine months ended September 30, 2023, which was primarily attributed to robust leasing performance and changes in the market for properties under development.

Dispositions of Investment Properties

In January 2023, the Trust contributed its interest in a parcel of land totalling 1.41 acres located in Whitby, Ontario, to a joint venture, Whitby Self Storage LP, with the intention to develop and operate a self-storage facility (see also, Note 5(b) in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023).

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

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

Equity Accounted Investments

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

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

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

As at September 30, 2023 (in thousands of dollars)	**Income Properties**	**Properties Under Development**	**Residential Development Inventory**	**Other Assets**	**Total Assets**
Rental					
Residential	**$228,251**	**$143,743**	**$—**	**$34,088**	**$406,082**
Self-storage facilities	**266,278**	**79,196**	**—**	**12,922**	**358,396**
Retail	**135,075**	**13,346**	**—**	**3,873**	**152,294**
Office	**220,011**	**—**	**—**	**20,841**	**240,852**
Mixed-use	**130,143**	**932,661**	**—**	**121,844** (1)	**1,184,648**
Condominium and townhome residential development inventory	**—**	**—**	**90,298**	**216,668** (2)	**306,966**
	$979,758	**$1,168,946**	**$90,298**	**$410,236**	**$2,649,238**

(1) Consists of loans receivable of $111.0 million in connection with the 700 Applewood purchase (see also Note 10, "Debt", in the Trust's unaudited interim condensed consolidated financial statements), and cash and cash equivalents of $5.9 million.
(2) Consists of notes receivable of $117.5 million and cash and cash equivalents of $93.0 million.

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

(1) Consists of loans receivable of $129.2 million in connection with the 700 Applewood purchase (see also Note 10, "Debt", in the Trust's unaudited interim condensed consolidated financial statements), and cash and cash equivalents of $8.2 million.
(2) Consists of notes receivable of $2.3 million in connection with the Transit City closing, and cash and cash equivalents of $50.5 million.

Summary of development credit facilities

Investment in associates

As at September 30, 2023, PCVP and VMC Residences had credit facilities in the amount of $460.0 million (December 31, 2022 – $755.1 million), bearing annual interest rates of BA + 1.45% with maturity dates in June 2027. As at September 30, 2023, deducting amount drawn on such development credit facilities of $385.9 million (December 31, 2022 – $515.3 million) and outstanding letters of credit of $29.9 million (December 31, 2022 – $63.1 million), the remaining unused development credit facilities was $44.2 million (December 31, 2022 – $176.8 million), of which the Trust's share was $22.1 million (December 31, 2022 – $67.6 million).

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

Investment in joint ventures

As at September 30, 2023, the Trust's joint ventures had credit facilities in the amount of $240.7 million (December 31, 2022 – $251.7 million), bearing annual interest rates between BA + 1.50% and BA + 2.45%, with maturity dates between May 2024 and August 2025. As at September 30, 2023, deducting amount drawn on such credit facilities of $221.5 million (December 31, 2022 – $181.6 million), and outstanding letters of credit of $1.8 million (December 31, 2022 – $1.6 million), the remaining unused development credit facilities was $17.5 million (December 31, 2022 – $68.5 million), of which the Trust's share was $10.0 million (December 31, 2022 – $40.2 million).

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

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

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

(in thousands of dollars)	**September 30, 2023**	December 31, 2022	Variance
Amounts receivable and other			
Tenant receivables	**$24,400**	$26,735	$(2,335)
Unbilled other tenant receivables	**11,312**	11,100	212
Receivables from related party – excluding equity accounted investments	**9,476**	11,899	(2,423)
Receivables from related party – equity accounted investments	**4,147**	616	3,531
Other non-tenant receivables	**7,727**	1,954	5,773
Other(1)	**13,939**	13,591	348
	$71,001	$65,895	$5,106
Allowance for ECL	**(8,084)**	(8,771)	687
Amounts receivable and other, net of allowance for ECL	**$62,917**	$57,124	$5,793
Prepaid expenses, deposits and deferred financing costs	**50,204**	14,474	35,730

(1) The amount includes a related party amount of $7.9 million (December 31, 2022 – $6.8 million).

As at September 30, 2023, total amounts receivable and other, net of allowance for ECL, and prepaid expenses, deposits and deferred financing costs increased by $41.5 million as compared to December 31, 2022. This increase was primarily attributed to the following:

- $35.7 million increase in prepaid expenses, deposits and deferred financing costs, principally due to an increase in prepaid realty tax; and
- $7.2 million increase in non-tenant receivables;

Partially offset by:

- $2.3 million decrease in tenant receivables due to billing adjustment for prior years pertaining to tenant lease settlements and tax appeal refund.

Tenant receivables

Approximately 60% of the Trust's tenant base are businesses offering "essential" services and approximately 99% of the Trust's tenant billings for the nine months ended September 30, 2023 have been collected. The Trust and its tenants are well positioned for continued strength in demand for retail space and, as the Trust identifies tenants for its vacant space, it also continues to work with its existing tenants on rent collections and payment solutions.

The table below represents a summary of total tenant receivables and ECL balances as at September 30, 2023 and December 31, 2022:

(in thousands of dollars)	**September 30, 2023**	December 31, 2022
Tenant receivables	**$24,400**	$26,735
Unbilled other tenant receivables	**11,312**	11,100
Total tenant receivables	**$35,712**	$37,835
Allowance for ECL	**(8,084)**	(8,771)
Total tenant receivables net of allowance for ECL	**$27,628**	$29,064

Mortgages, Loans and Notes Receivable

The following table summarizes mortgages, loans and notes receivable:

(in thousands of dollars)	**September 30, 2023**	December 31, 2022	Variance
Mortgages, loans and notes receivable			
Mortgages receivable (Mezzanine Financing)[(1)]	**$24,297**	$39,456	$(15,159)
Loans receivable[(2)]	**257,810**	282,312	(24,502)
Notes receivable[(1)]	**2,924**	2,924	—
	$285,031	$324,692	$(39,661)

(1) The amount is due from Penguin.
(2) Includes $82.9 million due from Penguin (December 31, 2022 – $100.3 million), see "Loans Receivable" subsection in this MD&A.

Mortgages Receivable (Mezzanine Financing)

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

(in thousands of dollars) Property	Amount Outstanding ($)	Committed ($)	Amount Guaranteed by Penguin ($)	Maturity Date including Extension Period	Annualized Variable Interest Rate at Year-End	Potential Area Upon Exercising Purchase Option (sq. ft.)
Pitt Meadows, BC[(1)(4)(5)]	$19,735	$70,653	$19,735	August 2028	6.90 %	25,003
Toronto (StudioCentre), ON[(2)(4)(5)]	4,562	27,344	4,562	August 2028	6.90 %	227,831
Caledon (Mayfield), ON[(1)(3)(5)]	—	15,498	—	August 2028	7.00 %	101,865
Salmon Arm, BC[(2)(3)]	—	13,398	—	August 2028	6.50 %	—
Aurora (South), ON[(3)(5)]	—	15,155	—	August 2028	6.75 %	57,741
Vaughan (7 & 427), ON[(1)(3)(5)]	—	15,781	—	August 2028	6.75 %	76,000
	$24,297	**$157,829**	**$24,297**		**6.90 %**	**488,440**

(1) Caledon, Vaughan and Pitt Meadows mortgages have original maturity dates of April 2024, December 2023 and November 2023, respectively. Their maturity dates are automatically extended to August 31, 2028 unless written notice is delivered from the borrower. During the extended maturity period, the mortgages receivable accrue interest at a variable rate based on the BA rate plus 4.00% to 5.00%.
(2) The Trust owns a 50% interest in these properties, with the other 50% interest owned by Penguin. These loans are secured against Penguin's interest in the property.
(3) Penguin fully repaid the outstanding balance of the mortgages in October 2022.
(4) The weighted average interest rate on this mortgage is subject to an upper limit of 6.90%.
(5) The Trust has a purchase option from the borrower in these properties upon a certain level of development and leasing being achieved. As at September 30, 2023, it is management's expectation that the Trust will exercise these purchase options. The purchase option for Aurora (South), ON, Pitt Meadows, BC, Vaughan (7 & 427), ON, and Caledon (Mayfield), ON are each 50%. The purchase option for Toronto (StudioCentre), ON is 25%.

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

The following table illustrates the activity in mortgages receivable:

	Three Months Ended September 30		**Nine Months Ended September 30**	
(in thousands of dollars)	**2023**	2022	**2023**	2022
Balance – beginning of period	**$24,818**	$139,285	**$39,456**	$139,589
Interest accrued	**422**	2,231	**1,721**	5,205
Interest payments	**(57)**	(202)	**(1,688)**	(4,552)
Principal advances	**—**	—	**—**	3,800
Principal repayments	**(886)**	—	**(15,192)**	(2,728)
Balance – end of period	**$24,297**	$141,314	**$24,297**	$141,314

Loans Receivable

The following table summarizes loans receivable:

(in thousands of dollars) **Issued to**	**September 30, 2023**	December 31, 2022
Penguin	**$82,866**	$100,279
Equity accounted investments	**174,944**	164,628
Unrelated parties	**—**	17,405
	$257,810	$282,312

See also Note 6(b) in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023 for more details about loans receivable, including committed facilities, maturity dates and interest rates.

The following table illustrates the activity in loans receivable:

	Three Months Ended September 30		**Nine Months Ended September 30**	
(in thousands of dollars)	**2023**	2022	**2023**	2022
Balance – beginning of period	**$268,617**	$305,965	**$282,312**	$274,523
Loans issued	**—**	6,861	**—**	31,145
Principal advances	**2,251**	6,135	**5,585**	14,968
Interest accrued	**2,062**	1,424	**6,405**	3,750
Fair value adjustments[(1)]	**787**	980	**2,404**	3,193
Repayments	**(15,907)**	(39,985)	**(38,896)**	(46,199)
Balance – end of period	**$257,810**	$281,380	**$257,810**	$281,380

(1) $2.4 million recorded during the nine months ended September 30, 2023 (nine months ended September 30, 2022 – $3.2 million) in connection with the loan issued as part of the 700 Applewood purchase.

Notes Receivable

Notes receivable of $2.9 million (December 31, 2022 – $2.9 million) have been granted to Penguin (see also, "Related Party Transactions"). These secured demand notes bear interest at 9.00% per annum (December 31, 2022 – 9.00%).

Section VII — Financing and Capital Resources

Capital Resources and Liquidity

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

(in thousands of dollars)	**September 30, 2023**	December 31, 2022	Variance
Cash and cash equivalents	**$48,955**	$35,255	$13,700
Remaining operating facilities[1]	**503,019**	553,343	(50,324)
	$551,974	$588,598	$(36,624)
Operating facility – accordion feature	**250,000**	250,000	—
	$801,974	$838,598	$(36,624)

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

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

As at September 30, 2023, the Trust's capital resources available decreased by $36.6 million as compared to December 31, 2022. The decrease was mainly attributable to a higher drawn balance on the Trust's operating facilities to repay secured debt upon maturity.

The Trust manages its cash flow from operating activities by maintaining a conservative debt level. As at September 30, 2023, the Debt to Gross Book Value was 51.9% (December 31, 2022 – 52.0%).

Other than contractual maturity dates, the timing of payment of these obligations is management's best estimate based on assumptions with respect to the timing of leasing, construction completion, occupancy and Earnout dates at September 30, 2023.

The following table presents the estimated amount and timing of certain of the Trust's future obligations including development obligations as at September 30, 2023:

(in thousands of dollars)	**Total**	**2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Secured debt	**$870,873**	$126,668	$151,295	$411,620	$98,417	$5,786	$77,087
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**	**$508,232**	**$1,411,302**	**$751,094**	**$922,367**	**$1,661,970**
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**	**$509,362**	**$1,395,422**	**$752,128**	**$922,745**	**$1,808,579**

(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 $24.3 million at September 30, 2023, and further forecasted commitments of $133.5 million, mature over a period extending to 2028 if the Trust does not exercise its option to acquire the investment properties. Refer to Note 6, "Mortgages, loans and notes receivable", in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023, for timing of principal repayments.

The following table presents the estimated amount and timing of certain of the equity accounted investments' future obligations, including development obligations, as at September 30, 2023:

(in thousands of dollars)	Total	2023	2024	2025	2026	2027	Thereafter
Secured and unsecured debt	**$686,861**	$1,680	$53,176	$58,057	$7,452	$437,092	$129,404
Development obligations (commitments)(1)	**46,041**	26,003	14,746	5,292	—	—	—
Total	**$732,902**	**$27,683**	**$67,922**	**$63,349**	**$7,452**	**$437,092**	**$129,404**

(1) The Trust is in the process of refining its estimates of development obligations for the years subsequent to 2023. This total does not include expected costs associated with the Trust's mixed-use development initiatives except for current amounts outstanding for active projects currently underway.

The following table presents the estimated amount and timing of certain of the Trust's proportionate share of equity accounted investments' future obligations, including development obligations, as at September 30, 2023:

(in thousands of dollars)	Total	2023	2024	2025	2026	2027	Thereafter
Secured and unsecured debt	**$347,430**	$715	$26,074	$43,759	$3,163	$209,257	$64,462
Development obligations (commitments)(1)	**20,886**	10,907	7,318	2,661	—	—	—
Total Trust's share	**$368,316**	**$11,622**	**$33,392**	**$46,420**	**$3,163**	**$209,257**	**$64,462**

(1) The Trust is in the process of refining its estimates of development obligations for the years subsequent to 2023. This total does not include expected costs associated with the Trust's mixed-use development initiatives except for current amounts outstanding for active projects currently underway.

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

(in thousands of dollars)	**September 30, 2023**	December 31, 2022
Current assets	**$404,715**	$276,140
Less: Current liabilities	**(811,264)**	(720,400)
Working capital deficiency	**$(406,549)**	$(444,260)
Adjusted by: Current portion of debt included in current liabilities	**(538,252)**	(459,278)
Net working capital surplus	**$131,703**	$15,018

As at September 30, 2023, the Trust had a net working capital surplus of $131.7 million (December 31, 2022 – $15.0 million surplus). This surplus excludes mortgages, unsecured debentures and operating lines of credit of $538.3 million (December 31, 2022 – $459.3 million) that matures within 12 months of the balance sheet date. It is management's intention to either repay or refinance these maturing liabilities with cash and cash equivalents, newly issued secured or unsecured debt, equity or, in certain circumstances not expected to occur frequently, the disposition of certain assets. Including such mortgages, unsecured debentures and operating lines of credit, the Trust has a working capital deficiency of $406.5 million as at September 30, 2023 (December 31, 2022 – $444.3 million deficiency).

As at September 30, 2023, the Trust has unencumbered assets (a non-GAAP financial measure) with an approximate fair value totalling $9.1 billion (December 31, 2022 – $8.4 billion), which could generate gross financing proceeds on income properties of approximately $5.8 billion (December 31, 2022 – $5.4 billion) using a 65% loan-to-value ratio. It is anticipated that requirements for secured and unsecured debt, mortgage receivable advances and development obligations will be funded by additional term mortgages, net proceeds on the sale of certain assets, existing cash or operating lines, the issuances of unsecured debentures, and equity, as necessary.

Maintenance Capital Requirements

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

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

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

	Three Months Ended September 30			**Nine Months Ended September 30**		
(in thousands of dollars)	**2023**	2022	Variance	**2023**	2022	Variance
Leasing commissions	**$689**	$660	$29	**$1,935**	$1,589	$346
Tenant improvements	**3,229**	1,755	1,474	**8,972**	5,209	3,763
Sustaining capital expenditures (recoverable and non-recoverable)	**6,513**	2,655	3,858	**14,907**	7,677	7,230
AFFO adjustment for sustaining capital expenditures, leasing commissions, and tenant improvements	**$10,431**	$5,070	$5,361	**$25,814**	$14,475	$11,339
Value enhancing capital expenditures	**3,837**	—	3,837	**3,837**	—	3,837
Total capital expenditures, leasing commissions, and tenant improvements	**$14,268**	$5,070	$9,198	**$29,651**	$14,475	$15,176
Adjusted salaries and related costs attributed to leasing	**$1,776**	$2,216	$(440)	**$5,810**	$5,994	$(184)

For the nine months ended September 30, 2023, the total capital expenditures, leasing commissions, and tenant improvements were $29.7 million, as compared to $14.5 million in the same period in 2022, representing an increase of $15.2 million. This increase is primarily due to costs associated with landlord work and roof replacements. These capital expenditures were incurred to sustain rental revenue from income properties and may vary widely from period to period and from year to year.

Debt

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

As at	**September 30, 2023**			December 31, 2022		
(in thousands of dollars)	**Balance**	**Weighted Average Term of Debt (in years)**	**Weighted Average Interest Rate of Debt**	Balance	Weighted Average Term of Debt (in years)	Weighted Average Interest Rate of Debt
Secured debt	**$869,867**	**2.3**	**3.99 %**	$969,054	2.8	3.91 %
Unsecured debt	**3,892,079**	**3.9**	**3.97 %**	3,791,797	4.1	3.74 %
Unsecured loan from equity accounted investments	**155,749**	**N/A**	**— %**	141,131	N/A	— %
Revolving operating facilities	**135,027**	**0.7**	**6.64 %**	81,283	1.3	5.59 %
Total debt before equity accounted investments	**$5,052,722**	**N/A**	**— %**	$4,983,265	N/A	— %
Less: Unsecured loan from equity accounted investments(1)	**(101,114)**	**N/A**	**— %**	(78,145)	N/A	— %
Subtotal	**$4,951,608**	**3.5**	**4.00 %**	$4,905,120	3.8	3.75 %
Share of secured debt (equity accounted investments)	**154,504**	**9.1**	**5.02 %**	193,525	8.1	4.91 %
Share of unsecured debt (equity accounted investments)	**192,926**	**3.7**	**6.83 %**	161,408	1.8	5.92 %
Share of debt classified as equity accounted investments	**$347,430**	**6.1**	**6.03 %**	$354,933	5.2	5.37 %
Total debt including equity accounted investments	**$5,299,038**	**3.7**	**4.13 %**	$5,260,053	4.0	3.86 %

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

Approximately 18% of the Trust's debt is at variable rates, with a significant portion of that being linked to development projects.

The following table summarizes the activities in debt, including debt recorded in equity accounted investments, for the nine months ended September 30, 2023:

(in thousands of dollars)	**Secured Debt**	**Unsecured Debt**	**Revolving Operating Facilities**	**Equity Accounted Investments**	**Loan from Equity Accounted Investments**	**Total**
Balance – January 1, 2023	$969,054	$3,791,797	$81,283	$354,933	$62,986	**$5,260,053**
Borrowings	12,733	300,000	217,576	50,631	2,405	**583,345**
Scheduled amortization	(29,522)	—	—	(2,105)	—	**(31,627)**
Repayments	(82,573)	(200,000)	(163,832)	(56,040)	(10,756)	**(513,201)**
Amortization of acquisition fair value adjustments	(243)	—	—	(98)	—	**(341)**
Financing costs incurred, net of additions	418	260	—	109	—	**787**
Currency translation	—	22	—	—	—	**22**
Balance – September 30, 2023	**$869,867**	**$3,892,079**	**$135,027**	**$347,430**	**$54,635**	**$5,299,038**

Secured Debt

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

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

(in thousands of dollars)	Instalment Payments	Lump Sum Payments at Maturity	Total	%	Weighted Average Interest Rate of Maturing Debt
2023	$8,971	$117,697	$126,668	14.54	5.16 %
2024	32,600	118,696 (1)	151,296	17.37	3.63 %
2025	22,016	389,604	411,620	47.28	3.39 %
2026	11,536	86,881	98,417	11.30	3.86 %
2027	5,786	—	5,786	0.66	— %
Thereafter	16,367	60,719	77,086	8.85	5.03 %
Total	**$97,276**	**$773,597**	**$870,873**	**100.00**	**3.88 %**
Acquisition date fair value adjustment			311		
Unamortized financing costs			(1,317)		
			$869,867		**3.99 %**

(1) Includes construction loans in the amount of $32.9 million, which bear interest from BA plus 170 basis points to BA plus 175 basis points.

Unsecured Debt

The following table summarizes the components of unsecured debt:

(in thousands of dollars)	**September 30, 2023**	December 31, 2022
Unsecured debentures (a)	**$2,752,393**	$2,652,327
Credit facilities (b)	**996,455**	996,238
	$3,748,848	$3,648,565
TRS debt	**143,232**	143,232
Other unsecured debt from equity accounted investments (c)	**155,748**	141,131
	$4,047,828	$3,932,928

a) Unsecured debentures

As at September 30, 2023, unsecured debentures totalled $2,752.4 million (December 31, 2022 – $2,652.3 million). The 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 $300.0 million of 5.354% Series Z senior unsecured debentures (net proceeds of the issuance in aggregate after issuance costs – $299.0 million). 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. The Trust utilized the net proceeds from the issuances to fully repay the $200.0 million aggregate principal of Series I senior unsecured debentures upon their maturity, along with revolving operating facilities and other existing indebtedness.

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.

b) *Credit facilities*

The following table summarizes the activity for unsecured credit facilities:

(in thousands of dollars) (Issued in)	Initial Maturity Date	Extended Maturity Date	Annual Interest Rate	Facility Amount	September 30, 2023	December 31, 2022
Non-revolving:						
August 2018[1]	January 31, 2025	N/A	2.98 %	$80,000	**$80,000**	$80,000
March 2019[1]	July 31, 2026	July 31, 2028	3.52 %	150,000	**150,000**	150,000
May 2019[1]	June 24, 2026	December 24, 2030	3.15 %	170,000	**170,000**	170,000
January 2022[2]	January 19, 2027	N/A	BA + 1.45%	300,000	**300,000**	300,000
December 2022[1]	December 1, 2025	N/A	4.37 %	100,000	**100,000**	100,000
December 2022[1]	December 1, 2025	N/A	4.88 %	100,000	**100,000**	100,000
December 2022	December 20, 2025	N/A	SOFR + 1.70%	100,000	**100,000**	100,000
Revolving:						
May 2020	May 11, 2024	May 11, 2026	BA + 1.45%	100,000	**—**	—
				$1,100,000	**$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. See additional details in the table below.
(2) The proceeds of this loan were mainly used for the acquisition of SmartVMC West in December 2021.

The following table summarizes the fair value gain as at September 30, 2023 and December 31, 2022, relating to the mark to market adjustments associated with the interest rate swap agreements:

Facility Amount	Maturity Date	Fixed Interest Rate	Variable Interest Rate	September 30, 2023	December 31, 2022
170,000	June 24, 2026	3.15 %	BA + 1.20%	**$22,127**	$16,225
150,000	July 31, 2026	3.52 %	BA + 1.20%	**15,016**	10,151
80,000	January 31, 2025	2.98 %	BA + 1.20%	**7,693**	6,161
100,000	December 1, 2025	4.37 %	BA + 1.20%	**5,278**	1,120
11,403	November 3, 2025	3.47 %	BA + 1.20%	**722**	624
100,000	December 1, 2027	4.88 %	BA + 1.20%	**4,912**	—
				$55,748	$34,281

c) *Other unsecured debt from equity accounted investments*

Other unsecured debt net of fair value adjustments totalling $155.7 million (December 31, 2022 – $141.1 million) at the Trust's share pertains to loans received from equity accounted investments in connection with contribution agreements relating to joint ventures. The loans are non-interest-bearing with repayment terms based on the distributions that are to be paid pursuant to the limited partnership agreements. The balances of the loans are expected to be paid at the end of their respective terms.

Revolving Operating Facilities

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

	Annual Interest Rate (%)	Facility Amount	Amount Drawn	Outstanding Letters of Credit	Remaining Undrawn Facilities	
					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$54.9 million which was translated to $74.3 million).

In addition to the letters of credit outstanding on the Trust's revolving operating facilities (see above), the Trust also has $33.2 million of letters of credit outstanding with other financial institutions as at September 30, 2023 (December 31, 2022 – $32.9 million).

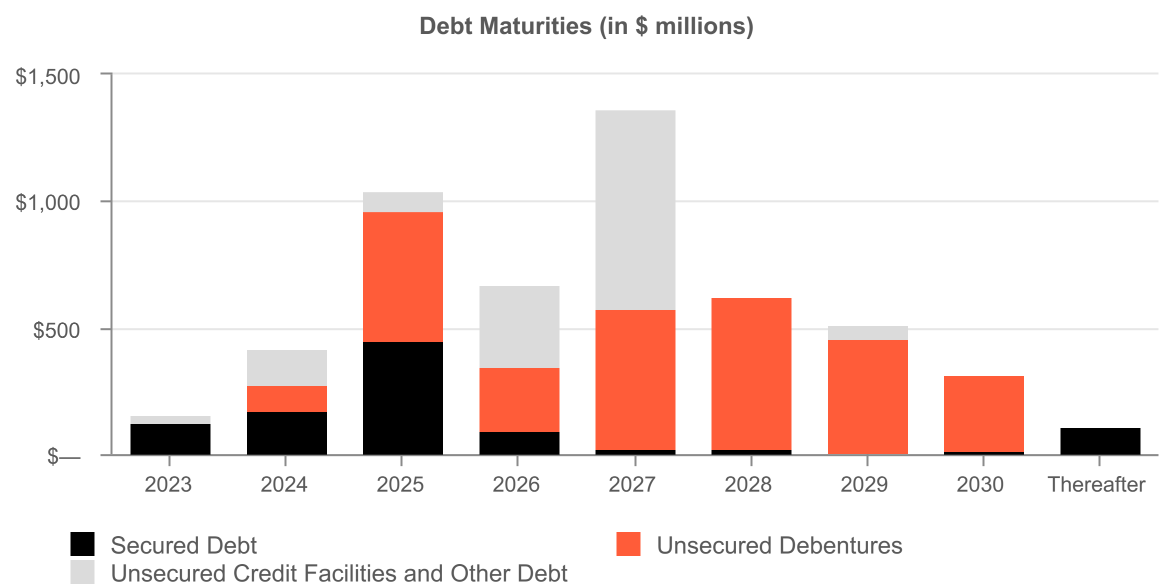
Unencumbered Assets

As at September 30, 2023, the Trust had $9.1 billion of unencumbered assets (a non-GAAP financial measure) (September 30, 2022 and December 31, 2022 – $8.4 billion), which reflects the Trust's share of the value of investment properties. Expressed as a percentage, the Trust earned approximately 70.0% of its NOI from unencumbered assets (September 30, 2022 – 71.2% and December 31, 2022 – 71.1%).

In connection with this pool of unencumbered assets, management estimates the total Forecasted Annualized NOI for 2023 to be $396.4 million (December 31, 2022 – $368.8 million). Forecasted Annualized NOI is computed by annualizing the current quarter NOI for the Trust's income properties that are not encumbered by secured debt, and is a forward-looking non-GAAP measure. See "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" in this MD&A.

Debt Maturities

The following graph illustrates the debt maturities(1)(2)(3) as at September 30, 2023:



(1) Includes the Trust's proportionate share of debt in equity accounted investments.
(2) Excludes revolving operating facility of $135.0 million, which matures between February 2024 and March 2028.
(3) For facilities where the initial maturity date can be extended at the sole option of the Trust, the final maturity date is assumed.

Financial Covenants

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

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

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

As at and for the nine months ended September 30, 2023, the Trust was in compliance with all financial covenants.

Ratio	Calculation	Threshold	**September 30, 2023**	December 31, 2022
Interest coverage ratio(1)	*Adjusted EBITDA / Adjusted interest expense including capitalized interest(6)*	≥ 1.65X	**2.8X**	3.1X
Fixed charge coverage ratio(3)	*Adjusted EBITDA / Debt service expense(7)*	≥ 1.5X	**1.7X**	2.3X
Debt to aggregate assets(3)(4)(5)	*Net debt / Aggregate assets(8)*	≤ 65%	**43.0 %**	43.6 %
Debt to aggregate assets (excluding TRS debt and receivable)(2)(5)	*Net debt (excluding TRS debt)/ Aggregate assets (excluding TRS receivable)(8)*	≤ 65%	**42.4 %**	42.9 %
Debt to Gross Book Value (excluding convertible debentures)(1)(4)(5)	*Net debt / Gross book value(9)*	≤ 60%	**51.9 %**	52.0 %
Debt to Gross Book Value (including convertible debentures)(1)(4)(5)	*Net debt / Gross book value(10)*	≤ 65%	**51.9 %**	52.0 %
Adjusted Debt to Adjusted EBITDA(2)(5)	*Adjusted debt / Adjusted EBITDA(11)*	N/A	**9.7X**	10.3X
Secured debt to aggregate assets(3)(5)	*Secured debt including EAI / Aggregate assets(12)*	≤ 40%	**8.4 %**	11.2 %
Unsecured to secured debt ratio(2)(5)	*Unsecured debt including EAI / Secured debt including EAI(13)*	N/A	**81%/19%**	74%/26%
Unencumbered assets to unsecured debt(3)(5)	*Unencumbered assets / Unsecured debt including EAI(14)*	≥ 1.3X	**2.1X**	2.2X
Unitholders' equity (in thousands)(1)(3)		≥ $2,000,000	**$6,424,238**	$6,163,101
Units classified as liabilities (in thousands)		N/A	**$179,749**	$211,497
Total Unitholders' equity including Units classified as liabilities (in thousands)		N/A	**$6,603,987**	$6,374,598

(1) This ratio is required by the Trust's indentures.
(2) This ratio is disclosed for informational purposes only.
(3) This ratio is a significant financial covenant pursuant to the terms of the Trust's revolving operating facilities and other credit facilities.
(4) This ratio is stipulated by the Declaration of Trust.
(5) As at September 30, 2023, cash-on-hand of $45.3 million (December 31, 2022 – $33.4 million) was excluded for the purposes of calculating the ratios.
(6) This ratio is calculated as: Adjusted EBITDA/Adjusted interest expense including capitalized interest. The calculation of Adjusted EBITDA and Adjusted interest expense including capitalized interest are referenced in the "Non-GAAP Measures" section in this MD&A.
(7) This ratio is calculated as: Adjusted EBITDA/Debt service expense. The calculation of Adjusted EBITDA is referenced in the "Non-GAAP Measures" section in this MD&A. Debt service expense is calculated as total interest expense as per the proportionate income statement, less distributions on vested deferred units and Units classified as liabilities and interest income from mortgages and loans receivable, plus capitalized interest and mortgage principal amortization payments.
(8) This ratio is calculated as: Net debt/Aggregate assets. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand. Aggregate assets is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand.
When calculating this ratio excluding TRS receivable and debt, Net debt as calculated above, further minus debt borrowed concurrent with entering the TRS agreement as referenced in "Debt". Aggregate assets as calculated above further minus TRS receivable.
(9) This ratio is calculated as: Net debt/Gross book value. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt". less excess cash-on-hand. Gross book value is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand and fair value adjustment net of accumulated amortization.
(10) This ratio is calculated as: Net debt/Gross book value. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt". less excess cash-on-hand. Gross book value is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand and fair value adjustment net of accumulated amortization.
(11) This ratio is calculated as: Adjusted Debt/Adjusted EBITDA. Adjusted debt is calculated as total debt including equity accounted investments as referenced in "Debt", less excess cash-on-hand and less loans receivable. The calculation of Adjusted EBITDA is referenced in the "Non-GAAP Measures" section in this MD&A.
(12) This ratio is calculated as: Secured debt including EAI/Aggregate assets. Secured debt is calculated as the Trust's secured debt plus secured debt on equity accounted investments as referenced in "Debt". Aggregate assets is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand.
(13) This ratio is calculated as: Unsecured debt including EAI/Secured debt including EAI. Unsecured debt is calculated as the Trust's unsecured debt plus unsecured debt on equity accounted investments as referenced in "Debt". Secured debt is calculated as the Trust's secured debt plus secured debt on equity accounted investments as referenced in "Debt".
(14) This ratio is calculated as: Unencumbered assets/Unsecured debt including EAI. Unencumbered assets is calculated as referenced in "Debt." Unsecured debt is calculated as the Trust's unsecured debt plus unsecured debt on equity accounted investments as referenced in "Debt".

Unitholders' Equity

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

Type	**Class**	**September 30, 2023**	December 31, 2022
Trust Units	N/A	**144,625,322**	144,625,322
Smart Limited Partnership	Class B	**16,424,430**	16,424,430
Smart Limited Partnership II	Class B	**756,525**	756,525
Smart Limited Partnership III(1)	Class B	**4,117,096**	4,062,801
Smart Limited Partnership IV	Class B	**3,112,565**	3,112,565
Smart Oshawa South Limited Partnership	Class B	**710,416**	710,416
Smart Oshawa Taunton Limited Partnership	Class B	**374,223**	374,223
Smart Boxgrove Limited Partnership	Class B	**170,000**	170,000
Total Units classified as equity		**170,290,577**	170,236,282
Smart Limited Partnership	Class D	**311,022**	311,022
Smart Limited Partnership	Class F	**8,708**	8,708
Smart Oshawa South Limited Partnership	Class D	**260,417**	260,417
ONR Limited Partnership	Class B	**1,248,140**	1,248,140
ONR Limited Partnership I	Class B	**272,183**	272,183
SmartVMC West Limited Partnership	Class D	**5,797,101**	5,797,101
Total Units classified as liabilities		**7,897,571**	7,897,571
Total Units		**178,188,148**	178,133,853

(1) The increase in number of Units relates to Units issued in connection with Earnout transactions completed during the nine months ended September 30, 2023. See also Note 14, "Unit equity", in the Trust's unaudited interim condensed consolidated financial statements.

As of November 8, 2023, the Trust has 170,290,577 Units outstanding which are classified as equity, and 7,897,571 Units outstanding which are classified as liabilities. The following table is a summary of the activities having an impact on Unitholders' equity:

(in thousands of dollars)	**Nine Months Ended September 30, 2023**	Year Ended December 31, 2022
Unitholders' Equity – beginning of period	**$6,163,101**	$5,841,315
Unit issuance costs	**—**	(250)
Issuance of LP Units classified as equity	**1,471**	1,279
Net income and comprehensive income	**495,938**	635,965
Distributions	**(236,272)**	(315,208)
Unitholders' Equity – end of period	**$6,424,238**	$6,163,101
LP Units classified as liabilities – beginning of period	**211,497**	254,223
Change in carrying value	**(31,748)**	(42,726)
LP Units classified as liabilities – end of period	**$179,749**	$211,497
Unitholders' Equity and LP Units classified as liabilities – end of period	**$6,603,987**	$6,374,598

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

For the nine months ended September 30, 2023, the Trust paid $247.2 million in cash distributions (for the nine months ended September 30, 2022 – $247.4 million in cash distributions). The following table summarizes declared distributions:

	Three Months Ended September 30		**Nine Months Ended September 30**	
(in thousands of dollars)	**2023**	2022	**2023**	2022
Distributions declared on:				
Trust Units	**$66,891**	$66,891	**$200,672**	$200,672
LP Units	**11,869**	11,840	**35,600**	35,519
Other non-controlling interest	**—**	—	**—**	283
Distributions on Units classified as equity	**$78,760**	$78,731	**$236,272**	$236,474
Distributions on LP Units classified as liabilities – excluding SmartVMC West	**969**	969	**2,910**	2,910
Distributions on LP Units classified as liabilities – SmartVMC West	**2,682**	2,682	**8,044**	8,044
Distributions on LP Units classified as liabilities	**$3,651**	$3,651	**$10,954**	$10,954
Total distributions declared	**$82,411**	$82,382	**$247,226**	$247,428

Section VIII — 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
Pursuant to the Declaration of Trust, provided certain ownership thresholds are met, the Trust is required to issue such number of additional Special Voting Units to Penguin that will entitle Penguin to cast 25.0% of the aggregate votes eligible to be cast at a meeting of the Unitholders and Special Voting Unitholders ("Voting Top-Up Right"). As at 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 discussion, see the Trust's management information circular dated November 6, 2020, filed on SEDAR+.

As at September 30, 2023, Penguin owned 20.9% of the aggregate issued and outstanding Trust Units in addition to the Special Voting Units previously noted above. Penguin's ownership of Trust Units would increase to 24.7% if Penguin exercised all remaining options to purchase Units pursuant to existing development and exchange agreements (Earnouts). In addition, the Trust has entered into property management, leasing, development and exchange, and co-ownership agreements with Penguin. Pursuant to its rights under the Declaration of Trust, as at September 30, 2023, Penguin has appointed two of the eight trustees on the Board of Trustees.

b) Agreements with Penguin entered into on November 6, 2020
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 discussion, see below and the Trust's management information circular dated November 6, 2020, filed on SEDAR+.

Supplement to Development Services Agreement between the Trust and its Affiliates and Penguin ("Development and Services Agreement")
The following represent the key elements of the Development and Services Agreement with Penguin which is effective from July 1, 2020 until December 31, 2025:

i) Penguin shall be reimbursed for 50% of disposition fees otherwise payable pursuant to the Development Services Agreement related to Penguin's interest in properties sold by the Trust,
ii) for future SmartVMC commercial phases and certain properties currently owned by Penguin (for which the Trust has historically assisted with development and planning requirements), all development fees are payable to Penguin and all other fees (management, leasing, etc.) are payable to the Trust,

iii) when Penguin utilizes employees of the Trust to assist with its development projects, Penguin will pay for these services provided by employees of the Trust based on annual estimates of time billings related to these projects, charged at estimated total cost, including compensation,
iv) for Penguin's 50% interest in a property in Toronto co-owned with Revera to develop a retirement home, Penguin will pay 50% of the development fees it earns to the Trust for the development services provided by the Trust, and
v) the Trust will continue to manage and develop all other Penguin properties.

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

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

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

Mezzanine Loan Amending Agreements between the Trust and its Affiliates and Penguin ("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" in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023). The Trust's purchase option periods have been extended and because these properties may now be subject to mixed-use development projects, the agreements provide that the parties establish a new framework for the purchase options for the Trust related to mixed-use development.

Non-Competition Agreement
A non-competition agreement with Penguin entered into in 2020 replaced and superseded the previous non-competition agreement extending the term by five years and broadening restricted competing initiatives to include various forms of mixed-use development.

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

Equity Incentive Plan
In January 2021, the Trust granted 900,000 performance units to Mitchell Goldhar pursuant to the EIP adopted by Unitholders effective December 9, 2020, which are subject to the achievement of Unit price thresholds (ranging from $26.00 to $34.00). The performance period for this award granted under the EIP is from January 1, 2021 to December 31, 2027. The vesting period for these performance units will commence on the date that the applicable performance measure is achieved, and will end on the earlier of the third anniversary of the date that the applicable performance measure is achieved and the end of the performance period. Distributions on these performance units will accumulate from January 1, 2021. Provided the various performance measures are achieved, the performance units will be exchanged for Trust Units or paid out in cash (see also Note 20, "Related party transactions", in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023). Under the award granted to Mitchell Goldhar, the $26.00 Unit price threshold was achieved on April 5, 2021, and the $28.00 Unit price threshold was achieved on May 18, 2021, and under the awards granted to Mitchell Goldhar and other eligible associates in 2021, the $30.00 Unit price threshold was achieved on September 22, 2021, and the $32.00 Unit price threshold was achieved on April 5, 2022. The performance units for these Unit price thresholds will vest on April 4, 2024, May 17, 2024, September 21, 2024 and April 4, 2025, respectively.

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

(in thousands of dollars)	**Nine Months Ended September 30, 2023**	Year Ended December 31, 2022
Balance – beginning of period	**$13,380**	$8,500
Amortization costs capitalized to properties under development(1)	**4,004**	5,182
Fair value adjustment to financial instruments	**(2,589)**	(302)
Balance – end of period	**$14,795**	$13,380

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

c) Summary of transactions and balances with Penguin

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

	Three Months Ended September 30		**Nine Months Ended September 30**	
(in thousands of dollars)	**2023**	2022	**2023**	2022
Related party transactions with Penguin				
Acquisitions and Earnouts:				
Earnouts	**$539**	$1,041	**$8,196**	$8,404
Revenues:				
Service and other revenues:				
Management fee and other services revenue pursuant to the Development Services Agreement	**2,335**	626	**8,091**	1,860
Supplement to the Development 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.

(in thousands of dollars)	**September 30, 2023**	December 31, 2022
Related party balances with Penguin disclosed elsewhere in the financial statements		
Receivables:		
Amounts receivable and other[1]	**$17,402**	$18,734
Mortgages receivable	**24,297**	39,456
Loans receivable	**82,866**	100,280
Notes receivable	**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	**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 $9.5 million and other of $7.9 million (December 31, 2022 – amounts receivable of $11.9 million and other of $6.8 million).

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", in the Trust's unaudited interim condensed consolidated financial statements.

b) Loans receivable issued

A loan receivable was provided to PCVP pursuant to a loan agreement. "PCVP" is a partnership in which each of SmartCentres and a Penguin group company owns a 50% interest. Loans receivable were issued to certain joint ventures partnered with SmartStop pursuant to a master credit loan agreement. See Note 6(b) in the Trust's unaudited interim condensed consolidated financial statements.

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) in the Trust's unaudited interim condensed consolidated financial statements.

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**	
(in thousands of dollars)	**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:

(in thousands of dollars)	**September 30, 2023**	December 31, 2022
Related party balances disclosed elsewhere in the financial statements		
Amounts receivable[1]	**$4,147**	$616
Loans receivable[2]	**174,944**	164,628
Other unsecured debt[3]	**155,748**	141,131

(1) Amounts receivable includes Penguin's portion, which represents $0.6 million (December 31, 2022 – $0.03 million) relating to Penguin's 50% investment in the PCVP and 50% in Residences (One) LP.
(2) Loans receivable includes Penguin's portion, which represents $25.3 million (December 31, 2022 – $24.3 million) relating to Penguin's 50% investment in PCVP.
(3) Other unsecured debt does not consist of Penguin's portion as at September 30, 2023 (December 31, 2022 – $0.2 million relating to Penguin's 25% investment in Residences LP).

Other related party transactions

The following table summarizes other related party transactions:

	Three Months Ended September 30		Nine Months Ended September 30	
(in thousands of dollars)	**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

Section IX — Accounting Policies, Risk Management and Compliance

Significant Accounting Estimates and Policies

In preparing the Trust's unaudited interim condensed consolidated financial statements and accompanying notes, it is necessary for management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the period. The significant items requiring estimates are discussed in the Trust's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023, and the Notes contained therein.

The Trust's MD&A for the year ended December 31, 2022 also contains a discussion of the significant accounting policies most affected by estimates and judgments used in the preparation of the audited consolidated financial statements for the year ended December 31, 2022. Management determined that as at September 30, 2023, there is no change to the assessment of significant accounting policies most affected by estimates and judgments described in the Trust's MD&A for the year ended December 31, 2022, 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.

Risks and Uncertainties

The ability of the Trust to meet its performance targets is dependent on its success in mitigating the various forms of risks that it has identified. For a comprehensive list of risks and uncertainties pertinent to the Trust, please see the risk factors disclosed in the AIF under the headings "Risk Factors" and the Trust's MD&A for the year ended December 31, 2022 under the heading "Risks and Uncertainties".

Income Taxes and the REIT Exception

In accordance with the Declaration of Trust, distributions to Unitholders are declared at the discretion of the Board of Trustees. The Trust endeavours to distribute to Unitholders, in cash or in Units, in each taxation year its taxable income to such an extent that the Trust will not be liable to income tax under Part I of the *Income Tax Act* (Canada) (the "Tax Act"). For specified investment flow-through trusts (each a "SIFT"), the Tax Act imposes a special taxation regime (the "SIFT Rules"). A SIFT includes a trust resident in Canada with publicly traded units that holds one or more "non-portfolio properties". "Non-portfolio properties" include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada. Under the SIFT Rules, a SIFT is subject to tax in respect of certain distributions that are attributable to the SIFT's "non-portfolio earnings" (as defined in the Tax Act), at a rate substantially equivalent to the combined federal and provincial corporate tax rate on certain types of income. The SIFT Rules are not applicable to a SIFT that meets certain specified criteria relating to the nature of its revenues and investments in order to qualify as a real estate investment trust for purposes of the Tax Act (the "REIT Exception"). The Trust qualifies for the REIT Exception as at September 30, 2023.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

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

No changes were made to the Trust's internal controls over financial reporting during the three and nine months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Inherent Limitations

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

Section X — Glossary of Terms

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