ANNUAL REPORT.

2021

SMARTLIVING®
RESIDENTIAL

SMARTCENTRES®
SHOPPING CENTRES & CITY CENTRES

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MESSAGE FROM THE EXECUTIVE CHAIRMAN AND CEO

Mitchell Goldhar
Executive Chairman and CEO

DEAR FELLOW UNITHOLDERS,

SmartCentres' proven ability to maintain strong results throughout the real-life 'stress test' that was COVID-19 is a testament to the quality of our real estate. It also reaffirms that certain physical retail fulfils a critical role in the future of cities and towns and, in that regard, SmartCentres' essential retail is very important.

Our shopping centres are all Walmart and/or grocery anchored and, along with our other stable tenants, provide reliable income. Our retail business ended 2021 with a committed occupancy rate of 97.6%, collection levels over 98.5% and rising, and NOI growth of 5.5% (before condominium sales). This resilience informed our decision to maintain distribution levels through the duration of the pandemic.

And, while we highly value our recurring retail income, it is our unrivalled transformative development program on our strategically located real estate, which includes over 58 million square feet of incremental built density (over 40 million square feet at REIT share), that will drive our growth. We continue to accelerate zoning approvals, mobilize construction schedules, and leverage our end-to-end in-house development expertise to establish a regular cadence of residential and other new income-generating property completions across the country. We currently have over 3.1 million square feet under construction, with another 11 million expected to commence within the next two years; at REIT share, this is 28% of our existing square footage.

SmartLiving, our new wholly owned residential development banner also represents SmartCentres' future, augmenting our residential development program. The SmartLiving pipeline already includes over 57,000 residential units across the portfolio, designing low-rise, mid-rise and high-rise homes around public spaces and parks within pedestrian-focused, transit-connected, master-planned communities on our existing properties. We are currently developing nearly 14,000 residential units, with an initial focus on the high-demand greater Toronto, Montreal and Ottawa markets. Our flagship 100+ acre SmartVMC property alone is one of Canada's fastest growing mixed-use communities, expected to ultimately become home to 45,000 residents.

At SmartCentres, we believe in focusing on the long-term quality of real estate first, providing options to react to change. This approach has yielded many benefits over the past three decades, and it continues to pay dividends once again as we reimagine our lands 'From Shopping Centres to City Centres'.

Regards,

Mitchell Goldhar,

Mitchell Goldhar
Executive Chairman and CEO
SmartCentres REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

Section I — About this Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") sets out SmartCentres Real Estate Investment Trust's ("SmartCentres" or the "Trust") business overview and strategic direction, and provides an analysis of the financial performance and financial condition for the year ended December 31, 2021, management's outlook and the risks facing the business.

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

This MD&A is dated February 15, 2022, which is the date of the press release announcing the Trust's results for the year ended December 31, 2021. Disclosure contained in this MD&A is current to that date, unless otherwise noted.

Certain definitions of terms and ratios capitalized throughout this MD&A can be found in "Non-GAAP Measures" and Section X – Glossary of Terms.

Presentation of Certain Terms Including Non-GAAP Measures

Readers are cautioned that certain terms used in this MD&A. This include non-GAAP financial measures and other terms. The following terms are non-GAAP financial measures used in this MD&A: Adjusted Cashflow From Operations ("ACFO"), ACFO with adjustments, ACFO per Unit, ACFO with adjustments per Unit, Adjusted Debt, Net Debt, Adjusted Debt to Adjusted EBITDA, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization Expense ("Adjusted EBITDA"), Adjusted Interest Expense including Capitalized Interest, Debt Service Expense, Aggregate Assets, Gross Book Value, Annual Run-Rate NOI, Debt to Aggregate Assets, Debt to Gross Book Value, Fixed Charge Coverage Ratio, Forecasted Annualized NOI, Funds From Operations ("FFO"), FFO with adjustments, FFO with adjustments and Transactional FFO, FFO excluding condominium profits, FFO per Unit, FFO with adjustments per Unit, FFO with adjustments and Transactional FFO per Unit, Interest Coverage Ratio, Net Operating Income ("NOI"), Payout Ratio to ACFO, Proportionate Share Reconciliation, Recovery Ratio, Same Properties NOI ("SPNOI"), Transactional FFO, Unsecured to Secured Debt Ratio. These non-GAAP financial measure are defined in this MD&A and reconciled to the closest IFRS measure in the consolidated financial statements of the Trust for the year ended December 31, 2021 in "Non-GAAP Measures". Readers should refer to "Non-GAAP Measures" for definitions and reconciliations of the Trust's non-GAAP financial measures.

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

These non-GAAP financial 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 similarly titled measures presented by other publicly traded entities. For further details of these terms, see "Other Measures of Performance", "Net Operating Income", "Debt", "Financial Covenants", and "Non-GAAP Measures".

Non-GAAP Measures

The following table details the Trust's non-GAAP financial 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
Adjusted Cashflow From Operations ("ACFO") and **ACFO with adjustments** and **ACFO per Unit** and **ACFO with adjustments per Unit**	ACFO may not be comparable to similar measures used by other real estate entities. The Trust calculates its ACFO in accordance with the Real Property Association of Canada's ("REALpac") White Paper on Adjusted Cashflow from Operations for IFRS last revised in February 2019. ACFO is defined as cash flows from operations adjusted for such items as, but not limited to, changes in working capital, interest expense included in cash flow from financing, capital expenditures, leasing costs, tenant improvements, non-cash interest expense and income, acquisition-related gains (losses), and distributions. ACFO with adjustments is defined as ACFO less costs associated with vaccination centres and yield maintenance costs on repayment of debt and related write-off of unamortized financing costs. ACFO per Unit is defined as ACFO divided by the weighted average units outstanding. ACFO with adjustments per Unit is defined as ACFO with adjustments divided by the weighted average units outstanding. ACFO and ACFO with adjustments are intended to be used by investors as sustainable, economic cash flow metrics. Management considers ACFO an input to determine the appropriate level of distributions to Unitholders as it adjusts cash flows from operations to better measure sustainable, economic cash flows.	Section IV — Business Operations and Performance, "Other Measure of Performance"
Adjusted Debt and **Net Debt**	Adjusted Debt is defined as the Trust's total proportionate share of debt, net of mortgages and loans receivable and cash-on-hand. Net Debt is defined as the total proportionate share of debt, 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, "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 this 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 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. 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
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"
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 debt, 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"
Annual Run-Rate NOI	Annual Run-Rate NOI is defined as an annualized measure of the current quarter's NOI, adjusted for management's estimate of the impact of straight-line rent and other extraodinary items including but not limited to bad debt provisions and termination fees. The measure is intended to be used by investors as an estimate of normalized and annualized profitability for future periods. Management uses this measure to assess the future profitability of the Trust based on its existing assets.	Section IV — Business Operations and Performance, "Results of Operations"
Debt to Aggregate Assets	Debt to Aggregate Assets is defined as Net Debt divided by Aggregate Assets. The ratio is intended to be used by investors to assess the leverage of the Trust on a consolidated basis. Management uses this ratio 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 used 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"
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 Trust's future profitability.	Section VII — Financing and Capital Resources, "Debt"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation
Funds From Operations ("FFO") and **FFO with adjustments** and **FFO with adjustments and Transactional FFO** and **FFO excluding condominium profits** and **FFO per Unit** and **FFO with adjustments per Unit** and **FFO with adjustments and Transactional FFO 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, which published a White Paper describing the intended use of FFO last revised in February 2019. It is the Trust's view that IFRS net income does not necessarily provide a complete measure of the Trust's economic earnings. This is primarily because IFRS net income includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations and gains and losses on the disposal of investment properties, including associated transaction costs and taxes, which are not representative of a company's economic earnings. For these reasons, the Trust has adopted REALpac's definition of FFO, which was created by the real estate industry as a supplemental measure of economic earnings. FFO is defined as net income and comprehensive income attributable to Unitholders adjusted for items such as, but not limited to, unrealized changes in the fair value of investment properties and financial instruments and transaction gains and losses on the acquisition or disposal of investment properties. FFO with adjustments is defined as FFO less costs associated with vaccination centres and yield maintenance costs on repayment of debt and related write-off of unamortized financing costs. FFO with adjustments and Transactional FFO is defined as FFO with adjustments, further adjusted for gain/(loss) on sale of land to co-owners. FFO excluding condominium profits is defined as FFO less FFO generated from sales of condominium. 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 Measure 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"
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
Payout Ratio to ACFO	Payout Ratio to ACFO is defined as distributions declared divided by ACFO. It is the proportion of earnings paid out as dividends to Unitholders. The measure is intended to be used by investors to assess the distribution rate of the Trust. Management determines the Trust's Unit cash distribution rate by, among other considerations, its assessment of cash flow as determined using certain non-GAAP measures. As such, management believes the cash distributions are not an economic return of capital, but a distribution of sustainable cash flow from operations.	Section IV — Business Operations and Performance, "Other Measure of Performance"
Proportionate Share Reconciliation	References made to a "total proportionate share" or "the Trust's proportionate share of EAI" represent the Trust's proportionate interest in the financial position and operating activities of its entire portfolio, which reflect the difference in accounting treatment between joint ventures using proportionate consolidation and equity accounting. 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 to assess management's ability to manage recoverable operating expenses for its investment properties.	Section IV — Business Operations and Performance, "Results of Operations"
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 these periods, are excluded from Same Properties NOI. The measure is intended to be used by investors as a profitability growth indicator 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 Measure 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 to assist in assessing the Trust's ability to secure financing.	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" that reflect management's expectations regarding the Trust's future growth, results of operations, performance and business prospects and opportunities, including those statements outlined under the headings, "Business Overview, Outlook and Strategic Direction", "Outlook", "Key Business Development, Financial and Operational Highlights for the Year Ended December 31, 2021", "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", "Equity Accounted Investments", "Amounts Receivable and Other, Deferred Financing Costs, and Prepaid Expenses and Deposits", "Mortgages, Loans and Notes Receivable", "Capital Resources and Liquidity", "Maintenance of Productive Capacity", "Debt" (which includes "Unencumbered Assets"), "Unitholders' Equity", "Risks and Uncertainties", and "Environmental, Social and Governance".
More specifically, certain statements contained in this MD&A, including statements related to the impact of the COVID-19 pandemic including the Trust's plans, expectations and intentions with respect to the collection of rent from tenants, the operation, maintenance and development of its properties and its expectations with respect to liquidity; the Trust's future growth potential and the identification of development opportunities; future occupancy levels; the sustainability of COVID-related trends; plans to extract additional sources of FFO and NAV; expected replacement income to be generated by backfilling existing vacant space over time; the Trust's maintenance of productive capacity, estimated future development plans and joint venture projects, including the described type, scope, costs and other financial metrics related thereto; the Trust's expectations regarding future potential mixed-use development opportunities, the timing of construction and costs thereof and returns therefrom; the Trust's ability to pay future distributions to Unitholders and expectations regarding monthly cash distribution levels, view of term mortgage renewals including rates and refinancing amounts, timing of future payments of obligations, intentions to obtain additional secured and unsecured financing and potential financing sources; the Trust's potential future pipeline and uncommitted pipeline; Forecasted Annualized NOI and Annual Run-Rate NOI; vacancy and leasing assumptions; expectations surrounding the timing of additional environmental, social, and governance ("ESG") disclosure and reporting; and statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "plan", "potential", "propose", "schedule", "estimate", "intend", "project", "will", "may", "might", "continue", "timeline", "forecast", "outlook", "direction", "come" and similar expressions or negative variations thereof and statements relating to matters that are not historical facts, constitute "forward-looking statements". These forward-looking statements are presented for the purpose of assisting Unitholders to understand the Trust's operating environment, and may not be appropriate for other purposes. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

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

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

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

Section II — Business Overview, Outlook and Strategic Direction

Creating Exceptional Places to Shop, Live and Work in Canada

The Trust's Beginnings

From the Trust's inception in 2001 and prior to 2015, its growth was principally a result of the acquisition and Earnout of completed and fully leased open-format retail shopping centres, predominately with the Anchor or Shadow Anchor tenant (i.e., located within the shopping complex but not owned by the Trust) being Walmart. Even through the COVID-19 pandemic, the Trust's national open-format shopping centre portfolio continues to perform well with a current occupancy rate of 97.4%.

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

The Trust is Evolving into a Growth-Oriented Diversified REIT

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

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

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

SmartVMC aims to serve as an example of how to better serve urban residents with a thoughtfully designed and integrated living space amidst a major transportation hub. With the previous completion of two AAA class office buildings, and the closings of the first 1,110 condo units last year and an additional 631 condo units during the year ended December 31, 2021, these projects have already delivered significant FFO with future phases continuing to contribute. The Trust is now working on planning for similar city centre developments in Oakville, Scarborough, Pickering, Laval, QC, and Cambridge, with more to come.

An Illustration of SmartCentres' Investment Strengths

The Trust has a formidable array of investment strengths for investors to consider. First and foremost, the Trust is now evolving into a diversified Real Estate Investment Trust ("REIT") with recurring revenue from two major sources: i) rental income from retail, office, apartments, and self-storage, and ii) development income from condominium and townhome sales. The Trust has established a national shopping centre portfolio that continues to provide reliable and recurring income from national well-known retailers such as Walmart, Canadian Tire, Home Depot, Costco and Loblaws. The Trust has a program in place to assist retailers requiring help through the COVID-19 pandemic and it is introducing a host of new services to help ensure its open-format retail shopping centres remain vital and connected to their shoppers. This includes implementing curbside pick-up services, re-purposing space for logistics, providing for expanding or contracting premises, electric vehicle charging stations and digital signage. Professional management of the Trust's portfolio is an important strength that continues to enhance the quality of shopping, working and living at its properties. As of December 31, 2021, the Trust had an in-place occupancy rate of 97.4% at its shopping centres.

As SmartCentres expands its major mixed-use real estate development, not only operating on its own, it has also partnered with experienced industry experts in each category which includes rental apartments, condominiums, self-storage centres, seniors' housing, and office buildings. The completed development of Transit City 1 and 2 condominiums provided approximately $45.0 million of additional FFO in 2020 and, in 2021, approximately $18.8 million from the closings of Transit City 3 (provided approximately $46.2 million of additional net profit in 2020 and, in 2021, approximately $19.5 million of additional net profit from closings of Transit City 3). Creating entire city centres has become a major new growth avenue for SmartCentres. Workers around the world have discovered they can be productive working away from the downtown core of major cities. Operating from their residences in secondary urban environments, they enjoy the convenience of nearby retail shopping centres, restaurants, recreational facilities, properly planned parkland and excellent transportation services.

Executing on Established Growth Plan

The Trust's retail portfolio has been well-managed through the pandemic and is continually being upgraded to meet the in-person and online shopping requirements of its tenants' customers. Management believes the Trust is well-positioned to provide reliable recurring income. But more significant is the size and growth of the Trust's mixed-use development initiatives. As the chart below illustrates, a) the Trust has 59 projects that are underway out of a total of 283 projects that are planned, b) the Trust's share of total projected developments is estimated at 9.4 million square feet and that is expected to grow to 40.6 million square feet if all current planned projects are completed, and c) the total projected cost, at the Trust's share, is currently estimated at approximately $5.0 billion and is expected to grow to approximately $9.8 billion as these projects are completed (for projects with construction underway or expected to commence within the next five years).

Description	**Underway** (Construction underway or expected to commence within next 2 years)	**Active** (Construction expected to commence within next 3–5 years)	**Future** (Construction expected to commence after 5 years)	**Total**
Residential Rental	20	24	60	104
Seniors' Housing	4	9	14	27
Self-storage	9	10	17	36
Office Buildings	—	1	7	8
Hotels	—	—	3	3
Recurring income initiatives	33	44	101	178
Condominium developments	24	24	47	95
Townhome developments	2	3	5	10
Development income initiatives	26	27	52	105
Total	**59**	**71**	**153**	**283**
Planning entitlements[2] (#)	**45**	**45**	**88**	**178**
Total project area (in thousands of sq. ft.) – at 100%[3]	14,000	14,600	30,000	58,600
Total Trust's share of project area (in thousands of sq. ft.)	**9,400**	**9,200**	**22,000**	**40,600**
Total estimated costs (in millions of dollars) – at 100% based on current planning budgets[3]	7,400	7,800	–[1]	15,200
Trust's share of such estimated costs (in millions of dollars)	**5,000**	**4,800**	**–[1]**	**9,800**

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

Outlook

Mixed-Use Development
In December 2021, the Trust completed the acquisition valued at $513.0 million of a two-thirds interest in approximately 53.0 acres of lands representing the western portion of SmartVMC ("SmartVMC West") on which approximately 10.0 million square feet of mixed-use space is expected to be built in the coming years. This strategic acquisition now permits the Trust, together with Penguin, to master plan and develop the entire approximately 105.0 acre SmartVMC lands, which, when complete, are expected to be comprised of mixed-use developments exceeding 20.0 million square feet. This acquisition was financed by the issuance of $181.2 million in equity taken back by the vendors and $300.0 million cash was drawn from the Trust's existing credit facilities, which were subsequently repaid with the establishment of a new five-year unsecured $300.0 million facility in January 2022.

From a development perspective at SmartVMC, during Q4 2021 the Trust, together with Penguin commenced the pre-sale program for the ArtWalk Condominiums, the first phase of condominium development to be built on the parcel of SmartVMC formerly occupied by Walmart. To date, 309 units have been pre-sold out of the 320 released units. ArtWalk and future phases of both high-rise condominium and rental residential development are expected to be developed by the Trust's in-house platform. Construction of this phase is expected to commence in 2022 with deliveries expected in 2025-2026. Also, during 2021, all 631 pre-sold units at Transit City 3 were closed, contributing $18.8 million in FFO ($0.11 per Unit). In addition, the 22 pre-sold townhomes being built as part of Transit City 1 and 2 are in the final stages of completion and are expected to be delivered to purchasers in Q2 2022. The table below provides details on actual and expected closings for units in the various phases of condominium development that have been launched at SmartVMC:

Time of Actual/Expected Closings	Transit City 1 & 2	Transit City 3	Transit City 4 & 5	Transit City 1 & 2 Townhomes	Total Transit City	ArtWalk	Total	As a % of Total
2020	1,109	—	—	—	**1,109**	**—**	**1,109**	**32.5**
Q1 2021	1	—	—	—	**1**	**—**	**1**	**—**
Q2 2021	—	439	—	—	**439**	**—**	**439**	**12.9**
Q3 2021	—	192	—	—	**192**	**—**	**192**	**5.6**
Q4 2021	—	—	—	—	**—**	**—**	**0**	**—**
2022	—	—	—	22	**22**	**—**	**22**	**0.6**
Subtotal	**1,110**	**631**	**—**	**22**	**1,763**	**—**	**1,763**	**51.6**
2023	—	—	1,026	—	**1,026**	**—**	**1,026**	**30.0**
2025-2026	**—**	**—**	**—**	**—**	**—**	**627**	**627**	**18.4**
Total – 2020 to 2026	**1,110**	**631**	**1,026**	**22**	**2,789**	**627**	**3,416**	**100.0**

SmartVMC has become a community, with approximately 3,000 new residents in occupancy. In addition, construction of Transit City 4 and 5 continues with closings expected in 2023. The construction of the Trust's first purpose-built rental building at SmartVMC is expected to be completed in 2024. Upon their completion, these phases are expected to provide accommodation for over 2,000 additional residents to SmartVMC.

The construction of the world-class YMCA at SmartVMC is complete and subject to COVID-related governmental restrictions, is expected to open in 2022. The Trust is now also actively designing a future phase of office development at SmartVMC which is expected to be built in conjunction with two new residential towers across from the SmartVMC Bus Terminal.

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

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

Description	Location	Units (#)	Partner
Phase 2 Residential Rental Apartment	Laval, Quebec	211	Jadco
Vaughan NW Townhomes	Vaughan, Ontario	174	Fieldgate Homes
Seniors' Rental and Seniors' Living Community	Ottawa, Ontario	402	Groupe Sélection
Phase 1 Residential Rental Apartments (2 Buildings)	Mascouche, Quebec	238	Cogir
Phase 1 Residential Rental Apartment	Barrie, Ontario	378	Greenwin
London Fox Hollow Townhomes	London, Ontario	138	TBD

In Laval, Quebec, approximately 90% of the rental units of the 171-unit, 15-storey first phase of the two-phase, purpose-built residential rental project have been leased. Economic stabilization and permanent financing of this first tower are expected within the next six months.

In 2019, together with Revera Inc. ("Revera"), the Trust announced the execution of an overall agreement to develop and own new retirement-living residences across Canada. These retirement-living residences are very different in nature, level of care and funding than government subsidized long-term care facilities. Executed specific site agreements are now in place to proceed with the first three initiatives on properties that are currently owned by the Trust, in Vaughan (two initiatives) and Richmond Hill, Ontario which in aggregate are expected to contain 683 units. Subject to appropriate approvals and project-specific financing being arranged, construction of these three initiatives is expected to commence within the next 12 to 18 months. During the first quarter of 2020, together with Revera, the Trust announced additional Toronto area retirement-living residences to be built in Markham and Oakville, each on properties owned by Revera. The Trust purchased a 50% interest in the Markham property in 2020 and it is currently working to obtain approvals regarding rezoning and similar entitlement requirements. In addition, together with Groupe Sélection (formerly Réseau Sélection), the Trust has commenced construction on a two-tower seniors' apartments/ retirement residences project on undeveloped lands at the Trust's Laurentian Place shopping centre in Ottawa. This 402-unit development is expected to be completed in 2023. The Trust is continuing to work with its partners and is at various stages of identifying and moving forward with additional opportunities to develop retirement communities within its portfolio of shopping centre locations.

With its partner SmartStop, construction is now complete on the first five self-storage projects in Toronto (Leaside), Vaughan NW, Brampton, Oshawa South, and Scarborough East. Leasing in these locations continues to be ahead of original expectations. Construction is progressing on the next SmartStop projects in Aurora, and Brampton (Kingspoint) with completions expected over the next 12 months, by which time the Trust expects approximately 500,000 square feet (at its share) of self-storage space to become available. These multi-level self-storage facilities range in size up to 140,000 square feet and will each have approximately 1,000 units. Additional self-storage facilities have been approved by the Trust's Board of Trustees for development on its existing properties including locations at Whitby, Markham, and Stoney Creek. In each case, existing lands have been or will be transferred to the partnership with SmartStop w municipal approvals are received. In addition, in 2021, together with SmartStop, the Trust purchased two properties in Toronto, on Jane Street and Gilbert Avenue, on which, once zoning approvals are in place, it intends to build two new self-storage facilities with approximately 100,000 square feet of available space in each location.

Leasing

The Trust's 34 million square foot portfolio of predominately Walmart-anchored shopping centres continues to demonstrate strong occupancy levels. The overall occupancy level was 97.4% (inclusive of committed deals, the occupancy level was 97.6%) at December 31, 2021 (December 31, 2020 – 97.0%, and 97.3% inclusive of committed deals). During the COVID-19 pandemic, Walmart continued to demonstrate its industry-leading ability to drive high traffic levels to the Trust's shopping centres across Canada. This is best exemplified by the Trust's core portfolio of shopping centres continuing to demonstrate strong resilience in the face of adversity and, as at December 31, 2021, the Trust has renewed 85.4% of its expiring lease maturities (December 31, 2020 – 75.3%) with rental rates similar to those expiring rental rates. While some additional vacant space has resulted from the pandemic, the Trust remains well-positioned as Canada's largest provider of retail space in Walmart-anchored open-format shopping centres. Additionally, because the pandemic has resulted in the deferral of most planned new retail expansion projects in Canada, this limitation of new supply should assist the Trust in backfilling its additional vacant space over the next two to three years with tenants that are seeking lower-cost, stable, open-format alternatives.

Collections

Collection levels have continued to improve, reaching approximately 98% for the year ended December 31, 2021. The challenges associated with the COVID-19 pandemic have continued to impact the remaining 2%. Accordingly, during the year ended December 31, 2021, the Trust recorded additional bad debt expense/expected credit loss ("ECL") provisions totalling $3.7 million.

Investment Properties – Valuation

The following table identifies the change in fair values of investment property for the year ended December 31, 2021:

	Income Properties		Properties Under Development		Total	
(in thousands of dollars)	**Amount**	**Fair value adjustments as % of carrying value**	**Amount**	**Fair value adjustments as % of carrying value**	**Amount**	**Fair value adjustments as % of carrying value**
Balance before fair value revaluation adjustment as at March 31, 2021	8,269,996		604,930		8,874,926	
Fair value adjustment on revaluation of investment properties in Q1 2021	(22,878)	(0.3)%	4,119	0.7 %	(18,759)	(0.2)%
Fair value as at March 31, 2021	8,247,118		609,049		8,856,167	
Additional costs and other adjustments	29,754		(13,141)		16,613	
Fair value adjustment on revaluation of investment properties in Q2 2021	14,961	0.2 %	(4,107)	(0.7)%	10,854	0.1 %
Fair value as at June 30, 2021	8,291,833		591,801		8,883,634	
Additional costs and other adjustments	9,386		6,282		15,668	
Fair value adjustment on revaluation of investment properties in Q3 2021	59,741	0.7 %	21,860	3.7 %	81,601	0.9 %
Fair value as at September 30, 2021	8,360,960		619,943		8,980,903	
Additional costs and other adjustments	(21,475)		469,818		448,343	
Fair value adjustment on revaluation of investment properties in Q4 2021	55,592	0.7 %	362,240	58.4 %	417,832	**4.7 %**
Fair value as at December 31, 2021	**8,395,077**	**1.3 %**	**1,452,001**	**62.1 %**	**9,847,078**	**5.5 %**

For Q4 2021, there was a net fair value increase of approximately $55.6 million to income properties, and a net fair value increase of approximately $362.2 million to properties under development. As driven by the Trust's vast pipeline of mixed use initiatives, the Trust expects to continue to recognize fair value increments through the planning, zoning, and development progress of its investment properties.

Financing

The pandemic resulted in reductions in benchmark Canadian interest rates. However, the Bank of Canada has now indicated that it expects to raise rates in 2022 and 2023. Accordingly, notwithstanding that economists believe the pandemic will continue to result in a challenging economic environment for at least the next 12–18 months, given the Bank of Canada's messaging, interest rates have begun to move higher. The Trust will continue, when appropriate, to take advantage of appropriate borrowing conditions to enhance FFO, extend debt maturities and further mitigate exposure to interest rate and debt repayment/maturity risk. In addition, the Trust expects to continue its strategy to repay most maturing mortgages and then term out selectively with unsecured debentures or similar unsecured facilities, thus permitting the Trust's unencumbered assets to increase in value. The Trust's unencumbered assets currently exceed $6.6 billion (December 31, 2020 – $5.8 billion).

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

As at December 31, 2021, the Trust's credit metrics (net of cash-on-hand) had the following strong attributes:

(in thousands of dollars)	**December 31, 2021**	December 31, 2020
Average stated interest rate (%)	**3.11**	3.28
Average duration of unsecured debt (in years)	**5.4**	5.2
Adjusted debt/Adjusted EBITDA	**9.2X**	8.5X
Debt/Total assets (%)	**42.9**	44.6
Interest coverage ratio	**3.4X**	3.2X
Maturing secured debt in 2022	**294,507**	134,849
Maturing unsecured debt in 2022	**—**	623,120

During this unprecedented period, the Trust has continued to focus on its long-term mixed-use development initiatives, 59 of which are either underway or for which construction is expected to commence within the next two years, subject to arranging appropriate financing and completing zoning entitlements. As also experienced in the prior year, in 2021, the Trust is in a unique position whereby its distributions and related payout ratio reflect ACFO associated with condominium closings. During this period of uncertainty, the FFO derived from these closings has offset much of the adverse impact associated with additional vacancies and rent collection challenges related to the Trust's small and mid-size tenants, some of which were forced to either close or dramatically reduce their businesses at some point during the pandemic. As Canadians begin to return to a new level of "normalcy", the Trust will follow its credo by continuing to "focus on change". Over the coming years, this continued evolution is expected to result in additional mixed-use development opportunities, which in turn are expected to contribute to substantive growth in both FFO and NAV.

Key Business Development, Financial and Operational Highlights for the Year Ended December 31, 2021

Mixed-Use Development and Intensification at SmartVMC

- Completed a strategic acquisition valued at $513.0 million of a two-thirds interest in 53.0 acres making up the westerly half in SmartVMC West, more than doubling the Trust's holdings in the 105-acre city centre development.

- Construction continues on the 100% pre-sold Transit City 4 (45 storeys) and 5 (50 storeys) condo towers, representing 1,026 residential units. Good progress is being made above grade with concrete and formwork complete up to level 39 for Transit City 4 and level 30 for Transit City 5.

- Construction of the purpose-built rental project, The Millway (36 storeys), continues at SmartVMC, with concrete and formwork up to level 15.

- As part of Transit City 1 and 2 projects, construction of the 22 townhomes, all of which are pre-sold, is well underway and delivery is expected in early 2022.

- Successful launch of ArtWalk condominium development with over 300 units pre-sold, representing over 90% of released units.

Other Business Development

- Leasing continues on the completed first phase of the two-phase, purpose-built residential rental project in Laval, Quebec, which had initial occupancy by tenants commencing in March 2020 and, to date, approximately 90% of the 171-unit building has been leased. Construction of the next phase commenced in October 2021.

- The Trust completed the construction of its fifth self-storage facility with the opening of its Scarborough East facility in November 2021. All of the five developed and operating self-storage facilities have been very well-received by their local communities, with current occupancy levels ahead of expectations.

- Two self-storage facilities in Brampton (Kingspoint) and Aurora are currently under construction. Both facilities are expected to be completed in 2022. Additional self-storage facilities have been approved by the Board of Trustees and the Trust is in the process of obtaining municipal approvals in Whitby, Markham, Stoney Creek and two locations in Toronto (Gilbert Ave. and Jane St.).

- Construction is on schedule for two purpose-built residential rental towers (238 units) in Mascouche, Quebec with joint venture partner Cogir.

- Construction commenced for a new retirement residence and a seniors' apartment project, totalling 402 units, in 2021 with joint venture partner Selection Group on the Trust's Laurentian Place in Ottawa, with completion expected in 2023.

- The Trust has commenced the redevelopment of a portion of its 73-acre Cambridge retail property (which is subject to a leasehold interest with Penguin) which now allows various forms of residential, retail, office, institutional, and commercial uses providing for the creation of a vibrant urban community with the potential for over 12.0 million square feet of development.

Financial

- Net income and comprehensive income(1) was $987.7 million as compared to $89.9 million in 2020, representing an increase of $897.7 million. This increase was primarily attributed to: i) $944.9 million increase in fair value adjustments on revaluation of investment properties, of which $766.6 million relates to the Trust's investment properties and $178.3 million relates to the Trust's proportionate share of equity accounted investments, ii) $14.7 million decrease in interest expenses, and partially offset by i) $51.9 million decrease in fair value adjustments on financial instruments, ii) $3.9 million increase in general and administrative expenses (net), iii) $3.6 million decrease in interest income, iv) $1.0 million decrease in NOI, v) $1.1 million increase in supplemental costs and acquisition-related costs, and vi) $0.4 million decrease in gain on sale of investment properties.

- Key debt metrics include Debt to Aggregate Assets(2)(3) of 42.9%, Interest Coverage Ratio multiple(2) of 3.4X(2), and Adjusted Debt to Adjusted EBITDA multiple(2)(3) of 9.2X.

- The Trust improved its unsecured/secured debt ratio(2) to 71%/29% (December 31, 2020 – 68%/32%).

- The Trust continues to add to its unencumbered pool of high-quality assets. As at December 31, 2021, this unencumbered portfolio consisted of income properties valued at $6.6 billion (December 31, 2020 – $5.8 billion).

- FFO[2] increased by $12.1 million or 3.3% to $380.1 million as compared to 2020, primarily due to $14.7 million net decrease in interest expense ($12.0 million yield maintenance costs included in 2020) and $5.6 million increase in gain on TRS, partially offset by $3.9 million increase in G&A expenses (net), $3.6 million decrease in interest income, and $1.0 million decrease in NOI.

- Net income and comprehensive income per Unit[1] increased by $5.16 to $5.68 as compared to 2020, primarily due to the reasons noted above.

- FFO per Unit[2] increased by $0.06 or 2.8% to 2.19 as compared to 2020, primarily due to the reasons noted above for the increase in FFO.

- FFO with adjustments[2] increased by $3.4 million or 0.9% to $383.3 million as compared to 2020. FFO per Unit with adjustments[2] increased by $0.01 or 0.5% to $2.21 as compared to 2020.

- Cash flows provided by operating activities[1] increased by $75.6 million or 25.6% to $371.6 million as compared to 2020 primarily due to lower working capital requirements, in addition to an increase in tenant prepaid rent, deposits, and other payables.

- The Payout Ratio relating to cash flows provided by operating activities for the 12 months ended December 31, 2021 was 85.8%, as compared to 107.7% in 2020.

- ACFO[2] decreased by $0.4 million or 0.1% to $353.1 million as compared to 2020 primarily due to the contribution of the Transit City 1 and 2 condo closings in 2020.

- ACFO[2] exceeded distributions declared by $34.3 million (2020 – surplus of ACFO over distributions declared of $34.7 million).

- The Payout Ratio relating to ACFO[2] for the 12 months ended December 31, 2021 was 90.3%, as compared to 90.2% in 2020.

Operational

- Rentals from investment properties and other[1] was $780.8 million, as compared to $781.3 million in 2020, representing a decrease of $0.5 million or 0.1%. This decrease was primarily due to lower net base rents, and was partially offset by short-term rental revenue and percentage rent revenue.

- In-place and committed occupancy rates were 97.4% and 97.6%, respectively, as at December 31, 2021 (December 31, 2020 – 97.0% and 97.3%, respectively).

- Same Properties NOI inclusive of ECL provisions increased by $16.9 million or 3.5% as compared to 2020. Same Properties NOI excluding ECL[2] decreased by $10.2 million or 2.0% as compared to the prior year.

Subsequent Events

- In January 2022, the Trust acquired, from its unrelated partner, a 50% interest in each of three co-owned properties located in Ottawa (Laurentian), Ontario, Edmonton Capilano, Alberta, and Lachenaie, Quebec. The acquisition was funded with the Trust's existing operating facilities. Upon completion of the acquisition, the Trust became the 100% owner of these properties.

- In January 2022, the Trust entered into a $300.0 million unsecured credit facility agreement with a syndicate of Canadian financial institutions, from which $285.0 million was drawn. This facility matures in January 2027 and bears an interest rate of Canadian Banker's Acceptance rate plus 120 basis points.

(1) Represents a GAAP measure.
(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
(3) Net of cash-on-hand of $80.0 million as at December 31, 2021 for the purposes of calculating the applicable ratios.

Selected Consolidated Operational, Mixed-Use Development and Financial Information

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

(in thousands of dollars, except per Unit and other non-financial data)	**December 31, 2021**	December 31, 2020	December 31, 2019
Portfolio Information			
Total number of properties with an ownership interest	**174**	167	165
Leasing and Operational Information			
Gross leasable area including retail and office space (in thousands of sq. ft.)	**34,119**	34,056	34,337
Occupied area including retail and office space (in thousands of sq. ft.)	**33,219**	33,039	33,678
Vacant area including retail and office space (in thousands of sq. ft.)	**900**	1,017	659
In-place occupancy rate (%)	**97.4**	97.0	98.1
Committed occupancy rate (%)	**97.6**	97.3	98.2
Average lease term to maturity (in years)	**4.4**	4.6	4.9
Net retail rental rate (per occupied sq. ft.) ($)	**15.44**	15.37	15.49
Net retail rental rate excluding Anchors (per occupied sq. ft.) ($)	**22.07**	21.89	22.13
Mixed-Use Development Information			
Trust's share of future development area (in thousands of sq. ft.)	**40,600**	32,500	27,900
Trust's share of estimated costs of future projects currently under construction, or for which construction is expected to commence within the next five years (in millions of dollars)	**9,800**	7,900	5,500
Total number of residential rental projects	**104**	96	88
Total number of seniors' housing projects	**27**	40	45
Total number of self-storage projects	**36**	50	48
Total number of office building projects	**8**	7	10
Total number of hotel projects	**3**	4	5
Total number of condominium developments	**95**	72	46
Total number of townhome developments	**10**	15	14
Total number of future projects currently in development planning stage	**283**	284	256
Financial Information			
Total assets(1)	**11,293,248**	10,724,492	9,928,467
Investment properties – GAAP	**9,847,078**	8,850,390	9,050,066
Investment properties – non-GAAP(3)	**10,684,529**	9,400,584	9,466,501
Total unencumbered assets(2)	**6,640,600**	5,835,600	5,696,100
Debt – GAAP	**4,854,527**	5,210,123	4,225,933
Debt – non-GAAP(3)	**4,983,078**	5,261,360	4,290,826
Debt to Aggregate Assets (%)(2)(3)(4)	**42.9**	44.6	42.3
Debt to Gross Book Value (%)(2)(3)(4)	**50.8**	50.1	49.0
Unsecured to Secured Debt Ratio(2)(3)(4)	**71%/29%**	68%/32%	63%/37%
Unencumbered assets to unsecured debt(2)(3)(4)	**1.9X**	1.9X	2.1X
Weighted average interest rate (%)(2)(3)	**3.11**	3.28	3.55
Weighted average term of debt (in years)	**4.8**	5.0	5.0
Interest coverage ratio(2)(3)(4)	**3.4X**	3.2X	3.5X
Adjusted Debt to Adjusted EBITDA (net of cash)(2)(3)(4)	**9.2X**	8.5X	8.0X
Equity (book value)(1)	**5,841,315**	5,166,975	5,367,752
Weighted average number of units outstanding – diluted	**173,748,819**	172,971,603	170,581,531

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(3) Includes the Trust's proportionate share of equity accounted investments.
(4) As at December 31, 2021, cash-on-hand of $80.0 million was excluded for the purposes of calculating the applicable ratios (December 31, 2020 – $754.4 million, December 31, 2019 – $37.0 million).

Year-to-Date Comparison to Prior Year

The following table presents key financial, per Unit, and payout ratio information for the years ended December 31, 2021 and December 31, 2020:

(in thousands of dollars, except per Unit information)	**2021**	2020	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other(1)	**780,758**	781,253	(495)
Net base rent(1)	**494,992**	496,135	(1,143)
Total recoveries(1)	**253,032**	263,802	(10,770)
Miscellaneous revenue(1)	**17,891**	11,182	6,709
Service and other revenues(1)	**14,843**	10,134	4,709
Net income and comprehensive income(1)	**987,676**	89,940	897,736
Net income and comprehensive income excluding fair value adjustments(2)(3)	**342,609**	337,863	4,746
Cash flows provided by operating activities(1)	**371,624**	295,982	75,642
Net rental income and other(1)	**485,802**	460,711	25,091
NOI(2)	**518,084**	519,105	(1,021)
NOI excluding condominium sales(2)	**497,613**	471,548	26,065
Change in net rental income and other(2)	**5.4 %**	(8.8)%	14.2 %
Change in SPNOI(2)	**3.5 %**	(6.9)%	10.4 %
Change in SPNOI excluding ECL(2)	**(2.0)%**	(1.1)%	(0.9)%
FFO(2)(3)(4)(5)	**380,070**	367,967	12,103
FFO with adjustments(2)(3)(4)	**383,296**	379,921	3,375
FFO with adjustments and Transactional FFO(2)(3)(4)	**385,219**	380,665	4,554
FFO excluding condominium sales(2)(3)(4)	**361,323**	323,188	38,135
FFO with adjustments excluding condominium sales(2)(3)(4)	**364,549**	335,142	29,407
ACFO(2)(3)(4)(5)	**353,055**	353,409	(354)
ACFO with adjustments(2)(3)(4)	**356,281**	365,363	(9,082)
ACFO excluding condominium sales(2)(3)(4)	**332,585**	305,852	26,733
Distributions declared	**318,753**	318,758	(5)
Surplus (shortfall) of cash provided by operating activities over distributions declared(2)	**52,871**	(22,776)	75,647
Surplus of ACFO over distributions declared(2)	**34,302**	34,651	(349)
Units outstanding(6)	**178,091,581**	172,221,212	5,870,369
Weighted average – basic	**172,447,334**	171,973,301	474,033
Weighted average – diluted(7)	**173,748,819**	172,971,603	777,216
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income(1)	**$5.73/$5.68**	$0.52/$0.52	$5.21/$5.16
Net income and comprehensive income excluding fair value adjustments(2)(3)	**$1.99/$1.97**	$1.96/$1.95	$0.03/$0.02
FFO(2)(3)(4)(5)	**$2.20/$2.19**	$2.14/$2.13	$0.06/$0.06
FFO with adjustments(2)(3)(4)	**$2.22/$2.21**	$2.21/$2.20	$0.01/$0.01
FFO with adjustments and Transactional FFO(2)(3)(4)	**$2.23/$2.22**	$2.21/$2.20	$0.02/$0.02
Distributions declared	**$1.850**	$1.850	$—
Payout Ratio Information			
Payout Ratio to ACFO(2)(3)(4)(5)	**90.3 %**	90.2 %	0.1 %
Payout Ratio to ACFO with adjustments(2)(3)(4)	**89.5 %**	87.2 %	2.3 %

(1) Represents a GAAP measure.
(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
(3) Includes the Trust's proportionate share of equity accounted investments.
(4) See "Other Measures of Performance" for a reconciliation of these measures to the nearest consolidated financial statement measure.
(5) The calculation of the Trust's FFO and ACFO and related payout ratios, including comparative amounts, are financial metrics that were determined based on the February 2019 REALpac White Paper on FFO and ACFO, respectively. Comparison with other reporting issuers may not be appropriate. The payout ratio to FFO and the payout ratio to ACFO are calculated as declared distributions divided by FFO and ACFO, respectively.
(6) Total Units outstanding include Trust Units and LP Units, including Units classified as liabilities. LP Units classified as equity in the consolidated financial statements are presented as non-controlling interests.
(7) The diluted weighted average includes the vested portion of the deferred units issued pursuant to the deferred unit plan.

Quarterly Results and Trends

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

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Results of operations								
Net income (loss) and comprehensive income (loss)	**652,081**	178,051	96,985	60,559	48,380	111,033	(133,674)	64,201
Per Unit								
Basic	**$3.77**	$1.03	$0.56	$0.35	$0.28	$0.65	($0.78)	$0.37
Diluted(3)	**$3.74**	$1.03	$0.56	$0.35	$0.28	$0.64	($0.78)	$0.37
Net base rent(1)(2)	**128,571**	128,487	126,658	124,374	126,663	126,045	125,558	128,901
Rentals from investment properties(1)(2)	**195,180**	195,749	195,532	200,984	199,609	188,981	192,607	208,735
Rentals from investment properties and other	**192,812**	195,171	193,937	198,838	197,897	186,344	190,285	206,727
NOI(1)(2)	**129,679**	133,333	136,091	118,981	137,002	147,612	108,094	126,397
Other measures of performance								
FFO(2)	**97,452**	97,887	100,457	84,275	86,697	110,107	75,199	95,964
Per Unit								
Basic	**$0.56**	$0.57	$0.58	$0.49	$0.50	$0.64	$0.44	$0.56
Diluted(3)	**$0.56**	$0.56	$0.58	$0.49	$0.50	$0.64	$0.43	$0.56
FFO with adjustments(2)	**98,112**	99,593	101,082	84,511	98,651	110,107	75,199	95,964
Per Unit								
Basic	**$0.57**	$0.58	$0.59	$0.49	$0.57	$0.64	$0.44	$0.56
Diluted(3)	**$0.56**	$0.57	$0.58	$0.49	$0.57	$0.64	$0.43	$0.56
FFO with adjustments and Transactional FFO(2)	**98,448**	99,593	101,082	86,098	98,651	110,851	75,199	95,964
Per Unit								
Basic	**$0.57**	$0.58	$0.59	$0.50	$0.57	$0.64	$0.44	$0.56
Diluted(3)	**$0.56**	$0.57	$0.58	$0.50	$0.57	$0.64	$0.43	$0.56
Cash flows provided by operating activities	**133,673**	96,298	62,168	79,485	91,371	79,100	46,349	79,162
Per Unit								
Basic	**$0.77**	$0.56	$0.36	$0.46	$0.53	$0.46	$0.27	$0.46
Diluted(3)	**$0.77**	$0.55	$0.36	$0.46	$0.53	$0.46	$0.27	$0.46
ACFO(2)	**83,313**	90,342	94,248	85,153	83,943	101,752	74,923	92,790
Per Unit								
Basic	**$0.48**	$0.52	$0.55	$0.49	$0.49	$0.59	$0.44	$0.54
Diluted(3)	**$0.48**	$0.52	$0.54	$0.49	$0.48	$0.59	$0.43	$0.54
ACFO with adjustments(2)	**83,973**	92,048	94,873	85,389	95,897	101,752	74,923	92,790
Per Unit								
Basic	**$0.49**	$0.53	$0.55	$0.50	$0.56	$0.59	$0.44	$0.54
Diluted(3)	**$0.48**	$0.53	$0.55	$0.49	$0.55	$0.59	$0.43	$0.54
Distributions declared	**79,725**	79,683	79,685	79,660	79,657	79,621	79,562	79,918
Units outstanding(4)	**178,091,581**	172,287,950	172,280,187	172,267,483	172,221,212	172,220,387	172,046,139	171,865,757
Weighted average Units outstanding								
Basic	**172,983,636**	172,285,503	172,275,798	172,237,982	172,220,907	172,112,821	171,988,473	171,566,750
Diluted(3)	**174,380,800**	173,644,091	173,543,923	173,417,020	173,264,654	173,120,316	172,980,866	172,515,723
Total assets	**11,293,248**	10,191,592	10,036,672	10,321,117	10,724,492	10,365,651	10,382,902	10,430,793
Total unencumbered assets(2)	**6,640,600**	6,002,800	5,937,900	5,910,900	5,835,600	5,763,400	5,644,500	5,647,800
Debt	**4,854,527**	4,539,594	4,492,948	4,810,106	5,210,123	4,821,695	4,895,151	4,753,137
Total leasable area (sq. ft.)	**34,118,613**	34,225,087	34,185,729	34,036,704	34,056,064	34,051,210	34,168,636	34,174,010
In-place occupancy rate (%)	**97.4**	97.3	97.1	97.0	97.0	97.1	97.6	97.8
Occupancy rate with committed deals (%)	**97.6**	97.6	97.3	97.3	97.3	97.4	97.8	98.0

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

Results of Operations

Net income and comprehensive income, net base rent, rentals from investment properties, NOI, FFO, and related financial and operational metrics noted above are typically not materially impacted by seasonal factors. However, macroeconomic and market trends, as described under "Outlook" in this MD&A, acquisition, Earnout, development and disposition activities and the impacts of the COVID-19 pandemic (since Q2 2020) do have an adverse impact on the demand for space, occupancy and collection levels and, consequently, impact net base rent, common area maintenance ("CAM") and realty tax recoveries, property valuations and ultimately operating performance. Overall, quarterly fluctuations in revenue and operating results are mainly attributable to ECL provisions, occupancy levels and Same Properties NOI growth, Acquisitions, Developments, Earnouts, and dispositions. In addition, the COVID-19 pandemic has had an adverse effect on results of operations for Q2 of 2020 through Q4 of 2021.

Net income and comprehensive income increased by $474.0 million in Q4 2021 from Q3 2021, while FFO declined by $0.4 million during the same period. The increase in net income and comprehensive income was mainly attributable to the increase in fair value adjustment on revaluation of investment properties of $495.2 million, partially offset by the decrease in fair value adjustment on financial instruments of $12.7 million and higher condominium sales profit of $6.5 million in Q3 2021. Net income and comprehensive income increased in Q3 2021 from Q2 2021 mainly due to the increase in fair value adjustment on revaluation of investment properties and on financial instruments. Net income and comprehensive income increased in Q1 2021 from Q4 2020 primarily due to higher interest costs accrued in Q4 2020 related to the redemption of Series M and Series Q unsecured debentures and decrease in fair value loss on revaluation of investment properties. Net income and comprehensive income declined in Q4 2020 from Q3 2020, primarily due to fair value loss on revaluation of properties under development, fair value loss on financial instruments attributed to the increase in the Trust's Unit price, and an increase in interest expense. Net income (loss) and comprehensive income (loss) in Q3 2020 surpassed each of the other six quarters except for Q3 2021, largely due to profits on initial condominium closings of Transit City 1 and 2 units recognized during the quarter. It previously decreased in Q1 2020 and Q2 2020 primarily as a result of unfavourable fair value adjustments on the revaluation of investment properties, which principally resulted from estimates of future cash flows and other assumptions to the valuation model, when considering the impacts of the COVID-19 pandemic.

Other Measures of Performance

FFO declined in Q4 2021 from Q3 2021, primarily due to less condominium sales profit as noted above, partially offset by $3.8 million higher TRS fair value gains and $2.9 million higher net rental income in the quarter. FFO was higher in Q3 and Q2 of 2021 principally due to the Transit City 3 condominium closings in those quarters. FFO decreased in Q1 2021 from Q4 2020, primarily attributed to the recognition of condominium sales profits in Q4 2020 and partially offset by lower interest expenses in Q1 2021 due to the higher interest costs accrued in Q4 2020 related to the redemption of Series M and Series Q unsecured debentures. FFO decreased in Q4 2020 from Q3 2020, primarily due to a decrease in earnings from equity accounted investments as a result of fewer units remaining to close at Transit City 1 and 2 in Q4 2020 as compared to Q3 2020, and an increase in yield maintenance costs. For Q3 2020, FFO increased significantly as a result of the earnings from condominium closings included in equity accounted investments, which was offset by the increased ECL provisions during the quarter associated with the COVID-19 pandemic. In Q2 2020, FFO decreased primarily due to ECL taken on tenant receivables, reflecting adverse economic circumstances due to the COVID-19 pandemic.

Units Outstanding

Quarterly increases in Units outstanding and weighted average Units outstanding (basic and diluted) can be attributed to Units issued pursuant to: i) the distribution reinvestment plan ("DRIP") (ended April 2020); ii) Earnouts; iii) deferred units exchanged for Trust Units; and iv) unit issuances associated with the acquisition of SmartVMC West lands in Q4 2021.

Total Assets and Debt

Total assets increased by $1,101.7 million in Q4 2021 from Q3 2021, which was mainly attributable to: i) increase in fair value adjustment on revaluation of investment properties of $476.4 million, of which $153.8 million was reflected in equity accounted investments; ii) $494.3 million acquisition of SmartVMC West land parcel; and iii) increase in mortgages, loans and notes receivable of $35.5 million as a result of new loans issued for self-storage projects and a vendor take-back loan in connection with the Innisfil property disposition. Total debt increased by $314.9 million in Q4 2021 from Q3 2021 as a result of operating facilities drawn in Q4 2021 to finance the acquisition of SmartVMC West properties. Total assets increased by $154.9 million in Q3 2021 from Q2 2021, resulting from: i) investment properties (including classified as held for sale) value increase of $97.3 million mainly attributable to revaluation gains; ii) increase in equity accounted investments of $21.4 million primarily as a result of Q3 2021 earnings; iii) increase in total return swap receivable amounting to $18.0 million; and iv) increase in cash and cash equivalent principally attributable to higher cash flows provided by operating activities in Q3 2021. Total debt increased in Q3 2021 from Q2 2021 primarily due to new borrowings. Total assets and debt declined in Q2 2021 from Q1 2021 and in Q1 2021 from Q4 2020, primarily due to the use of cash to redeem unsecured debentures. Total assets and debt increased in Q4 2020 from Q3 2020, principally due to the proceeds from issuance of unsecured debentures, net of repayments. Total assets and debt decreased in Q3 2020 as a result of a reduction in cash and cash equivalents principally from the repayment of secured and unsecured debt.

Leasing

The Trust's occupancy rate (inclusive of committed deals) of 97.6% in Q4 2021 is consistent with last quarter. Occupancy rate (inclusive of committed deals) increased by 0.3% in Q3 2021 from Q2 2021, mainly attributable to new entrants to the market looking for opportunities in high traffic centres. 2020 was a challenging year in leasing with a number of bankruptcies and closures. Essential service tenants did, however, continue to expand their footprint during this period, upgrading weaker locations in other centres to newer SmartCentres sites.

Section III — Development Activities

Mixed-Use Development Initiatives

The following table summarizes the 283 identified mixed-use, recurring rental income and development income initiatives, which are included in the Trust's large development pipeline:

Description	Underway (Construction underway or expected to commence within next 2 years)	Active (Construction expected to commence within next 3–5 years)	Future (Construction expected to commence after 5 years)	Total
Section A				
Number of projects in which the Trust has an ownership interest				
Residential Rental	20	24	60	104
Seniors' Housing	4	9	14	27
Self-storage	9	10	17	36
Office Buildings	—	1	7	8
Hotels	—	—	3	3
Subtotal – Recurring rental income initiatives	33	44	101	178
Condominium developments	24	24	47	95
Townhome developments	2	3	5	10
Subtotal – Development income initiatives	26	27	52	105
Total	**59**	**71**	**153**	**283**
Section B				
Planning entitlements (#)(2)	**45**	**45**	**88**	**178**
Section C				
Project area (in thousands of sq. ft.) – at 100%(3)				
Recurring rental income initiatives	6,400	7,500	18,100	32,000
Development income initiatives	7,600	7,100	11,900	26,600
Total project area (in thousands of sq. ft.) – at 100%	**14,000**	**14,600**	**30,000**	**58,600**
Trust's share of project area (in thousands of sq. ft.)				
Recurring rental income initiatives	3,600	4,900	12,000	20,500
Development income initiatives	5,800	4,300	10,000	20,100
Total Trust's share of project area (in thousands of sq. ft.)	**9,400**	**9,200**	**22,000**	**40,600**
Section D				
Total estimated costs (in millions of dollars) – at 100% based on current planning budgets(3)	**7,400**	**7,800**	**–** (1)	**15,200**
Trust's share of such estimated costs (in millions of dollars)	**5,000**	**4,800**	**–** (1)	**9,800**

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

Status of Current Development Initiatives

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

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

SmartVMC Development Initiatives

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

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

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

i) the development of more than 4.0 million square feet (4,600 units) of residential density on the land at SmartVMC previously occupied by a Walmart store, with zoning and site plan applications submitted in 2020 for approval of Phase 1 of 550,000 square feet. Zoning was approved by City of Vaughan in September 2021. Pre-sale of the first phase condo, ArtWalk, was launched in November 2021 and over 90% of the released units were sold by the end of 2021; and
ii) the development of 1.2 million square feet of mixed-use density – office, retail and residential – on the SmartVMC lands immediately south of the Transit City 4 and 5 towers, with the rezoning and site plan applications submitted in September 2020.

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

Project	Storeys	Type	Estimated Total Building Area (sq. ft./units)	Expected Completion Year	Trust's Share (%)
KPMG Tower	15	Office	330,000 sq. ft.	Completed	50.0
		Retail	30,000 sq. ft.	Completed	50.0
PwC-YMCA Complex/Tower	9	Office	225,000 sq. ft. (1)	Completed	50.0
Office Tower #3 – Proposed	TBD(2)	Office	500,000 sq. ft.	2027	50.0
Office Tower #4 – Proposed	TBD(2)	Office	500,000 sq. ft.	2029	50.0
			1,585,000 sq. ft.		
The Millway	36	Apartments	454 units (3)	2023–2024	50.0
Transit City 1	55	Condo	551 units	Completed (2020)	25.0
Transit City 2	55	Condo	559 units	Completed (2020)	25.0
Transit City 1 and 2 Townhomes	N/A	Townhomes	22 units	2022	25.0
Transit City 3	55	Condo	631 units	Completed (2021)	25.0
Transit City 4 and 5	45 and 50	Condo	1,026 units (3)	2023	25.0
ArtWalk Condominiums	38	Condo	627 units	2025–2026	50.0
Future residential	TBD(2)	Condo	798 units	2027	50.0
			4,668 units		

(1) Includes 112,000 square feet of YMCA, library and community-use space.
(2) The number of storeys for this project has not been finalized.
(3) 92 of the 454 units attributable to the purpose-built residential rental apartment, The Millway, will be located in a podium connecting the Transit City 4 and 5 phases. These 92 units are anticipated to be completed commensurate with Transit City 4 and 5.

Residential and Other Development Initiatives

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

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

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

Completion, milestone or occupancy dates of each of the projects described below may be delayed or adversely impacted as a result of, among other things, restrictions or delays related to the COVID-19 pandemic.

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 including:

a. 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;

b. 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 site plan application for a two-tower mixed-use phase, approximating 650,000 square feet, submitted in April 2020;

c. the development of up to 5.5 million square feet of predominately residential space, in various forms, at Oakville North in Oakville, Ontario, with the rezoning application for an initial two-tower 585-unit residential phase submitted in April 2021;

d. the development of up to 2.55 million square feet of predominately residential space, in various forms, at the Westside Mall in Toronto, Ontario, with an application for the first 35-storey mixed-use tower submitted in Q1 2021;

e. 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. The first release of 82 townhomes out of 174 Draft Plan Approved townhomes has been pre-sold. Applications have also been submitted for a seniors' apartment building and separate retirement residence to be developed in partnership with Revera, along with three residential buildings;

f. 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;

g. the development of up to 200,000 square feet of residential townhomes at Oakville South in Oakville, Ontario, with a third-party homebuilder;

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

i. 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 Q1 2022. An application for a building permit was submitted in July 2021. Environmental Risk Assessment for the entire site was received in September 2021;

j. the development of a 35-storey high-rise purpose-built residential rental tower containing 439 units, on Balliol Street in midtown Toronto, Ontario, with zoning and site plan applications submitted in September 2020. A second submission of these applications was made in July 2021;

k. the development of up to 1,600 residential units, in various forms, in Mascouche, Quebec and as noted in the table above, with the first phase consisting of 238 units in two 10-storey rental towers approved by municipal council in August 2020. Construction began in April 2021, and opening is anticipated in July 2022. The work on a second phase is expected to commence in 2022;

l. the development of residential density at the Trust's shopping centre at 1900 Eglinton Avenue East in Scarborough with rezoning applications for the first two residential towers (38 and 40 storeys) submitted in January 2021. Site plan application for both buildings was submitted in December 2021;

m. the development of up to 270,000 square feet of residential space in 138 townhomes at London Fox Hollow in London, Ontario, with site plan approval applications submitted in December 2020 and approval is expected to be obtained in Q1 2022. All zoning approval for the project was completed in Q4 2021;

n. the development of the first phase, 46-unit rental building, which is part of a multi-phase masterplan in Alliston, Ontario, with a rezoning application approved by Council in December 2020 and a site plan application submitted in May 2020. The site plan application was resubmitted in March 2021 and again in July 2021 with approvals expected in Q1 2022. The building permit application was submitted in October 2021;

o. the development of five additional self-storage facilities in Ontario with the Trust's partner, SmartStop, in Markham, Stoney Creek, Toronto (2) and Whitby, with zoning and/or site plan approval obtained or applications well underway. Project agreements for another five locations are being finalized;

p. 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 Q1 2022. Master Plan of development is subject to approval;

q. the development of a new residential block consisting of a 155-unit condo building in Phase 1 and approximately 345 rental units in Phases 2 and 3 at Laval Centre in Quebec. Application for architecture approval was submitted for the Phase 1 condo and another 155 units in the Phase 2 rental building in Q4 2021;

r. the Trust has commenced the redevelopment of a portion of its 73-acre Cambridge retail property (which is subject to a leasehold interest with Penguin) which now allows various forms of residential, retail, office, institutional and commercial uses providing for the creation of a vibrant urban community with the potential for over 12.0 million square feet of development;

s. the development of a retirement living residence at the Trust's shopping centre at Bayview and Major Mackenzie in Richmond Hill, Ontario, with a rezoning application for a 9-storey retirement residences building submitted in Q1 2021 and a site plan application submitted in Q4 2021, to be developed in partnership with the existing partner and Revera;

t. 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;

u. the development of up to 720,000 square feet of predominately residential space on Yonge St. in Aurora, Ontario, with rezoning applications for the entire site and site plan submitted for Phase 1 for 498,000 square feet in July 2021;

v. the Q4 2020 acquisition of a 50% interest in a property in downtown Markham for the development of a 243,000 square foot retirement residence with Revera. The rezoning application was submitted in December 2020; and

w. the development of approximately 1.0 million square feet of residential density on the Trust's Parkway Plaza centre in Stoney Creek, Ontario, with an application for a Phase 1 development for a two-tower (15 and 14 storeys), 429,000 square foot, 520-unit condo project submitted in Q4 2021.

Residential Development Inventory

Vaughan NW Residential Development

As reflected in the Trust's consolidated financial statements for the year ended December 31, 2021, residential development inventory consists of development lands, co-owned with Fieldgate, located at Vaughan NW, Ontario, for the purpose of developing and selling residential townhome units. The phased sales program for the Vaughan NW Townhomes was launched in December 2021. As of January 28, 2022, 82 of the planned 174 townhomes have been pre-sold within the initial three phases of the sales program.

The following table summarizes the activity in residential development inventory:

(in thousands of dollars)	**December 31, 2021**	December 31, 2020
Balance – beginning of year	**25,795**	24,564
Development costs	**646**	317
Capitalized interest	**958**	914
Balance – end of year	**27,399**	25,795

SmartVMC Residential Development

Taking into account the Trust's proportionate share in equity accounted investments (non-GAAP), residential development inventory refers to the residential development concerning SmartVMC, which are recorded as equity accounted investments (investment in associates) in the Trust's consolidated financial statements for the year ended December 31, 2021 (included in Note 5(a) in the Trust's consolidated financial statements for the year ended December 31, 2021). The following summarizes the status of condominium closings at Transit City:

	Year Ended	Year Ended
	December 31, 2021	December 31, 2020
	Transit City 3	Transit City 1 & 2
Total units available, sold, and closed	**631**	1,109
% of units closed	**100.0 %**	99.9 %

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

		Year Ended		Year Ended
(in thousands of dollars)		**December 31, 2021**		December 31, 2020
		Transit City 3		Transit City 1 & 2
	Total	**Trust's share**	Total	Trust's share
Condominium sales revenue	**296,232**	**74,058**	539,992	134,998
Cost of goods sold	**(224,408)**	**(56,102)**	(374,832)	(93,708)
Marketing and selling expenses	**(789)**	**(197)**	(751)	(188)
Other	**1,033**	**258**	255	64
NOI before additional partnership profit(3)	**72,068**	**18,017**	164,664	41,166
Additional partnership profit(1)(3)	**—**	**2,521**	N/A	6,862
NOI(3)	**72,068**	**20,538**	164,664	48,028
General and administrative expenses(2)	**—**	**(1,050)**	—	(1,842)
Net profit	**72,068**	**19,488**	164,664	46,186
Adjustment for previously capitalized interest associated with Transit City 3 closings		**(675)**		(940)
FFO(3)		**18,813**		45,246
Per Unit – basic/diluted(4):				
FFO(3)		**$0.11/$0.11**		$0.26/$0.26

(1) Additional profit allocated to the Trust for Transit City closings pursuant to the development agreement and limited partnership agreement.
(2) See the "General and Administrative Expense" section for further details.
(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
(4) 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 year ended December 31, 2021, 1,301,485 vested deferred units are added back to the weighted average Units outstanding.

Properties Under Development

As at December 31, 2021, the fair value of properties under development including properties under development recorded in equity accounted investments totalled $1,970.4 million as compared to $898.6 million at December 31, 2020, resulting in a net increase of $1,071.8 million presented in the following table. The net increase of $1,071.8 million was primarily due to: i) the acquisition of SmartVMC West lands in December 2021 of approximately $494.3 million, and ii) the fair value adjustment on certain properties under development of $496.8 million, for additional details on the factors influencing this change, see "Investment Properties".

(in thousands of dollars)	**December 31, 2021**	December 31, 2020	Variance ($)
Developments	**1,391,301**	521,149	870,152
Earnouts subject to option agreements(1)	**60,700**	61,811	(1,111)
Total	**1,452,001**	582,960	869,041
Equity accounted investments	**518,427**	315,628	202,799
Total including equity accounted investments(2)	**1,970,428**	898,588	1,071,840

(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 13(b) of the consolidated financial statements for the year ended December 31, 2021. Effective December 9, 2020, pursuant to the Omnibus Agreement between the Trust and Penguin (see also "Related Party Transactions"), Penguin has the option to extend all Earnouts by two years from the previous expiry date, and the Trust has been given a right of first offer in connection with the sale of the economic and financial benefits and rights of any such development parcel during any extended period. For further details, see the Trust's management information circular dated November 6, 2020, filed on SEDAR.

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

Future Retail Developments, Earnouts and Mezzanine Financing

Total future Retail Developments, Earnouts and Mezzanine Financing could increase the existing Trust portfolio by an additional 2.0 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 December 31, 2021:

(in thousands of square feet)	**Committed**	**Years 0–2**	**Years 3–5**	**Beyond Year 5**	**Total(1)**
Developments	134	868	278	129	**1,409**
Earnouts	21	62	48	—	**131**
	155	930	326	129	**1,540**
Mezzanine Financing	—	—	—	488	**488**
	155	930	326	617	**2,028**

(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 year ended December 31, 2021, the future retail properties under development pipeline increased by 0.1 million square feet to a total of 1.5 million square feet. The change is summarized in the following table:

(in thousands of square feet)	**Total Area**
Future retail properties under development pipeline – January 1, 2021	1,445
Net adjustment to project densities	482
Completion of Earnouts and Developments	(390)
Net change	95
Future retail properties under development pipeline – December 31, 2021	**1,540**

Committed Retail Pipeline

The following table summarizes the committed investment by the Trust in retail properties under development as at December 31, 2021:

(in thousands of dollars)	**Square Feet (in thousands)**	**Total Estimated Costs**	**Costs Incurred**	**Estimated Future Development Costs**
Developments	134	39,443	24,179	15,264
Earnouts	21	10,665	1,499	9,166
	155	**50,108**	**25,678**	**24,430**

The completion of these committed Earnouts and Developments as currently scheduled is expected to have an average estimated yield of 6.1% in 2022 and 5.7% in 2023.

Uncommitted Retail Pipeline

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

(in thousands of dollars)	Years 0–2	Years 3–5	Beyond Year 5	Total Estimated Costs	Costs Incurred	Future Development Costs
Developments	289,846	110,738	51,367	451,951	164,248	287,703
Earnouts	18,929	12,369	—	31,298	3,583	27,715
	308,775	**123,107**	**51,367**	**483,249**	**167,831**	**315,418**

Approximately 7.9% of the retail properties under development, representing a proportion of gross investment cost (committed and uncommitted) relating to Earnouts ($42.0 million, divided by total estimated costs of $533.4 million), representing 131,000 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 December 31, 2021, $9.1 million of Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, including redevelopment in St. Catharines (approximately 10,000 square feet) and completion of the Scarborough East self-storage facility (approximately 45,000 square feet) as compared to $36.3 million in the same period in 2020.

	Three Months Ended December 31, 2021		Three Months Ended December 31, 2020	
	Area (sq. ft.)	**Investment ($ millions)**	Area (sq. ft.)	Investment ($ millions)
Retail Developments	**—**	**—**	23,245	7.5
Redevelopment – transfers from properties under development to income properties	**9,840**	**1.2**	—	—
Developments – equity accounted investments	**—**	**—**	200,152	28.8
Self-storage facilities – equity accounted investments	**45,220**	**7.9**	—	—
	55,060	**9.1**	223,397	36.3

For the year ended December 31, 2021, $94.6 million of Earnouts and Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, including the Trust's share of approximately 183,000 square feet in four self-storage facilities located in Brampton, Vaughan, Oshawa, and Scarborough, Ontario, as compared to $116.2 million in the same period in 2020.

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Area (sq. ft.)	**Investment ($ millions)**	Area (sq. ft.)	Investment ($ millions)
Earnouts(1)	**47,631**	**14.7**	—	13.6
Retail Developments	**5,379**	**3.1**	95,859	34.9
Redevelopment – transfers from properties under development to income properties	**142,217**	**30.4**	28,314	7.5
Developments – equity accounted investments	**12,032**	**13.0**	280,080	49.7
Self-storage facilities – equity accounted investments	**182,752**	**33.4**	49,304	10.5
	390,011	**94.6**	453,557	116.2

(1) The Earnouts for the year ended December 31, 2021 included one land parcel sale totalling $4.7 million of investment and, as a result, the area for this parcel sale is not reflected in the table above (for the year ended December 31, 2020: four land parcel sales totalling $13.6 million of investment are excluded).

The following table summarizes future retail Developments, Earnouts and Mezzanine Financing as at December 31, 2021:

	Area (sq. ft.)	Total Area (%)	Income ($000s)	Gross Commitment ($000s)	Invested To Date ($000s)	Net Commitment ($000s)	Yield / Cap Rate (%)
Developments							
Committed Developments							
2022	105,915	6.9	1,847	30,543 (2)	21,855 (2)	8,688	6.0 (3)
2023 and beyond	27,723	1.8	497	8,900 (2)	2,324 (2)	6,576	5.6 (3)
Total Committed Developments	**133,638**	**8.7**	**2,344**	**39,443**	**24,179**	**15,264**	**5.9**
Uncommitted Developments							
2022	406,410	26.4	5,453	102,092 (2)	65,452 (2)	36,640	5.3 (3)
2023 and beyond	869,026	56.4	17,768	349,858 (2)	98,796 (2)	251,062	5.1 (3)
Total Uncommitted Developments	**1,275,436**	**82.8**	**23,221**	**451,950**	**164,248**	**287,702**	**5.1**
Total Developments	**1,409,074**	**91.5**	**25,565**	**491,393**	**188,427** (1)	**302,966**	**5.2**
Earnouts							
Committed Earnouts							
2022	6,266	0.4	196	3,105	465	2,640	6.3
2023 and beyond	14,947	1.0	456	7,560	1,034	6,526	6.0
Total Committed Earnouts	**21,213**	**1.4**	**652**	**10,665**	**1,499**	**9,166**	**6.1**
Uncommitted Earnouts							
2022	1,866	0.1	35	543	59	484	6.4
2023 and beyond	107,639	7.0	2,136	30,756	3,522	27,234	6.9
Total Uncommitted Earnouts	**109,505**	**7.1**	**2,171**	**31,299**	**3,581**	**27,718**	**6.9**
Total Earnouts	**130,718**	**8.5**	**2,823**	**41,964**	**5,080** (1)	**36,884**	**6.7**
Total before non-cash Development Cost	**1,539,792**	**100.0**	**28,388**	**533,357**	**193,507**	**339,850**	**5.3**
Non-cash development cost (4)					(18,532) (1)		
Land / Intensification projects					1,277,026 (1)		
Equity accounted investments					518,427 (1)		
Total	**1,539,792**	**100.0**	**28,388**	**533,357**	**1,970,428** (1)	**339,850**	**5.3**
Options through Mezzanine Financing	**488,440**						
Total Potential Pipeline	**2,028,232**						

(1) Under "Completed and Future Earnouts and Developments on Existing Properties" in the MD&A for the years ended December 31, 2021, Earnouts of $60.7 million, Developments of $1,391.3 million and Equity Accounted Investments of $518.4 million comprise the total amount of $1,970.4 million. The amounts in the table above have been adjusted for Earnouts that are expected to be completed after the expiry of the Earnout options being reclassified as Developments.

(2) Includes fair value adjustment for land.

(3) On a cost basis, the yield would be 5.1%, 5.3%, 4.6%, and 4.6%, 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 year ended December 31, 2021. This information should be read in conjunction with the Trust's consolidated financial statements for the year ended December 31, 2021.

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)	**December 31, 2021**			December 31, 2020		
	GAAP Basis	**Proportionate Share Reconciliation**	**Total Proportionate Share[(1)]**	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share[(1)]
Assets						
Non-current assets						
Investment properties	**9,847,078**	**837,451**	**10,684,529**	8,850,390	550,194	9,400,584
Equity accounted investments	**654,442**	**(654,442)**	**—**	463,204	(463,204)	—
Mortgages, loans and notes receivable	**345,089**	**(69,576)**	**275,513**	263,558	(67,345)	196,213
Other assets	**80,940**	**7,465**	**88,405**	88,141	7,437	95,578
Other financial assets	**97,148**	**—**	**97,148**	—	—	—
Intangible assets	**45,139**	**—**	**45,139**	46,470	—	46,470
	11,069,836	**120,898**	**11,190,734**	9,711,763	27,082	9,738,845
Current assets						
Residential development inventory	**27,399**	**67,828**	**95,227**	25,795	88,783	114,578
Current portion of mortgages, loans and notes receivable	**71,947**	**—**	**71,947**	125,254	—	125,254
Amounts receivable and other	**49,542**	**(8,637)**	**40,905**	58,644	(3,767)	54,877
Deferred financing costs	**1,269**	**50**	**1,319**	1,173	79	1,252
Prepaid expenses and deposits	**11,020**	**13,068**	**24,088**	7,269	9,527	16,796
Cash and cash equivalents	**62,235**	**7,922**	**70,157**	794,594	28,704	823,298
	223,412	**80,231**	**303,643**	1,012,729	123,326	1,136,055
Total assets	**11,293,248**	**201,129**	**11,494,377**	10,724,492	150,408	10,874,900
Liabilities						
Non-current liabilities						
Debt	**4,176,121**	**93,465**	**4,269,586**	4,355,862	45,189	4,401,051
Other financial liabilities	**326,085**	**—**	**326,085**	86,728	—	86,728
Other payables	**18,243**	**—**	**18,243**	19,385	—	19,385
	4,520,449	**93,465**	**4,613,914**	4,461,975	45,189	4,507,164
Current liabilities						
Current portion of debt	**678,406**	**35,086**	**713,492**	854,261	6,048	860,309
Accounts payable and current portion of other payables	**253,078**	**72,578**	**325,656**	241,281	99,171	340,452
	931,484	**107,664**	**1,039,148**	1,095,542	105,219	1,200,761
Total liabilities	**5,451,933**	**201,129**	**5,653,062**	5,557,517	150,408	5,707,925
Equity						
Trust Unit equity	**4,877,961**	**—**	**4,877,961**	4,317,357	—	4,317,357
Non-controlling interests	**963,354**	**—**	**963,354**	849,618	—	849,618
	5,841,315	**—**	**5,841,315**	5,166,975	—	5,166,975
Total liabilities and equity	**11,293,248**	**201,129**	**11,494,377**	10,724,492	150,408	10,874,900

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

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

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

Quarterly Comparison to Prior Year

(in thousands of dollars)	**Three Months Ended December 31, 2021**			Three Months Ended December 31, 2020			
	GAAP Basis	**Proportionate Share Reconciliation**	**Total Proportionate Share(1)**	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share(1)	Variance
Net rental income and other							
Rentals from investment properties and other	**192,812**	**5,974**	**198,786**	197,897	5,023	202,920	(4,134)
Property operating costs and other	**(65,896)**	**(3,144)**	**(69,040)**	(79,836)	(2,167)	(82,003)	12,963
	126,916	**2,830**	**129,746**	118,061	2,856	120,917	8,829
Condominium sales revenue and other(2)	**—**	**—**	**—**	—	47,136	47,136	(47,136)
Condominium cost of sales and other	**—**	**(67)**	**(67)**	—	(31,051)	(31,051)	30,984
	—	**(67)**	**(67)**	—	16,085	16,085	(16,152)
Net rental income and other	**126,916**	**2,763**	**129,679**	118,061	18,941	137,002	(7,323)
Other income and expenses							
General and administrative expense, net	**(8,703)**	**(534)**	**(9,237)**	(7,766)	—	(7,766)	(1,471)
Earnings from equity accounted investments	**160,049**	**(160,049)**	**—**	20,150	(20,150)	—	—
Earnings from other	**38**	**—**	**38**	—	—	—	38
Fair value adjustment on revaluation of investment properties	**420,418**	**160,289**	**580,707**	(16,539)	3,050	(13,489)	594,196
Gain (loss) on sale of investment properties	**(64)**	**—**	**(64)**	(1)	26	25	(89)
Interest expense	**(35,654)**	**(1,355)**	**(37,009)**	(51,519)	(1,310)	(52,829)	15,820
Interest income	**2,745**	**11**	**2,756**	4,137	34	4,171	(1,415)
Supplemental costs	**—**	**(1,125)**	**(1,125)**	—	(591)	(591)	(534)
Fair value adjustment on financial instruments	**(10,873)**	**—**	**(10,873)**	(17,977)	—	(17,977)	7,104
Acquisition-related costs	**(2,791)**	**—**	**(2,791)**	(166)	—	(166)	(2,625)
Net income and comprehensive income	**652,081**	**—**	**652,081**	48,380	—	48,380	603,701

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

(2) Includes additional partnership profit and other revenues.

For the three months ended December 31, 2021, net income and comprehensive income (as noted in the table above) increased by $603.7 million as compared to the same period last year. This increase was primarily attributed to the following:

- $594.2 million increase in fair value adjustments on revaluation of investment properties, of which: i) $496.8 million relates to the fair value adjustment associated with certain properties under development, and ii) $97.4 million relates to the revaluation of investment properties, principally driven by compression in discount rates as well as higher revaluation loss in the prior year comparable period (see details in the "Investment Property" section);
- $7.1 million increase in fair value adjustment on financial instruments, principally due to: i) $9.5 million increase in fair value adjustment relating to interest rate swap agreements; ii) $4.2 million increase in fair value adjustment relating to total return swap ("TRS"); and partially offset by iii) $4.2 million decrease in fair value adjustment relating to Units classified as liabilities; iv) $2.4 million decrease in fair value adjustment relating to LTIP, Deferred Unit Plan ("DUP") and Equity Incentive Plan ("EIP") as a result of fluctuations in the Trust's Unit price; and
- $15.8 million decrease in interest expenses primarily due to the yield maintenance costs incurred in the prior year;

Partially offset by the following:

- $7.3 million decrease in NOI (see further details in the "Net Operating Income" subsection, including impact of ECL);
- $2.6 million increase in acquisition-related costs (principally resulting from the acquisition of SmartVMC West property);
- $1.5 million increase in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section);
- $1.4 million decrease in interest income; and
- $0.6 million increase in supplemental costs.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Year Ended December 31, 2021**			Year Ended December 31, 2020			
	GAAP Basis	**Proportionate Share Reconciliation**	**Total Proportionate Share[1]**	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share[1]	Variance
Net rental income and other							
Rentals from investment properties and other	**780,758**	**21,530**	**802,288**	781,253	18,813	800,066	2,222
Property operating costs and other	**(294,956)**	**(9,719)**	**(304,675)**	(320,542)	(7,976)	(328,518)	23,843
	485,802	**11,811**	**497,613**	460,711	10,837	471,548	26,065
Condominium sales revenue and other[2]	**—**	**76,837**	**76,837**	—	141,557	141,557	(64,720)
Condominium cost of sales and other	**—**	**(56,366)**	**(56,366)**	—	(94,000)	(94,000)	37,634
	—	**20,471**	**20,471**	—	47,557	47,557	(27,086)
Net rental income and other	**485,802**	**32,282**	**518,084**	460,711	58,394	519,105	(1,021)
Other income and expenses							
General and administrative expense, net	**(31,922)**	**(610)**	**(32,532)**	(28,682)	—	(28,682)	(3,850)
Earnings from equity accounted investments	**211,420**	**(211,420)**	**—**	61,972	(61,972)	—	—
Earnings from other	**38**	**—**	**38**	—	—	—	38
Fair value adjustment on revaluation of investment properties	**491,528**	**187,728**	**679,256**	(275,051)	9,406	(265,645)	944,901
Gain on sale of investment properties	**27**	**—**	**27**	418	26	444	(417)
Interest expense	**(144,540)**	**(5,437)**	**(149,977)**	(160,044)	(4,625)	(164,669)	14,692
Interest income	**12,341**	**75**	**12,416**	15,241	802	16,043	(3,627)
Supplemental costs	**—**	**(2,618)**	**(2,618)**	—	(2,031)	(2,031)	(587)
Fair value adjustment on financial instruments	**(34,227)**	**—**	**(34,227)**	17,722	—	17,722	(51,949)
Acquisition-related costs	**(2,791)**	**—**	**(2,791)**	(2,347)	—	(2,347)	(444)
Net income and comprehensive income	**987,676**	**—**	**987,676**	89,940	—	89,940	897,736

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

(2) Includes additional partnership profit and other revenues.

For the year ended December 31, 2021, net income and comprehensive income (as noted in the table above) increased by $897.7 million as compared to the same period last year. This increase was primarily attributed to the following:

- $944.9 million increase in fair value adjustments on revaluation of investment properties, principally due to: i) $496.8 million fair value adjustment associated with certain properties under development, and ii) $448.1 million relates to the compression of discount rates, and unfavourable fair value adjustment recorded in 2020, which reflected the adverse changes in leasing and cash flow assumptions at the inception of the COVID-19 pandemic; and
- $14.7 million decrease in interest expense primarily due to the yield maintenance costs incurred in the prior year;

Partially offset by the following:

- $51.9 million decrease in fair value adjustment on financial instruments primarily due to: i) $41.5 million decrease in fair value adjustment relating to Units classified as liabilities and $23.0 million decrease in fair value adjustment relating to DUP, as a result of fluctuations in the Trust's Unit price; ii) $3.3 million decrease in fair value adjustment relating to equity incentive plan; iii) $0.2 million decrease in fair value adjustment relating to loans receivable and Earnout options recorded in the same period in 2020, and partially offset by iv) $9.6 million increase in fair value adjustment relating to interest rate swap agreements; v) $5.7 million increase on TRS fair value; and vi) $0.8 million increase in fair value adjustment relating to LTIP;
- $3.9 million increase in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section);
- $3.6 million decrease in interest income;
- $1.0 million decrease in NOI (see further details in the "Net Operating Income" subsection, including impact of ECL);
- $0.9 million increase in supplemental costs and acquisition-related costs; and
- $0.4 million decrease in gain on sale of investment properties.

Net Operating Income

The following tables summarize NOI, related ratios, and recovery ratios, and to provide additional information, 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 December 31, 2021**			Three Months Ended December 31, 2020			
	Trust portion excluding EAI	**Equity Accounted Investments**	**Total Proportionate Share[1]**	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share[1]	Variance[1]
			(A)			(B)	(A–B)
Net base rent	**125,037**	**3,534**	**128,571**	123,649	3,014	126,663	1,908
Property tax and insurance recoveries	**35,020**	**507**	**35,527**	43,584	489	44,073	(8,546)
Property operating cost recoveries	**21,670**	**960**	**22,630**	22,891	983	23,874	(1,244)
Miscellaneous revenue	**7,479**	**973**	**8,452**	4,462	537	4,999	3,453
Rentals from investment properties	**189,206**	**5,974**	**195,180**	194,586	5,023	199,609	(4,429)
Service and other revenues	**3,606**	**—**	**3,606**	3,311	—	3,311	295
Rentals from investment properties and other[2]	**192,812**	**5,974**	**198,786**	197,897	5,023	202,920	(4,134)
Recoverable tax and insurance costs	**(36,015)**	**(547)**	**(36,562)**	(41,801)	(646)	(42,447)	5,885
Recoverable CAM costs	**(25,165)**	**(1,051)**	**(26,216)**	(27,967)	(834)	(28,801)	2,585
Property management fees and costs	**(586)**	**(215)**	**(801)**	(311)	(189)	(500)	(301)
Non-recoverable operating costs	**(2,094)**	**(1,273)**	**(3,367)**	(1,144)	(456)	(1,600)	(1,767)
ECL	**1,603**	**(58)**	**1,545**	(5,301)	(42)	(5,343)	6,888
Property operating costs	**(62,257)**	**(3,144)**	**(65,401)**	(76,524)	(2,167)	(78,691)	13,290
Other expenses	**(3,639)**	**—**	**(3,639)**	(3,312)	—	(3,312)	(327)
Property operating costs and other[2]	**(65,896)**	**(3,144)**	**(69,040)**	(79,836)	(2,167)	(82,003)	12,963
Net rental income and other	**126,916**	**2,830**	**129,746**	118,061	2,856	120,917	8,829
Condominium sales revenue	**—**	**—**	**—**	—	47,136	47,136	(47,136)
Condominium cost of sales	**—**	**—**	**—**	—	(31,038)	(31,038)	31,038
Condominium marketing and selling costs	**—**	**(67)**	**(67)**	—	(13)	(13)	(54)
Net profit on condominium sales	**—**	**(67)**	**(67)**	—	16,085	16,085	(16,152)
NOI[3]	**126,916**	**2,763**	**129,679**	118,061	18,941	137,002	(7,323)
Net rental income and other as a percentage of net base rent (%)	**101.5**	**80.1**	**100.9**	95.5	94.8	95.5	5.4
Net rental income and other as a percentage of rentals from investment properties (%)	**67.1**	**47.4**	**66.5**	60.7	56.9	60.6	5.9
Net rental income and other as a percentage of rentals from investment properties and other (%)	**65.8**	**47.4**	**65.3**	59.7	56.9	59.6	5.7
Recovery Ratio (including prior year adjustments) (%)	**92.7**	**91.8**	**92.6**	95.3	99.5	95.4	(2.8)
Recovery Ratio (excluding prior year adjustments) (%)	**92.7**	**95.2**	**92.8**	94.7	104.1	94.9	(2.1)

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

NOI for the three months ended December 31, 2021 decreased by $7.3 million or 5.3% as compared to the same period in 2020. This decrease was primarily attributed to the following:

- $16.2 million decrease in profit on condominium unit sales;
- $2.6 million increase in net CAM and realty tax recovery shortfall primarily due to higher vacancy; and
- $0.7 million increase in other non-recoverable operating costs related to vaccination centres;

Partially offset by the following:

- $6.8 million decrease in bad debt and expected credit losses;
- $3.0 million increase in lease termination fees;
- $1.3 million net increase in base rent primarily due to the contribution from contractual rental steps;
- $0.6 million increase in self-storage and apartment rentals; and
- $0.5 million increase in short-term rental revenue.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Year Ended December 31, 2021**			Year Ended December 31, 2020			
	Trust portion excluding EAI	**Equity Accounted Investments**	**Total Proportionate Share[1]**	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share[1]	Variance[1]
			(A)			(B)	(A–B)
Net base rent	**494,992**	**13,098**	**508,090**	496,135	11,032	507,167	923
Property tax and insurance recoveries	**169,180**	**2,354**	**171,534**	180,181	2,368	182,549	(11,015)
Property operating cost recoveries	**83,852**	**3,389**	**87,241**	83,621	3,255	86,876	365
Miscellaneous revenue	**17,891**	**2,689**	**20,580**	11,182	2,158	13,340	7,240
Rentals from investment properties	**765,915**	**21,530**	**787,445**	771,119	18,813	789,932	(2,487)
Service and other revenues	**14,843**	**—**	**14,843**	10,134	—	10,134	4,709
Rentals from investment properties and other[2]	**780,758**	**21,530**	**802,288**	781,253	18,813	800,066	2,222
Recoverable tax and insurance costs	**(176,239)**	**(2,360)**	**(178,599)**	(186,517)	(2,455)	(188,972)	10,373
Recoverable CAM costs	**(91,468)**	**(3,364)**	**(94,832)**	(87,670)	(2,922)	(90,592)	(4,240)
Property management fees and costs	**(1,469)**	**(688)**	**(2,157)**	(1,340)	(617)	(1,957)	(200)
Non-recoverable operating costs	**(7,246)**	**(3,253)**	**(10,499)**	(4,060)	(1,859)	(5,919)	(4,580)
ECL	**(3,652)**	**(54)**	**(3,706)**	(30,817)	(123)	(30,940)	27,234
Property operating costs	**(280,074)**	**(9,719)**	**(289,793)**	(310,404)	(7,976)	(318,380)	28,587
Other expenses	**(14,882)**	**—**	**(14,882)**	(10,138)	—	(10,138)	(4,744)
Property operating costs and other[2]	**(294,956)**	**(9,719)**	**(304,675)**	(320,542)	(7,976)	(328,518)	23,843
Net rental income and other	**485,802**	**11,811**	**497,613**	460,711	10,837	471,548	26,065
Condominium sales revenue	**—**	**76,837**	**76,837**	—	141,557	141,557	(64,720)
Condominium cost of sales	**—**	**(56,102)**	**(56,102)**	—	(93,709)	(93,709)	37,607
Condominium marketing and selling costs	**—**	**(264)**	**(264)**	—	(291)	(291)	27
Net profit on condominium sales[3]	**—**	**20,471**	**20,471**	—	47,557	47,557	(27,086)
NOI[4]	**485,802**	**32,282**	**518,084**	460,711	58,394	519,105	(1,021)
Net rental income and other as a percentage of net base rent (%)	**98.1**	**90.2**	**97.9**	92.9	98.2	93.0	4.9
Net rental income and other as a percentage of rentals from investment properties (%)	**63.4**	**54.9**	**63.2**	59.7	57.6	59.7	3.5
Net rental income and other as a percentage of rentals from investment properties and other (%)	**62.2**	**54.9**	**62.0**	59.0	57.6	58.9	3.1
Recovery Ratio (including prior year adjustments) (%)	**94.5**	**100.3**	**94.6**	96.2	104.6	96.4	(1.8)
Recovery Ratio (excluding prior year adjustments) (%)	**94.6**	**103.3**	**94.8**	96.1	105.9	96.3	(1.5)

(1) This column contains non-GAAP measures because it includes figures that are recorded in equity accounted investments – that are not explicitly disclosed and/or presented in the consolidated financial statements for the years ended December 31, 2021 and December 31, 2020. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures".
(2) As reflected under the column 'Trust portion excluding EAI' in the table above, this amount represents a GAAP measure.
(3) During the year ended December 31, 2021, net profit on condominium sales is primarily due to the Transit City 3 closings totalling $20.5 million. For details, see "SmartVMC Residential Development" above.
(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".

NOI for the year ended December 31, 2021 decreased by $1.0 million or 0.2% as compared to the same period in 2020. This decrease was primarily attributed to the following:

- $27.1 million decrease in profit on condominium unit sales;
- $6.7 million increase in net CAM and realty tax recovery shortfall primarily due to higher vacancy;
- $4.8 million decrease in base rent primarily due to tenant base rent reductions and higher vacancy;
- $2.3 million increase in other non-recoverable operating costs related to vaccination centres; and
- $0.6 million increase in tenant incentive costs;

Partially offset by the following:

- $27.0 million decrease in bad debt and expected credit losses;
- $4.2 million increase in straight-line rent;
- $3.8 million increase in lease termination fees;
- $3.4 million increase in percentage rent and other miscellaneous revenue; and
- $2.1 million increase in self-storage and apartment rentals.

Same Properties NOI

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

Quarterly Comparison to Prior Year

(in thousands of dollars)	**Three Months Ended December 31, 2021**	Three Months Ended December 31, 2020	Variance ($)	Variance (%)
Net rental income	**126,949**	118,062	8,887	7.5
Service and other revenues	**3,606**	3,311	295	8.9
Other expenses	**(3,639)**	(3,312)	(327)	9.9
NOI[1]	**126,916**	118,061	8,855	7.5
NOI from equity accounted investments[1]	**2,763**	18,941	(16,178)	(85.4)
Total portfolio NOI before adjustments[1]	**129,679**	137,002	(7,323)	(5.3)
Adjustments:				
Royalties	**285**	243	42	17.3
Straight-line rent	**(154)**	(448)	294	(65.6)
Lease termination and other adjustments	**(3,476)**	(477)	(2,999)	N/R[2]
Net profit on condominium sales	**67**	(16,085)	16,152	N/R[2]
Amortization of tenant incentives	**1,766**	1,825	(59)	(3.2)
Total portfolio NOI after adjustments[1]	**128,167**	122,060	6,107	5.0
NOI sourced from:				
Acquisitions	**(18)**	(24)	6	(25.0)
Dispositions	**(280)**	(455)	175	(38.5)
Earnouts and Developments	**(669)**	(200)	(469)	N/R[2]
Same Properties NOI[1]	**127,200**	121,381	5,819	4.8
Add back: Bad debt expense/ECL[3]	**(1,523)**	5,301	(6,824)	N/R[2]
Same Properties NOI excluding ECL[1]	**125,677**	126,682	(1,005)	(0.8)

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
(2) N/R – Not representative.
(3) Amounts for the three months ended December 31, 2021 and December 31, 2020 reflect, principally, the impact of the COVID-19 pandemic on collections.

"Same Properties" in the table above refers to those income properties that were owned by the Trust from October 1, 2020 to December 31, 2020 and from October 1, 2021 to December 31, 2021. The Same Properties NOI for the three months ended December 31, 2021 increased by $5.8 million or 4.8% as compared to the same period in 2020, which was primarily due to the following:

- $6.8 million decrease in bad debt expense and expected credit losses, which was higher in the comparative period to reflect the impact of the COVID-19 pandemic; and
- $2.6 million increase in rent step-up and lease-up, higher percentage rent, higher short-term rental and other miscellaneous revenue, and rent abatements and reductions in comparative period;

Partially offset by the following:

- $1.9 million increase in miscellaneous expense; and
- $1.6 million increase in CAM and realty tax recoveries shortfall mainly due to higher vacancy.

Excluding the impact of ECL, Same Properties NOI would have been $125.7 million representing a decrease of $1.0 million or 0.8% as compared to the same period in 2020.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Year Ended December 31, 2021**	Year Ended December 31, 2020	Variance ($)	Variance (%)
Net rental income	**485,841**	460,715	25,126	5.5
Service and other revenues	**14,843**	10,134	4,709	46.5
Other expenses	**(14,882)**	(10,138)	(4,744)	(46.8)
NOI[1]	**485,802**	460,711	25,091	5.4
NOI from equity accounted investments[1]	**32,282**	58,394	(26,112)	(44.7)
Total portfolio NOI before adjustments[1]	**518,084**	519,105	(1,021)	(0.2)
Adjustments:				
Royalties	**960**	835	125	15.0
Straight-line rent	**(883)**	3,363	(4,246)	N/R[2]
Lease termination and other adjustments	**(5,240)**	(1,483)	(3,757)	N/R[2]
Net profit on condominium sales	**(20,471)**	(47,557)	27,086	57.0
Amortization of tenant incentives	**7,660**	7,564	96	1.3
Total portfolio NOI after adjustments[1]	**500,110**	481,827	18,283	3.8
NOI sourced from:				
Acquisitions	**(251)**	(120)	(131)	N/R[2]
Dispositions	**(1,745)**	(2,010)	265	(13.2)
Earnouts and Developments	**(4,691)**	(3,127)	(1,564)	(50.0)
Same Properties NOI[1]	**493,423**	476,570	16,853	3.5
Add back: Bad debt expense/ECL[3]	**3,802**	30,817	(27,015)	(87.7)
Same Properties NOI excluding ECL[1]	**497,225**	507,387	(10,162)	(2.0)

(1) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
(2) N/R – Not representative.
(3) Amounts for the year ended December 31, 2021 and December 31, 2020 reflect, principally, the adverse impact of the COVID-19 pandemic on collections.

"Same Properties" in the table above refers to those income properties that were owned by the Trust from January 1, 2020 to December 31, 2020 and from January 1, 2021 to December 31, 2021.

The Same Properties NOI for the year ended December 31, 2021 increased by $16.9 million or 3.5% as compared to the same period in 2020, which was primarily due to the following:

- $27.0 million decrease in bad debt expense and expected credit losses, which was higher in the comparative period to reflect the continued impact of the COVID-19 pandemic; and
- $3.2 million increase in short-term rental, percentage rent, and other miscellaneous revenue;

Partially offset by the following:

- $5.5 million net decrease in rental revenue mainly due to rent reductions of certain tenants, rent abatements not provided and other vacancies/rent reductions as a result of the continued impact of the COVID-19 pandemic;
- $4.7 million increase in CAM and realty tax recoveries shortfall mainly due to higher vacancy; and
- $3.1 million higher expenses primarily due to COVID-19 vaccination centre costs, partially offset by lower management fees.

Excluding the bad debt expense and ECL, Same Properties NOI would have been $497.2 million representing a decrease of $10.2 million or 2.0% as compared to the same period in 2020.

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

Adjusted EBITDA

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

(in thousands of dollars)	**12 Months Ended December 31, 2021**	12 Months Ended December 31, 2020	Variance ($)
Net income and comprehensive income	**987,676**	89,940	897,736
Add (deduct) the following items:			
Interest expense	**149,977**	152,715	(2,738)
Interest income	**(12,341)**	(15,241)	2,900
Yield maintenance costs	**—**	11,954	(11,954)
Amortization of equipment and intangible assets	**3,778**	3,714	64
Amortization of tenant improvements	**7,872**	7,320	552
Fair value adjustments	**(645,029)**	247,923	(892,952)
Fair value adjustment on TRS	**5,642**	—	5,642
Adjustment for supplemental costs	**2,618**	2,031	587
Gain on sale of investment properties	**(27)**	(444)	417
Gain on sale of land to co-owners (Transactional FFO)	**1,923**	744	1,179
Acquisition-related costs	**2,791**	2,347	444
Adjusted EBITDA(1)	**504,880**	503,003	1,877
Adjusted EBITDA(1)	**504,880**	503,003	1,877
Less: Condominium closing profits	**(20,471)**	(47,557)	27,086
Add: Expected credit loss	**3,802**	30,817	(27,015)
Adjusted EBITDA excluding condominium closing profits and ECL(1)	**488,211**	486,263	1,948

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

Other Measures of Performance

The following measures of performance are sometimes used by Canadian REITs and other reporting entities as indicators of financial performance. Because these measures are not standardized as prescribed by IFRS, they may not be comparable to similar measures presented by other reporting entities. Management uses these measures to analyze operating performance. Because one of the factors that may be considered relevant by prospective investors is the cash distributed by the Trust relative to the price of the Units, management believes these measures are useful supplemental measures that may assist prospective investors in assessing an investment in Units. The Trust analyzes its cash distributions against these measures to assess the stability of the monthly cash distributions to Unitholders. These measures are not intended to represent operating profits for the year; nor should they be viewed as an alternative to net income and comprehensive income, cash flows from operating activities or other measures of financial performance calculated in accordance with IFRS. The calculations are derived from the consolidated financial statements for the years ended December 31, 2021 and December 31, 2020, unless otherwise stated, do not include any assumptions, do not include any forward-looking information and are consistent with prior reporting years.

Funds From Operations

FFO is a non-GAAP financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALpac, which published a White Paper describing the intended use of FFO, last revised in February 2019. It is the Trust's view that IFRS net income does not necessarily provide a complete measure of the Trust's recurring operating performance. This is primarily because IFRS net income includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations and gains and losses on the disposal of investment properties, including associated transaction costs and taxes, which management believes are not representative of a company's economic earnings. For these reasons, the Trust has adopted REALpac's definition of FFO, which was created by the real estate industry as a supplemental measure of operating performance. FFO is computed as IFRS consolidated net income and comprehensive income attributable to Unitholders adjusted for items such as, but not limited to, unrealized changes in the fair value of investment properties and financial instruments and transaction gains and losses on the acquisition or disposal of investment properties calculated on a basis consistent with IFRS.

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

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

Quarterly Comparison to Prior Year

(in thousands of dollars, except per Unit amounts)	**Three Months Ended December 31, 2021**	Three Months Ended December 31, 2020	Variance ($)	Variance (%)
Net income and comprehensive income	**652,081**	48,380	603,701	N/R[7]
Add (deduct):				
Fair value adjustment on revaluation of investment properties[1]	**(420,418)**	16,539	(436,957)	N/R[7]
Fair value adjustment on financial instruments[2]	**10,873**	17,839	(6,966)	N/R[7]
Gain on derivative – TRS	**4,180**	—	4,180	N/R[7]
Gain on sale of investment properties	**64**	1	63	N/R[7]
Amortization of intangible assets	**333**	332	1	0.3
Amortization of tenant improvement allowance and other	**1,608**	1,668	(60)	(3.6)
Distributions on Units classified as liabilities and vested deferred units recorded as interest expense	**2,053**	1,521	532	35.0
Salaries and related costs attributed to leasing activities[3]	**1,063**	1,200	(137)	(11.4)
Acquisition-related costs	**2,791**	166	2,625	N/R[7]
Adjustments relating to equity accounted investments:				
Rental revenue adjustment – tenant improvement amortization	**62**	100	(38)	(38.0)
Indirect interest with respect to the development portion[4]	**1,926**	1,676	250	14.9
Adjustment to indirect interest with respect to Transit City condo closings[4]	**—**	(240)	240	N/R[7]
Fair value adjustment on revaluation of investment properties	**(160,289)**	(3,050)	(157,239)	N/R[7]
Loss on sale of investment properties	**—**	(26)	26	N/R[7]
Adjustment for supplemental costs	**1,125**	591	534	90.4
FFO[5]	**97,452**	86,697	10,755	12.4
Other adjustments[6]	**660**	11,954	(11,294)	(94.5)
FFO with adjustments[5]	**98,112**	98,651	(539)	(0.5)
Transactional FFO – gain on sale of land to co-owners	**336**	—	336	N/R[7]
FFO with adjustments and Transactional FFO[5]	**98,448**	98,651	(203)	(0.2)

(1) Fair value adjustment on revaluation of investment properties is described in "Investment Properties".
(2) Fair value adjustment on financial instruments comprises the following financial instruments: units classified as liabilities, Earnout options, DUP, EIP, LTIP, TRS, interest rate swap agreement(s), and loans receivable and Earnout options recorded in the same period in 2020. The significant assumptions made in determining the fair value and fair value adjustments for these financial instruments are more thoroughly described in the Trust's consolidated financial statements for the years ended December 31, 2021. For details please see discussion in the "Results of Operations" above.
(3) Salaries and related costs attributed to leasing activities of $1.1 million were incurred in the three months ended December 31, 2021 (three months ended December 31, 2020 – $1.2 million) and were eligible to be added back to FFO based on the definition of FFO, in the REALpac White Paper published in February 2019, which provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO results in more comparability between Canadian publicly traded real estate entities that expensed their internal leasing departments and those that capitalized external leasing expenses.
(4) Indirect interest is not capitalized to properties under development and residential development inventory of equity accounted investments under IFRS but is a permitted adjustment under REALpac's definition of FFO. The amount is based on the total cost incurred with respect to the development portion of equity accounted investments multiplied by the Trust's weighted average cost of debt.
(5) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
(6) Represents adjustments relating to: i) $0.7 million of costs associated with COVID-19 vaccination centres (three months ended December 31, 2020 – $nil), and ii) $12.0 million yield maintenance costs on repayment of debt and related write-off of unamortized financing costs during the three months ended December 31, 2020.
(7) N/R – Not representative.

For the three months ended December 31, 2021, FFO increased by $10.8 million or 12.4% to $97.5 million. This increase was primarily attributed to:

- $15.8 million net decrease in interest expense, which was primarily due to the yield maintenance costs incurred in the same period prior year;
- $4.2 million increase in gain on TRS;
- $0.5 million net increase in adjustment for supplemental costs;
- $0.3 million increase in add back for indirect interest incurred in respect of equity accounted development projects; and
- $0.2 million decrease in adjustment of indirect interest relating to closed Transit City condominium units in comparative period in 2020;

Partially offset by:

- $7.3 million decrease in NOI (see details in the "Net Operating Income" subsection);
- $1.5 million increase in net general and administrative expense;
- $1.4 million decrease in interest income.

For the three months ended December 31, 2021, FFO with adjustments decreased by $0.5 million or 0.5% to $98.1 million.

The following table presents per unit FFO (non-GAAP measure):

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020	Variance ($)	Variance (%)
Per Unit – basic/diluted[(1)]:				
FFO[(2)]	**$0.56/$0.56**	$0.50/$0.50	0.06/0.06	12.0/12.0
FFO with adjustments[(2)]	**$0.57/$0.56**	$0.57/$0.57	—/(0.01)	—/(1.8)
FFO with adjustments and Transactional FFO[(2)]	**$0.57/$0.56**	$0.57/$0.57	—/(0.01)	—/(1.8)

(1) Diluted FFO is adjusted for the dilutive effect of vested deferred units, which are not dilutive for net income purposes. The calculation of diluted FFO is a non-GAAP measure and does not consider the impact of unvested deferred units. To calculate diluted FFO for the three months ended December 31, 2021, 1,397,164 vested deferred units are added back to the weighted average Units outstanding (three months ended December 31, 2020 – 1,043,747 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".

Year-to-Date Comparison to Prior Year

(in thousands of dollars, except per Unit amounts)	**Year Ended December 31, 2021**	Year Ended December 31, 2020	Variance ($)	Variance (%)
Net income and comprehensive income	**987,676**	89,940	897,736	N/R[(7)]
Add (deduct):				
Fair value adjustment on revaluation of investment properties[(1)]	**(491,528)**	275,051	(766,579)	N/R[(7)]
Fair value adjustment on financial instruments[(2)]	**34,227**	(17,722)	51,949	N/R[(7)]
Gain on derivative – TRS	**5,642**	—	5,642	N/R[(7)]
Gain on sale of investment properties	**(271)**	(418)	147	(35.2)
Amortization of intangible assets	**1,331**	1,331	—	—
Amortization of tenant improvement allowance and other	**7,038**	6,926	112	1.6
Distributions on Units classified as liabilities and vested deferred units recorded as interest expense	**6,343**	5,785	558	9.6
Salaries and related costs attributed to leasing activities[(3)]	**5,196**	5,853	(657)	(11.2)
Acquisition-related costs	**2,791**	2,347	444	18.9
Adjustments relating to equity accounted investments:				
Rental revenue adjustment – tenant improvement amortization	**360**	394	(34)	(8.6)
Indirect interest with respect to the development portion[(4)]	**7,050**	6,821	229	3.4
Adjustment to indirect interest with respect to Transit City condo closings[(4)]	**(675)**	(940)	265	(28.2)
Fair value adjustment on revaluation of investment properties	**(187,728)**	(9,406)	(178,322)	N/R[(7)]
Gain on sale of investment properties	**—**	(26)	26	N/R[(7)]
Adjustment for supplemental costs	**2,618**	2,031	587	28.9
FFO[(5)]	**380,070**	367,967	12,103	3.3
Other adjustments[(6)]	**3,226**	11,954	(8,728)	(73.0)
FFO with adjustments[(5)]	**383,296**	379,921	3,375	0.9
Transactional FFO – gain on sale of land to co-owners	**1,923**	744	1,179	N/R[(7)]
FFO with adjustments and Transactional FFO[(5)]	**385,219**	380,665	4,554	1.2

(1) Fair value adjustment on revaluation of investment properties is described in "Investment Properties".
(2) Fair value adjustment on financial instruments comprises the following financial instruments: units classified as liabilities, Earnout options, DUP, EIP, LTIP, TRS, interest rate swap agreement(s), and loans receivable and Earnout options recorded in the same period in 2020. The significant assumptions made in determining the fair value and fair value adjustments for these financial instruments are more thoroughly described in the Trust's consolidated financial statements for the year ended December 31, 2021. For details please see discussion in "Results of Operations" above.
(3) Salaries and related costs attributed to leasing activities of $5.2 million were incurred in the year ended December 31, 2021 (year ended December 31, 2020 – $5.9 million) and were eligible to be added back to FFO based on the definition of FFO, in the REALpac White Paper published in February 2019, which provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO results in more comparability between Canadian publicly traded real estate entities that expensed their internal leasing departments and those that capitalized external leasing expenses.
(4) Indirect interest is not capitalized to properties under development and residential development inventory of equity accounted investments under IFRS but is a permitted adjustment under REALpac's definition of FFO. The amount is based on the total cost incurred with respect to the development portion of equity accounted investments multiplied by the Trust's weighted average cost of debt.
(5) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
(6) Represents adjustments relating to: i) $0.9 million of compensation costs relating to previous CEO (year ended December 31, 2020 – $nil), ii) $2.3 million of costs associated with COVID-19 vaccination centres (year ended December 31, 2020 – $nil), and iii) $12.0 million yield maintenance costs on repayment of debt and related write-off of unamortized financing costs during the year ended December 31, 2020.
(7) N/R – Not representative.

For the year ended December 31, 2021, FFO increased by $12.1 million or 3.3% to $380.1 million. This increase was primarily attributed to:

- $14.7 million net decrease in interest expense, which was primarily due to the yield maintenance costs incurred in the prior year;
- $5.6 million increase in gain of TRS;
- $0.6 million increase in adjustment for supplemental costs;
- $0.2 million increase in adjustment to indirect interest relating to closed Transit City condominium units in prior year; and
- $0.2 million increase in add back for indirect interest incurred in respect of equity accounted development projects;

Partially offset by:

- $3.9 million increase in net general and administrative expense;
- $3.6 million decrease in interest income;
- $1.0 million decrease in NOI (see details in the "Net Operating Income" subsection); and
- $0.7 million decrease in FFO add back for salaries and related costs attributed to leasing activities.
-

For the year ended December 31, 2021, FFO with adjustments increased by $3.4 million or 0.9% to $383.3 million.

The following table presents per unit FFO and FFO with Transactional FFO (non-GAAP measures):

	Year Ended December 31, 2021	Year Ended December 31, 2020	Variance ($)	Variance (%)
Per Unit – basic/diluted(1):				
FFO(2)	**$2.20/$2.19**	$2.14/$2.13	0.06/0.06	2.8/2.8
FFO with adjustments(2)	**$2.22/$2.21**	$2.21/$2.20	0.01/0.01	0.5/0.5
FFO with adjustments and Transactional FFO(2)	**$2.23/$2.22**	$2.21/$2.20	0.02/0.02	0.9/0.9

(1) Diluted FFO is adjusted for the dilutive effect of vested deferred units, which are not dilutive for net income purposes. The calculation of diluted FFO is a non-GAAP measure and does not consider the impact of unvested deferred units. To calculate diluted FFO for the year ended December 31, 2021, 1,301,485 vested deferred units are added back to the weighted average Units outstanding (year ended December 31, 2020 – 998,302 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".

The following table presents FFO excluding condominium profits for the years ended December 31, 2021 and December 31, 2020 (for further details, see the "SmartVMC Residential Development" subsection):

(in thousands of dollars)	**Three Months Ended December 31, 2021**	Three Months Ended December 31, 2020	**Year Ended December 31, 2021**	Year Ended December 31, 2020
FFO(1)	**97,452**	86,697	**380,070**	367,967
Less:				
FFO sourced from condominium profits(1)	**(66)**	19,418	**18,747**	44,779
FFO excluding condominium profits(1)	**97,518**	67,279	**361,323**	323,188

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

Weighted Average Number of Units

The weighted average number of Trust Units and exchangeable LP Units is used in calculating the Trust's net income and comprehensive income per Unit, net income and comprehensive income excluding fair value adjustments per Unit, and FFO per Unit. The corresponding diluted per Unit amounts are adjusted for the dilutive effect of the vested portion of deferred units granted under the Trust's DUP unless they are anti-dilutive. To calculate diluted FFO per Unit for the years ended December 31, 2021 and December 31, 2020, 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 per Unit and net income and comprehensive income per Unit calculations in this MD&A:

	Three Months Ended December 31			Year Ended December 31		
(number of Units)	**2021**	2020	Variance	**2021**	2020	Variance
Trust Units	**144,621,347**	144,618,352	2,995	**144,619,385**	144,543,393	75,992
Class B LP Units	**16,424,430**	16,416,667	7,763	**16,419,964**	16,416,667	3,297
Class D LP Units	**311,022**	311,022	—	**311,022**	311,022	—
Class F LP Units	**8,708**	8,708	—	**8,708**	8,405	303
Class B LP II Units	**756,525**	756,525	—	**756,525**	756,525	—
Class B LP III Units	**4,039,184**	4,006,661	32,523	**4,034,079**	3,945,328	88,751
Class B LP IV Units	**3,093,910**	3,067,593	26,317	**3,087,565**	3,067,593	19,972
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	**433,207**	—	433,207	**109,192**	—	109,192
Class D Series 2 VMC West LP Units	**259,924**	—	259,924	**65,515**	—	65,515
Class B Boxgrove LP Units	**170,000**	170,000	—	**170,000**	58,989	111,011
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	**28,362,289**	27,602,555	759,734	**27,827,949**	27,429,908	398,041
Total Units – Basic	**172,983,636**	172,220,907	762,729	**172,447,334**	171,973,301	474,033
Vested deferred units	**1,397,164**	1,043,747	353,417	**1,301,485**	998,302	303,183
Total Units and vested deferred units – Diluted	**174,380,800**	173,264,654	1,116,146	**173,748,819**	172,971,603	777,216

Adjusted Cashflow From Operations

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

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

Quarterly Comparison to Prior Year

(in thousands of dollars)	**Three Months Ended December 31, 2021**	Three Months Ended December 31, 2020	Variance ($)	Variance (%)
Cash flows provided by operating activities	**133,674**	91,371	42,303	46.3
Adjustments to working capital items that are not indicative of sustainable cash available for distribution[1]	**(48,678)**	(21,921)	(26,757)	N/R[4]
Distributions on Units classified as liabilities and vested deferred units recorded as interest expense	**2,053**	1,521	532	35.0
Expenditures on direct leasing costs and tenant incentives	**2,050**	2,178	(128)	(5.9)
Expenditures on tenant incentives for properties under development	**—**	(386)	386	N/R[4]
Actual sustaining capital expenditures	**(10,323)**	(4,686)	(5,637)	N/R[4]
Actual sustaining leasing commissions	**(742)**	(738)	(4)	0.5
Actual sustaining tenant improvements	**(1,217)**	(1,466)	249	(17.0)
Non-cash interest expense, net of other financing costs	**9,594**	(3,504)	13,098	N/R[4]
Non-cash interest income	**(7,110)**	2,222	(9,332)	N/R[4]
Acquisition-related costs, net	**2,791**	166	2,625	N/R[4]
Gain on sale of land to co-owners	**336**	—	336	N/R[4]
Distributions from equity accounted investments	**(732)**	(3,473)	2,741	(78.9)
Adjustments relating to equity accounted investments:				
Cash flows from operating activities including working capital adjustments	**(236)**	21,305	(21,541)	N/R[4]
Notional interest capitalization[2]	**1,926**	1,676	250	14.9
Adjustment to indirect interest with respect to Transit City condo closings[2]	**—**	(240)	240	N/R[4]
Actual sustaining capital and leasing expenditures	**(103)**	(73)	(30)	41.1
Non-cash interest expense	**30**	(9)	39	N/R[4]
ACFO[3]	**83,313**	83,943	(630)	(0.8)
Other adjustments[5]	**660**	11,954	(11,294)	(94.5)
ACFO with adjustments[3]	**83,973**	95,897	(11,924)	(12.4)
ACFO[3]	**83,313**	83,943	(630)	(0.8)
Distributions declared	**79,725**	79,656	69	0.1
Surplus of ACFO over distributions declared	**3,588**	4,287	(699)	(16.3)
Payout Ratio Information:				
Payout Ratio to ACFO[3]	**95.7 %**	94.9 %	N/A	0.8 %
Payout Ratio to ACFO with adjustments[3]	**94.9 %**	83.1 %	N/A	11.8 %

(1) Adjustments to working capital items include, but are not limited to, changes in prepaid expenses and deposits, accounts receivables, accounts payables and other working capital items that are not indicative of sustainable cash available for distribution.
(2) See the "Indirect interest with respect to the development portion" line items as presented in the "Funds From Operations" subsection above for more information.
(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
(4) N/R – Not representative.
(5) Represents adjustments relating to \$0.7 million of costs associated with COVID-19 vaccination centres (three months ended December 31, 2020 – \$nil), and \$12.0 million yield maintenance costs on repayment of debt and related write-off of unamortized financing costs during the year ended December 31, 2020.

For the three months ended December 31, 2021, ACFO decreased by $0.6 million or 0.8% to $83.3 million compared to the same period in 2020, which was primarily due to the items previously identified (see "Results of Operations").

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Year Ended December 31, 2021**	Year Ended December 31, 2020	Variance ($)	Variance (%)
Cash flows provided by operating activities	**371,624**	295,982	75,642	25.6
Adjustments to working capital items that are not indicative of sustainable cash available for distribution[1]	**(40,796)**	14,039	(54,835)	N/R[2]
Distributions on Units classified as liabilities and vested deferred units recorded as interest expense	**6,343**	5,785	558	9.6
Expenditures on direct leasing costs and tenant incentives	**5,927**	5,462	465	8.5
Expenditures on tenant incentives for properties under development	**730**	1,897	(1,167)	(61.5)
Actual sustaining capital expenditures	**(17,331)**	(8,445)	(8,886)	N/R[2]
Actual sustaining leasing commissions	**(3,071)**	(1,732)	(1,339)	77.3
Actual sustaining tenant improvements	**(2,903)**	(3,829)	926	(24.2)
Non-cash interest expense, net of other financing costs	**7,160**	(19,966)	27,126	N/R[2]
Non-cash interest income	**(5,307)**	9,739	(15,046)	N/R[2]
Acquisition-related costs, net	**2,791**	166	2,625	N/R[2]
Gain on sale of land to co-owners	**1,923**	744	1,179	N/R[2]
Distributions from equity accounted investments	**(4,072)**	(4,770)	698	(14.6)
Adjustments relating to equity accounted investments:				
Cash flows from operating activities including working capital adjustments	**23,819**	52,547	(28,728)	(54.7)
Notional interest capitalization[3]	**7,050**	6,821	229	3.4
Adjustment to indirect interest with respect to Transit City condo closings[3]	**(675)**	(940)	265	(28.2)
Actual sustaining capital and leasing expenditures	**(207)**	(185)	(22)	11.9
Non-cash interest expense	**50**	94	(44)	(46.8)
ACFO[4]	**353,055**	353,409	(354)	(0.1)
Other adjustments[5]	**3,226**	11,954	(8,728)	(73.0)
ACFO with adjustments[4]	**356,281**	365,363	(9,082)	(2.5)

ACFO[4]	**353,055**	353,409	(354)	(0.1)
Distributions declared	**318,753**	318,758	(5)	0.0
Surplus of ACFO over distributions declared	**34,302**	34,651	(349)	(1.0)
Payout Ratio Information:				
Payout Ratio to ACFO[4]	**90.3 %**	90.2 %	N/A	0.1 %
Payout Ratio to ACFO with adjustments[4]	**89.5 %**	87.2 %	N/A	2.3 %

(1) Adjustments to working capital items include, but are not limited to, changes in prepaid expenses and deposits, accounts receivables, accounts payables and other working capital items that are not indicative of sustainable cash available for distribution.
(2) N/R – Not representative.
(3) See the "Indirect interest with respect to the development portion" as presented in the "Funds From Operations" subsection above for more information.
(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".
(5) Represents adjustments relating to: i) $0.9 million of compensation costs relating to previous CEO (year ended December 31, 2020 – $nil), ii) $2.3 million of costs associated with COVID-19 vaccination centres (year ended December 31, 2020 – $nil), and iii) $12.0 million yield maintenance costs on repayment of debt and related write-off of unamortized financing costs during the year ended December 31, 2020.

For the year ended December 31, 2021, ACFO decreased by $0.4 million or 0.1% to $353.1 million compared to the same period in 2020, which was primarily due to the items previously identified (see "Results of Operations").

Determination of Distributions

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

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

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

Distributions and ACFO Highlights

	Three Months Ended December 31			Year Ended December 31		
(in thousands of dollars)	**2021**	2020	Variance ($)	**2021**	2020	Variance ($)
Cash flows provided by operating activities	**133,674**	91,371	42,303	**371,624**	295,982	75,642
Distributions declared	**79,725**	79,656	69	**318,753**	318,758	(5)
ACFO[1]	**83,313**	83,943	(630)	**353,055**	353,409	(354)
Surplus (shortfall) of cash flows provided by operating activities over distributions declared	**53,949**	11,715	42,234	**52,871**	(22,776)	75,647
Surplus of ACFO over distributions declared	**3,588**	4,287	(699)	**34,302**	34,651	(349)

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

For the year ended December 31, 2021, the $52.9 million surplus of cash flows provided by operating activities over distributions declared was primarily due to lower working capital requirements, in addition to an increase in tenant prepaid rent, deposits, and other payables.

The following tables illustrate: i) the annualized surplus of cash flows provided by operating activities over distributions declared, ii) ACFO, and iii) ACFO-related payout ratios, for the 12 and 24 months ended December 31, 2021 and December 31, 2020:

		12 Months Ended	
(in thousands of dollars)		**December 31, 2021**	December 31, 2020
Cash flows provided by operating activities	**(A)**	**371,624**	295,982
Distributions declared	**(B)**	**318,753**	318,758
ACFO	**(C)**	**353,056**	353,408
Surplus (shortfall) of cash provided by operating activities over distributions declared	**(A – B)**	**52,871**	(22,776)
Surplus of ACFO over distributions declared	**(C – B)**	**34,303**	34,650
Payout Ratio to Cash flows provided by operating activities		**85.8 %**	107.7 %
Payout Ratio to ACFO[1]		**90.3 %**	90.2 %

(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".

		24 Months Ended	
		December 31, 2021	December 31, 2020
Cash flows provided by operating activities	**(A)**	**667,606**	641,593
Distributions declared	**(B)**	**637,511**	629,408
ACFO	**(C)**	**706,464**	688,054
Surplus of cash provided by operating activities over distributions declared	**(A – B)**	**30,095**	12,185
Surplus of ACFO over distributions declared	**(C – B)**	**68,953**	58,646
Payout Ratio to Cash flows provided by operating activities		**95.5 %**	98.1 %
Payout Ratio to ACFO[(1)]		**90.2 %**	91.5 %

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

General and Administrative Expense

The following tables summarize general and administrative expense before allocation, general and administrative expense, net (as presented in the consolidated statements of income and comprehensive income for the year ended December 31, 2021) general and administrative expense excluding internal leasing expense, and general and administrative expense, net as a percentage of rental from investment properties:

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	Note[(1)]		**Year Ended December 31, 2021**	Year Ended December 31, 2020	Variance ($)
Salaries and benefits			**54,260**	50,459	3,801
Performance compensation (EIP, LTIP)			**8,095**	895	7,200
DUP			**3,990**	2,892	1,098
Services fee – by Penguin	22		**7,062**	6,880	182
Professional fees			**6,338**	6,093	245
Public company costs			**1,681**	1,708	(27)
Amortization of intangible assets			**1,331**	1,331	—
Office rent, information technology, marketing, communications and other employee expenses			**9,546**	8,195	1,351
Other costs			**2,702**	1,946	756
Subtotal			**95,005**	80,399	14,606
Previously capitalized general and administrative costs – Transit City phases			**1,050**	1,842	(792)
Previously capitalized general and administrative expenses on sale of real estate assets			**946**	—	946
Total general and administrative expense before allocation		**(A)**	**97,001**	82,241	14,760
Less:					
Allocated to property operating costs			**(15,434)**	(13,949)	(1,485)
Capitalized to properties under development and other assets			**(36,465)**	(29,476)	(6,989)
Total amounts allocated and capitalized		**(B)**	**(51,899)**	(43,425)	(8,474)
Transition services charged to Penguin	22		**—**	(833)	833
Time billings, leasing, management fees, development fees and other fees	22		**(12,034)**	(8,538)	(3,496)
Shared service costs charged to Penguin	22		**(1,146)**	(763)	(383)
Total amounts charged		**(C)**	**(13,180)**	(10,134)	(3,046)
Total amounts allocated, capitalized and charged		**(D = B + C)**	**(65,079)**	(53,559)	(11,520)
General and administrative expense, net		**(E = A + D)**	**31,922**	28,682	3,240

(1) The Note reference relates to the corresponding Note disclosure in the consolidated financial statements for the year ended December 31, 2021.

Total general and administrative expense before allocation
For the year ended December 31, 2021, total general and administrative expense before allocation was $97.0 million, representing an increase of $14.8 million or 17.9% as compared to the same period in 2020. This increase can be attributed primarily to:
- $7.1 million increase in EIP expense (Mitchell Goldhar – $5.2 million and eligible associates – $1.9 million);
- $3.8 million increase in salary and related costs;
- $2.4 million increase in professional fees and other costs;
- $1.3 million increase in DUP and LTIP expense; and
- $0.2 million net increase in previously capitalized expenses on completed condo developments relating to VMC Residences (equity accounted investments) and other real estate assets sold.

Total amounts allocated, capitalized and charged
For the year ended December 31, 2021, total amounts allocated, capitalized and charged to Penguin and others was $65.1 million, representing an increase of $11.5 million or 21.5% as compared to the same period in 2020. This increase can be attributed primarily to:
- $7.0 million increase in the amounts capitalized to properties under development and other assets; and
- $4.5 million increase in General and Administrative capitalization associated with external development and other service fees.

Section V — Leasing Activities and Lease Expiries

Leasing Activities

Occupancy
Consumer spending strengthened throughout the last quarter of 2021 and into the Christmas shopping season despite higher inflation levels. The Trust's value-oriented portfolio not only provided an attractive place to shop, but Tenant confidence grew with the improving traffic and new locations were being sought in all markets and for all store sizes. Tenants continue to find new ways to enhance their customers' experience through flexible hours, reconfiguration of store layouts, click and collect, and convenient delivery. In addition to the regular staple of value-oriented tenants continuing to seek more space in Walmart-anchored sites, new uses also continue to enhance each centre's offering with medical, daycare, health foods, furniture, entertainment, pet supplies, takeout food, specialty foods and more. This led to the Trust's strong occupancy levels at 97.6% (inclusive of committed leases for future occupancy) and 97.4% (in place).

Occupancy

	December 31, 2021	December 31, 2020	Variance
Total Leasable Area (in sq. ft.)	**34,118,613**	34,056,064	62,549
In-place Occupancy Rate (%)	**97.4**	97.0	0.4
Committed Occupancy Rate (%)	**97.6**	97.3	0.3

New Leasing Activity
During the three months ended December 31, 2021, the Trust completed deals with a wide variety of tenants, with uses such as medical, food service, entertainment, warehousing and logistics and wellness. Many of the Trust's existing tenants continued their growth plans with retailers in pharmacy, general merchandise, pet stores and home furnishings expanding their brick-and-mortar footprint nationally. During the fourth quarter, the Trust executed 175,486 square feet of new leasing, primarily tied to backfilling vacant units. The following table presents a continuity of the Trust's in-place occupancy level for the three months ended December 31, 2021:

(in square feet)	**Vacant Area**	**Occupied Area**	**Leasable Area**	**In-place Occupancy Level (%)**
Beginning balance – October 1, 2021	912,595	33,312,492	34,225,087	97.3
New vacancies	213,694	(213,694)	—	
New leases	(175,486)	175,486	—	
Subtotal	950,803	33,274,284	34,225,087	
Acquisitions	—	103,296	103,296	
Dispositions	(49,175)	(167,452)	(216,627)	
Transferred from properties under development to income properties	—	9,840	9,840	
Transferred from income properties to properties under development	(1,888)	(1,488)	(3,376)	
Other including unit area remeasurements	249	144	393	
Ending balance – December 31, 2021	**899,989**	**33,218,624**	**34,118,613**	**97.4**

The following table presents a continuity of the Trust's in-place occupancy level for the year ended December 31, 2021:

(in square feet)	Vacant Area	Occupied Area	Leasable Area	In-place Occupancy Level (%)
Beginning balance – January 1, 2021	1,016,894	33,039,170	34,056,064	97.0
New vacancies	824,495	(824,495)	—	
New leases	(862,068)	862,068	—	
Subtotal	979,321	33,076,743	34,056,064	
Acquisitions	—	103,296	103,296	
Dispositions	(49,175)	(167,452)	(216,627)	
Transferred from properties under development to income properties	—	207,259	207,259	
Transferred from income properties to properties under development	(30,445)	(1,488)	(31,933)	
Other including unit area remeasurements	288	266	554	
Ending balance – December 31, 2021	**899,989**	**33,218,624**	**34,118,613**	**97.4**

Renewal Activity
For the year ended December 31, 2021, the Trust achieved a tenant renewal rate of 85.4% (December 31, 2020 – 75.3%) for tenants with expiring leases.

Renewal Summary

	December 31, 2021	December 31, 2020	Variance
Space expiring in calendar year (in sq. ft.)	**4,330,499**	4,096,297	234,202
Renewed (in sq. ft.)	**3,586,309**	2,897,874	688,435
Near completion (in sq. ft.)	**113,122**	187,598	(74,476)
Total renewed and near completion (in sq. ft.)	**3,699,431**	3,085,472	613,959
Retention rate (including near completion) (%)	**85.4**	75.3	10.1
Renewed rental rate (in dollars per sq. ft.) – including Anchors	**13.32**	13.09	0.23
Renewed rental rate (in dollars per sq. ft.) – excluding Anchors	**19.08**	18.76	0.32
Renewed rent change (including Anchors, %)	**0.9**	2.6	(1.7)
Renewed rent change (excluding Anchors, %)	**0.7**	3.3	(2.6)

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 97.1% and 96.7% respectively, and account for nearly 90% of revenue and fair value, properties in the secondary markets reflect higher in-place occupancy levels of 99.3%.

Portfolio Summary by Market Type

Market	Number of Properties	Area (000 sq. ft.)	Gross Revenue (%)	Income Property Fair Value (%)	In-place Occupancy (%)
Greater-VECTOM	108	22,828	72.3	75.6	97.1
Primary	31	6,579	16.8	13.9	96.7
Secondary	27	4,711	10.9	10.5	99.3
Total	**166**	**34,118**	**100.0**	**100.0**	**97.4**

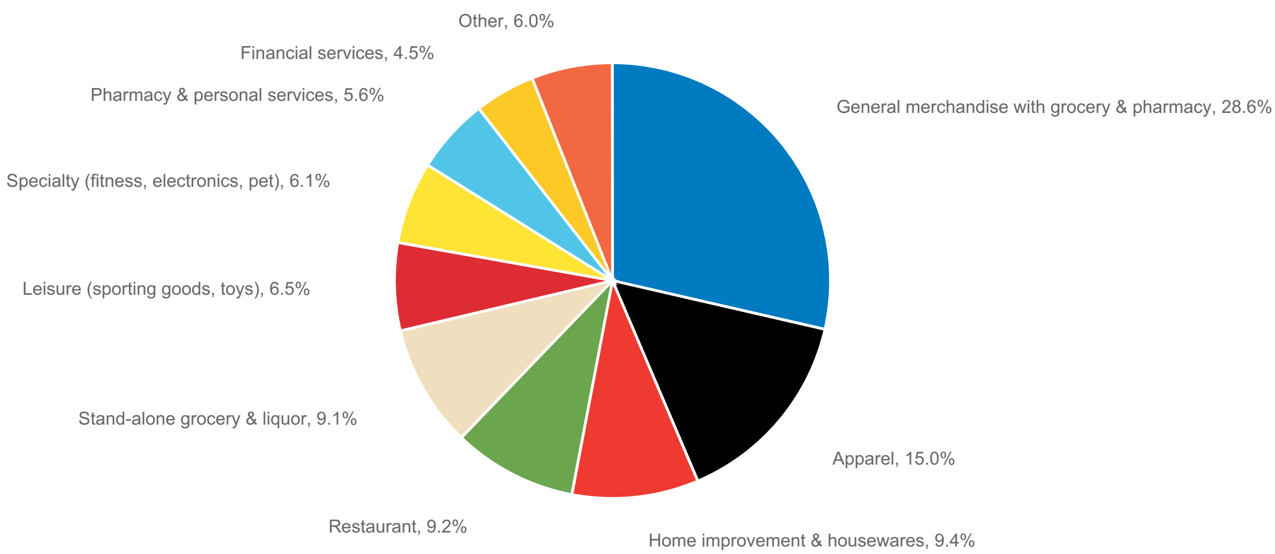
Tenant Categories

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

Annualized Gross Rent by Category for Tenants In-Place as at December 31, 2021

Category	Total (%)	Greater-VECTOM (%)	Primary (%)	Secondary (%)
General merchandise with grocery & pharmacy	28.6	23.9	35.5	47.5
Apparel	15.0	15.7	14.1	12.0
Home improvement & housewares	9.4	10.1	8.5	6.7
Restaurant	9.2	10.3	7.0	6.0
Stand-alone grocery & liquor	9.1	9.5	8.2	8.2
Leisure (sporting goods, toys)	6.5	6.5	7.7	4.5
Specialty (fitness, electronics, pet)	6.1	5.9	6.6	6.3
Pharmacy & personal services	5.6	6.6	3.6	2.5
Financial services	4.5	4.9	4.0	2.7
Other	6.0	6.6	4.8	3.6
Total	**100.0**	**100.0**	**100.0**	**100.0**

The following graph represents the Trust's portfolio exposure by annualized gross rent by category as at December 31, 2021.



Top 25 Tenants

The 25 largest tenants (by annualized gross rental revenue) accounted for 62.4% of portfolio revenue as at December 31, 2021 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	201.3	25.2	13,957,945	40.9
2	Canadian Tire, Mark's and FGL Sports	64	36.8	4.6	1,394,405	4.1
3	Winners, HomeSense, Marshalls	56	35.1	4.4	1,390,839	4.1
4	Loblaws, Shoppers Drug Mart	24	22.4	2.8	899,056	2.6
5	Sobeys	16	16.5	2.1	698,818	2.0
6	Dollarama	57	15.6	2.0	555,838	1.6
7	Lowes, RONA	8	15.3	1.9	870,545	2.6
8	LCBO	37	13.2	1.7	350,225	1.0
9	Best Buy	19	12.4	1.5	451,226	1.3
10	Michaels	24	12.1	1.5	467,059	1.4
11	Recipe Unlimited	56	11.8	1.5	278,024	0.8
12	Staples	21	11.0	1.4	449,599	1.3
13	Gap Inc.	26	9.2	1.2	269,742	0.8
14	Reitmans[(2)]	60	8.7	1.1	313,975	0.9
15	Bulk Barn	52	8.2	1.0	242,998	0.7
16	Bonnie Togs	42	7.6	1.0	198,843	0.6
17	Toys R Us	7	7.5	0.9	268,880	0.8
18	GoodLife Fitness Clubs	11	7.4	0.9	249,432	0.7
19	CIBC	27	7.4	0.9	147,298	0.4
20	The Brick	9	6.9	0.9	258,244	0.8
21	Sleep Country	38	6.8	0.8	181,572	0.5
22	Metro	9	6.7	0.8	315,438	0.9
23	Dollar Tree, Dollar Giant	26	6.6	0.8	217,286	0.6
24	PetSmart	15	6.1	0.8	197,362	0.6
25	Bank of Nova Scotia	23	5.8	0.7	120,461	0.4
		827	**498.4**	**62.4**	**24,745,110**	**72.4**

(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.

(2) Reitmans commenced proceedings under the CCAA in May 2020, disclaiming leases and ceased to rent with respect to 25 of its locations situated within the Trust's portfolio.

Lease Expiries

The following table presents total retail and office lease expiries for the portfolio as at December 31, 2021:

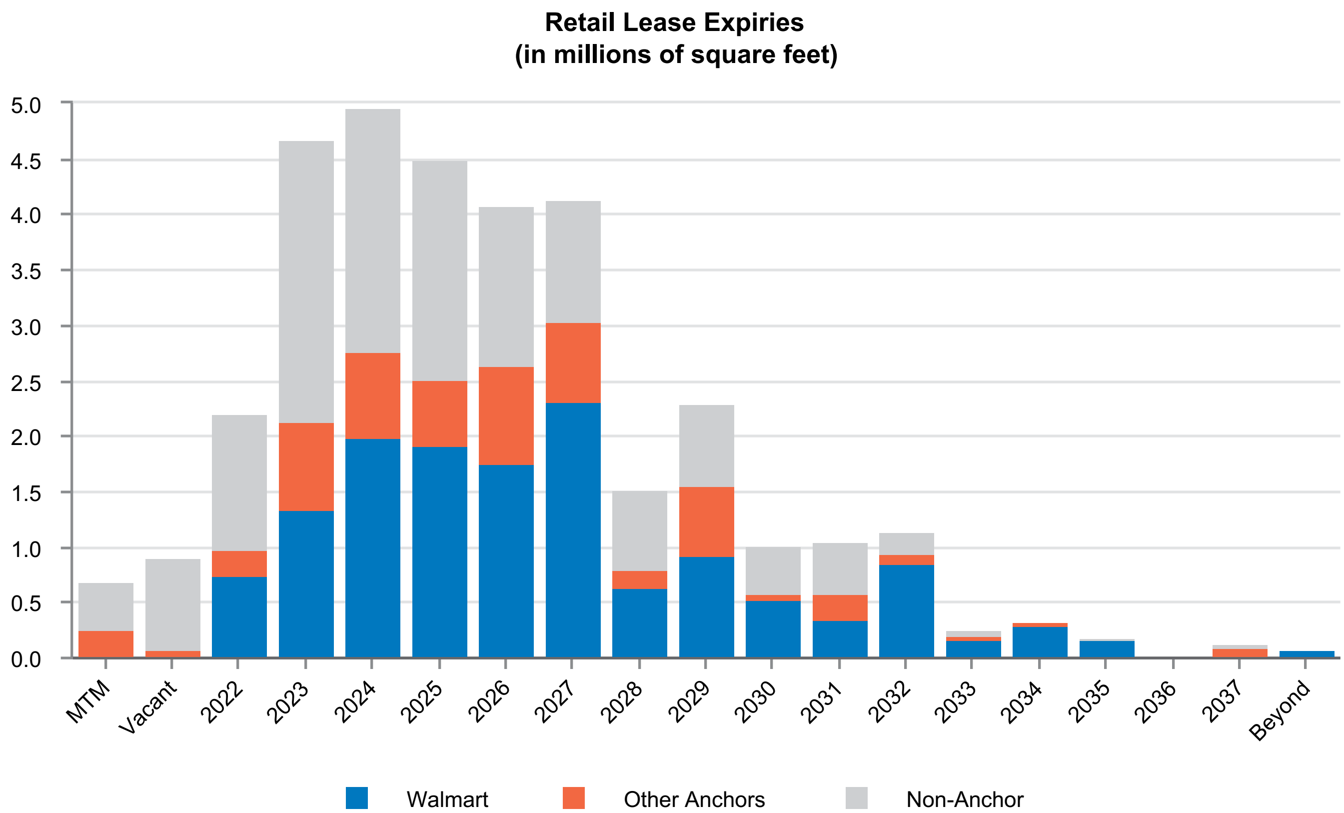
Year of Expiry	Total Area (sq. ft.)	Percentage of Total Area (%)	Annualized Base Rent ($000s)	Average Base Rent psf[1] ($)
Month-to-month and holdovers	678,622	1.9	13,824	20.37
2022	2,193,630	6.4	31,238	14.24
2023	4,681,359	13.7	76,555	16.35
2024	4,968,411	14.6	77,528	15.60
2025	4,495,044	13.2	62,581	13.92
2026	4,078,450	12.0	59,590	14.61
2027	4,125,715	12.1	54,320	13.17
2028	1,487,937	4.4	27,978	18.80
2029	2,273,196	6.7	38,136	16.78
2030	975,707	2.9	19,290	19.77
2031	962,483	2.8	17,195	17.87
2032	1,132,976	3.3	17,932	15.83
Beyond	919,604	2.7	13,089	14.23
Vacant	899,989	2.6	—	—
Total retail	**33,873,123**	**99.3**	**509,256**	**15.44**
Total office	245,490	0.7		
Total retail and office	**34,118,613**	**100.0**		

(1) The total average base rent per square foot excludes vacant space of 899,989 square feet.

The following table presents total retail and office lease expiries for the portfolio excluding Anchor tenants as at December 31, 2021:

Year of Expiry	Total Area (excluding Anchor tenants) (sq. ft.)	Percentage of Total Area (including Anchor tenants) (%)	Percentage of Total Area (excluding Anchor tenants) (%)	Annualized Base Rent ($000s)	Average Base Rent psf[1] ($)
Month-to-month and holdovers	426,295	1.3	2.9	10,175	23.87
2022	1,224,532	3.6	8.5	22,759	18.59
2023	2,549,883	7.5	17.6	54,650	21.43
2024	2,199,373	6.4	15.2	48,680	22.13
2025	1,982,414	5.8	13.7	40,778	20.57
2026	1,451,709	4.3	10.0	32,585	22.45
2027	1,097,961	3.2	7.6	24,220	22.06
2028	721,171	2.1	5.0	18,063	25.05
2029	725,989	2.1	5.0	19,396	26.72
2030	412,510	1.2	2.8	10,633	25.78
2031	475,323	1.4	3.3	10,935	23.01
2032	198,630	0.6	1.4	4,236	21.33
Beyond	111,888	0.3	0.8	2,562	22.90
Vacant	828,791	2.5	5.7	—	—
Total retail	**14,406,469**	**42.3**	**99.5**	**299,672**	**22.07**
Total office	69,064	0.2	0.5		
Total retail and office	**14,475,533**	**42.5**	**100.0**		

(1) The total average base rent per square foot excludes vacant space of 828,791 square feet.


Retail Lease Expiries
(in millions of square feet)
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
MTM
Vacant
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
Beyond
Walmart
Other Anchors
Non-Anchor

Section VI — Asset Profile

Investment Properties

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

	Year Ended December 31, 2021			Year Ended December 31, 2020		
(in thousands of dollars)	**Income Properties**	**Properties Under Development**	**Total Investment Properties**	Income Properties	Properties Under Development	Total Investment Properties
Investment properties						
Balance – beginning of year	**8,267,430**	**582,960**	**8,850,390**	8,488,669	561,397	9,050,066
Additions (deductions):			**—**			
Acquisitions, Earnouts and related adjustments of investment properties	**22,015**	**499,700**	**521,715**	—	21,678	21,678
Earnout Fees on properties subject to development management agreements	**2,397**	**—**	**2,397**	291	—	291
Transfer to income properties from properties under development	**40,555**	**(40,555)**	**—**	39,748	(39,748)	—
Transfer from income properties to properties under development	**(2,400)**	**2,400**	**—**	(70,236)	70,236	—
Transfer from properties under development to equity accounted investments	**—**	**(6,850)**	**(6,850)**	—	(6,125)	(6,125)
Capital expenditures	**17,472**	**—**	**17,472**	8,445	—	8,445
Leasing costs	**3,057**	**—**	**3,057**	1,732	—	1,732
Development expenditures (1)	**—**	**53,186**	**53,186**	—	50,728	50,728
Capitalized interest	**—**	**14,333**	**14,333**	—	17,689	17,689
Dispositions	**(62,865)**	**(37,285)**	**(100,150)**	—	(19,063)	(19,063)
Fair value adjustment on revaluation of investment properties	**107,416**	**384,112**	**491,528**	(201,219)	(73,832)	(275,051)
Balance – end of year (A)	**8,395,077**	**1,452,001**	**9,847,078**	8,267,430	582,960	8,850,390
Investment properties classified as equity accounted investments(2)						
Balance – beginning of year	**234,566**	**315,628**	**550,194**	186,204	230,231	416,435
Additions (deductions):						
Acquisitions	**—**	**11,791**	**11,791**	—	58,302	58,302
Transfer to income properties from properties under development	**46,579**	**(46,579)**	**—**	55,568	(55,568)	—
Transfer from income properties to properties under development	**—**	**—**	**—**	(16,600)	16,600	—
Transfer from the Trust's investment properties	**—**	**6,850**	**6,850**	—	6,125	6,125
Capital expenditures	**139**	**—**	**139**	106	—	106
Development expenditures (1)	**—**	**77,645**	**77,645**	—	58,656	58,656
Capitalized interest	**—**	**3,030**	**3,030**	—	1,164	1,164
Dispositions	**74**	**—**	**74**	—	—	—
Fair value adjustment on revaluation of investment properties	**37,666**	**150,062**	**187,728**	9,288	118	9,406
Balance – end of year (B)	**319,024**	**518,427**	**837,451**	234,566	315,628	550,194
Total balance (including investment properties classified as equity accounted investments) – end of period (A + B)(2)	**8,714,101**	**1,970,428**	**10,684,529**	8,501,996	898,588	9,400,584

(1) Includes development expenditures provided by external contractors, capitalized CAM costs and realty tax, and capitalized general and administrative expenses.
(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

The portfolio consists of 34.1 million square feet of gross leasable retail and office area and 1.5 million square feet of future potential gross leasable retail area in 174 properties and the option to acquire a 50.0% interest in four investment properties and 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 January 1, 2019 to December 31, 2021, the Trust has had approximately 61.2% (by value) or 51.7% (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. In addition, the determination of which properties are externally appraised to support management's internal valuation process is based on a combination of factors, including property size, property type, tenant mix, strength and type of retail node, age of property and location. Commencing in the first quarter of 2014, the Trust, on an annual basis, has had external appraisals performed on 15%–20% of the portfolio, rotating properties to ensure that at least 50% (by value) of the portfolio is valued externally over a three-year period.

The portfolio is valued internally by management utilizing valuation methodologies that are consistent with the external appraisals. Management performed these valuations by updating cash flow information reflecting current leases, renewal terms, ECL and market rents and applying updated discount rates determined, in part, through consultation with various external appraisers and available market data. In addition, the fair value of properties under development reflects the impact of development agreements (see Note 4 in the consolidated financial statements for the year ended December 31, 2021 for further discussion).

Fair values were primarily determined through the discounted cash flows approach, which is an estimate of the present value of future cash flows over a specified horizon. For the year ended December 31, 2021, the Trust applied a change in the valuation method used to estimate the value of properties under development. The Trust changed its valuation method as it believes that the discounted cash flow valuation method represents the Trust's estimate of fair values of properties under development based on expectations of changes in rental rates, occupancy rates, lease renewal rates, downtime on lease expiries, among others, as a result of the impact of the COVID-19 pandemic. This change in valuation method for properties under development also aligns with the valuation method used to determine fair value for income properties.

Investment properties (including properties under development) as recorded in the Trust's consolidated financial statements for the year ended December 31, 2021, with a total carrying value of $2,195.9 million (December 31, 2020 – $1,426.2 million) were valued by external national appraisers, and investment properties with a total carrying value of $7,651.2 million (December 31, 2020 – $7,424.2 million) were internally valued by the Trust. Based on these valuations, the weighted average discount rate on the Trust's income properties portfolio as at December 31, 2021 was 6.34% (December 31, 2020 – 6.46%).

The following table summarizes significant assumptions in Level 3 valuations along with corresponding fair values for income properties (excluding investment properties recorded in equity accounted investments):

(in thousands of dollars)	**December 31, 2021**				
		Terminal Capitalization Rate		**Discount Rate**	
Valuation Method	**Carrying Value**	**Weighted Average (%)**	**Range (%)**	**Weighted Average (%)**	**Range (%)**
Discounted cash flow	**8,395,077**	**5.83**	**4.18 – 7.43**	**6.34**	**4.58 – 7.93**

(in thousands of dollars)	December 31, 2020				
		Terminal Capitalization Rate		Discount Rate	
Valuation Method	Carrying Value	Weighted Average (%)	Range (%)	Weighted Average (%)	Range (%)
Discounted cash flow	8,267,430	5.94	4.25 – 7.79	6.46	4.65 – 8.54

The following table summarizes significant assumptions in Level 3 valuations along with corresponding fair values for properties under development (excluding properties under development recorded in equity accounted investments):

(in thousands of dollars)	**December 31, 2021**	
Valuation Method	**Carrying Value**	**Weighted Average Discount Rate (%)**
Land, development and construction costs recorded at market value	**1,324,263**	**N/A**
Discounted cash flow	**127,738**	**5.92**
	1,452,001	

(in thousands of dollars)	December 31, 2020	
Valuation Method	Carrying Value	Weighted Average Capitalization Rate (%)
Land, development and construction costs recorded at market value	416,964	N/A
Direct income capitalization	165,996	6.22
	582,960	

As at December 31, 2021, including investment properties recorded in equity accounted investments, due to changes in the market and the progress made on planning entitlements, the Trust increased the fair value of certain properties under development to $496.8 million. As driven by the Trust's vast pipeline of mixed use initiatives, the Trust expects to continue to recognize fair value increments through the planning, zoning, and development progress of its investment properties.

The effect of the COVID-19 pandemic on the real estate market, both in duration and in scale, is uncertain. However, given the dynamic environment and the Trust's income properties portfolio, management has re-assessed the valuation of certain investment properties based on the Trust's continued ability to lease and generate NOI in the foreseeable future. This re-assessment has resulted in a net fair value adjustment (gain) on revaluation of investment properties of $491.5 million (excluding investment properties recorded in equity accounted investments) for the year ended December 31, 2021, which was primarily attributed to the revaluation of certain properties under development, and the compression of discount rate by 0.075% during the year ended December 31, 2021, as management believes this adjustment in discount rate reflects long-term yield trends on the investment real estate market and risks associated with future cash flow of the Trust's portfolio, partially offset by increases in the term of assumed vacancy. See further discussion on the impact of COVID-19 on the Trust's operations in the "Results of Operations" section above.

Acquisitions of Investment Properties

In February 2021, the Trust acquired a parcel of land totalling 7.6 acres in Aurora, Ontario, to develop a residential property, for a purchase price of $12.2 million, paid in cash and adjusted for costs of acquisition and other working capital amounts.

In April and June 2021, the Trust acquired two parcels of residential land in Hamilton, Ontario, to develop a residential property for a total purchase price of $1.1 million, paid in cash and adjusted for costs of acquisition and other working capital amounts.

In December 2021, the Trust acquired a 50.0% interest in a parcel of land for retail development in Toronto (Leaside), Ontario, for a total purchase price of $12.8 million, paid in cash and adjusted for costs of acquisition and other working capital amounts. The remaining 50.0% interest is held by Penguin.

In December 2021, the Trust acquired a 66.67% interest in a parcel of land adjacent to the Vaughan Metropolitan Centre in Vaughan, Ontario, from unrelated parties for a purchase price of $494.3 million. The purchase price of this parcel of land ("SmartVMC West") was satisfied by: i) $300.0 million of cash, ii) $181.2 million through the issuance of 3,623,188 Class D Series 1 LP Units and 2,173,913 Class D Series 2 LP Units of SmartVMC West Limited Partnership, and iii) $13.1 million through the assumption of mortgages. The Trust's ownership interest in SmartVMC West represents 66.67%, while the remaining 33.33% interest is held by Penguin.

See also Note 3, "Acquisitions and Earnouts", in the Trust's consolidated financial statements for the year ended December 31, 2021.

In addition, see "Equity Accounted Investments" below for acquisitions/property contributions completed during the year ended December 31, 2021 that are recorded in investment in joint ventures.

Dispositions of Investment Properties

In January 2021, the Trust sold a parcel of land totalling 13.2 acres located in Niagara Falls, Ontario, for gross proceeds of $4.7 million, of which $1.4 million was paid in cash and the balance was granted as an interest-bearing loan to the purchaser. See also Note 3, "Acquisitions and Earnouts" and Note 6, "Mortgages, loans and notes receivable" in the Trust's consolidated financial statements for the year ended December 31, 2021.

In February 2021, the Trust contributed its interest in a parcel of land totalling 1.5 acres located in Brampton, Ontario, for a value of $3.3 million to a joint venture, Kingspoint Self Storage LP, for development of a self-storage facility (see also, Note 5(b) in the Trust's consolidated financial statements for the year ended December 31, 2021).

In March 2021, the Trust sold a parcel of land totalling 2.4 acres located in Mascouche, Quebec, for gross proceeds of $3.1 million, which was satisfied by cash.

In March 2021, the Trust contributed its interest in a parcel of land totalling 2.7 acres located in Mascouche, Quebec for a value of $3.6 million to a joint venture, Mascouche North Apartments Limited Partnership, for development of a rental apartment complex (see also, Note 5(b) in the Trust's consolidated financial statements for the year ended December 31, 2021).

In September 2021, the Trust sold a parcel of land totalling 1.4 acres located in Stouffville, Ontario, for gross proceeds of $2.7 million, which was satisfied by cash.

In October 2021, the Trust, together with its 50% partner Penguin, sold a parcel of land totalling 78.4 acres (39.2 acres at the Trust's share) located in Innisfil, Ontario, for gross proceeds of $21.6 million (at the Trust's share), which was satisfied by a vendor take-back mortgage bearing interest at 4% per annum, with a term of two years, in the amount of $15.1 million (at the Trust's share, see also Note 6(b), footnote 11 in the Trust's consolidated financial statements for the year ended December 31, 2021), with the balance paid in cash adjusted for other working capital amounts.

In December 2021, the Trust sold a property, consisting of an investment property and a property under development, located in Maple Ridge, British Columbia, for gross proceeds of $67.5 million, which was satisfied by cash, adjusted for transaction costs and other working capital amounts.

Equity Accounted Investments

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

	Year Ended December 31, 2021			Year Ended December 31, 2020		
(in thousands of dollars)	**Investment in Associates**	**Investment in Joint Ventures**	**Total**	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of year	**354,992**	**108,212**	**463,204**	294,499	50,877	345,376
Operating Activities:						
Earnings (loss)	**183,660**	**27,760**	**211,420**	62,369	(397)	61,972
Distributions – VMC Residences condominium unit closings(1)	**(52,824)**	**—**	**(52,824)**	—	—	—
Distributions – operating activities	**(3,358)**	**(714)**	**(4,072)**	(3,987)	(783)	(4,770)
Financing Activities:						
Fair value adjustment on loan	**3,995**	**—**	**3,995**	4,218	—	4,218
Loan repayment	**—**	**—**	**—**	(3,987)	—	(3,987)
Investing Activities:						
Cash contribution (return of contributions)	**1,878**	**23,991**	**25,869**	4,061	(7,121)	(3,060)
Property contribution	**—**	**6,850**	**6,850**	—	2,036	2,036
Acquisition and related costs(2)	**—**	**—**	**—**	(2,181)	63,600	61,419
Investment – end of year	**488,343**	**166,099**	**654,442**	354,992	108,212	463,204

(1) During the year ended December 31, 2021, the distribution in the amount of $52.8 million was satisfied by a non-cash settlement of the PCVP (defined below) loan payable, see also the "Debt" section.
(2) Represents the contribution of funds to acquire an interest in equity accounted investments.

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

As at December 31, 2021 (in thousands of dollars)	**Income Properties**	**Properties Under Development**	**Residential Development Inventory**	**Other Assets**	**Total Assets**
Rental					
Residential	**74,025**	**139,300**	**—**	**11,382**	**224,707**
Self-storage facilities	**135,611**	**45,494**	**—**	**2,082**	**183,187**
Retail	**132,795**	**4,533**	**—**	**2,732**	**140,060**
Office	**220,002**	**11,178**	**—**	**23,778**	**254,958**
Mixed-use	**128,732**	**790,381**	**—**	**167,930** (1)	**1,087,043**
Residential development inventory	**—**	**—**	**269,714**	**103,978** (2)	**373,692**
	691,165	**990,886**	**269,714**	**311,882**	**2,263,647**

(1) Consists of loans receivable of $158.1 million in connection with the 700 Applewood purchase (see also the "Debt" section), and cash and cash equivalents of $6.5 million.
(2) Consists of notes receivable of $87.7 million in connection with the Transit City condominium closings, and cash and cash equivalents of $6.9 million.

As at December 31, 2020 (in thousands of dollars)	Income Properties	Properties Under Development	Residential Development Inventory	Other Assets	Total Assets
Rental					
Residential	42,023	98,092	—	4,298	144,413
Self-storage facilities	55,081	49,873	—	1,326	106,280
Retail	116,946	4,470	—	2,474	123,890
Office	205,310	13,445	—	20,290	239,045
Mixed-use	96,550	434,114	—	170,374 (1)	701,038
Residential development inventory	—	—	355,131	277,560 (2)	632,691
	515,910	599,994	355,131	476,322	1,947,357

(1) Consists of loans receivable of $156.4 million in connection with the 700 Applewood purchase (see also the "Debt" section), and cash and cash equivalents of $10.6 million.
(2) Consists of notes receivable of $186.0 million in connection with the Transit City condominium closings, and cash and cash equivalents of $80.1 million.

Investment in associates

The following table summarizes the Trust's ownership interest in investment in associates as reflected in the Trust's consolidated financial statements for the year ended December 31, 2021:

			Ownership Interest (%), As at	
Business Focus	**Partner(s)**	**Principal Intended Activity**	**December 31, 2021**	December 31, 2020
Mixed-use real estate development				
Penguin-Calloway Vaughan Partnership ("PCVP")	*Penguin*[(1)]	Own, develop and operate investment properties in the SmartVMC (Eastern 52.0 acres)	**50.0**	50.0
Residential condominium developments				
VMC Residences Limited Partnership ("Residences LP")	*Penguin*[(1)], *CentreCourt*	Own, develop and sell two residential condominium towers and 22 townhomes (Transit City 1 and 2) at SmartVMC	**25.0**	25.0
Residences III LP	*Penguin*[(1)], *CentreCourt*	Own, develop and sell a residential condominium tower (Transit City 3) at SmartVMC	**25.0**	25.0
East Block Residences LP	*Penguin*[(1)], *CentreCourt*	Own, develop and sell two residential condominium towers (Transit City 4 and 5) at SmartVMC	**25.0**	25.0
Residences (One) LP	*Penguin*[(1)]	Own, develop and sell residential condominium towers (ArtWalk)	**50.0**	N/A

(1) See also Note 22, "Related party transactions" in the Trust's consolidated financial statements for the year ended December 31, 2021.

In 2019, the Trust acquired, as part of a 50:50 joint arrangement with Penguin, through PCVP, a 50% interest in a parcel of land ("700 Applewood") with approximately 15.5 acres in Vaughan, Ontario, proximate to SmartVMC to relocate Walmart from SmartVMC and for other future developments, for a purchase price of $109.2 million paid in cash, adjusted for other working capital amounts. In connection with this acquisition, an interest-free loan receivable with a principal amount of $100.4 million and a maturity of December 2029 was extended to Penguin to finance its interest in PCVP's acquisition of 700 Applewood. In March 2020, the Trust assumed this loan receivable from Penguin (see also Note 6(b), footnote 4 in the Trust's consolidated financial statements for the year ended December 31, 2021), along with an offsetting non-interest-bearing note payable of an equal amount (see Note 12(b)(iii), footnote 2 in the Trust's consolidated financial statements for the year ended December 31, 2021).

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

Investment in joint ventures

The following table summarizes the Trust's ownership interest in each joint venture investment grouped by their principal intended activities as reflected in the Trust's consolidated financial statements for the year ended December 31, 2021:

As at		**December 31, 2021**		December 31, 2020	
Business Focus	Joint Venture Partner	**Number of Projects**	**Ownership Interest (%)**	Number of Projects	Ownership Interest (%)
Retail investment properties		**1**	**30.0**	1	30.0
Joint Venture: 1500 Dundas East LP	*Fieldgate*				
Self-storage facilities		**10**	**50.0**	8	50.0
Joint Ventures: Leaside SAM LP, Oshawa South Self Storage LP, Bramport SAM LP, Vaughan NW SAM LP, Dupont Self Storage LP, Aurora Self Storage LP, Scarborough East Self Storage LP, Kingspoint Self Storage LP, Jane Self Storage LP, and Gilbert Self Storage LP	*SmartStop*				
Seniors' apartments		**1**	**50.0**	1	50.0
Joint Venture: Vaughan NW SA PropCo LP	*Revera*				
Retirement residences					
Joint Ventures: Vaughan NW RR (PropCo and OpCo LPs), Hopedale RR (PropCo and OpCo LPs), Baymac RR PropCo LP, Oakville Garden Drive RR PropCo LP and Markham Main Street RR PropCo LP	*Revera*	**5**	**50.0**	6	50.0
Joint Ventures: Ottawa SW (PropCo and OpCo LPs)	*Selection Group*	**1**	**50.0**	1	50.0
Residential apartments					
Joint Venture: Laval C Apartments LP	*Jadco*	**1**	**50.0**	1	50.0
Joint Venture: Balliol/Pailton LP	*Greenwin*	**1**	**75.0**	1	75.0
Joint Venture: Mascouche North Apartments LP	*Cogir*	**1**	**80.0**	—	—
Total		**21**		19	

Acquisitions/new property contributions completed during the year ended December 31, 2021

In February 2021, pursuant to the 50:50 joint venture previously formed with SmartStop known as Kingspoint Self Storage Limited Partnership, the Trust contributed development land of $3.3 million and SmartStop contributed cash into the joint venture, for development of a self-storage facility which is located in Brampton, Ontario, totalling 1.5 acres.

In March 2021, the Trust formed an 80:20 joint venture with Cogir, and pursuant to the joint venture agreement, the Trust contributed its interest in a parcel of land of $3.6 million totalling 2.7 acres located in Mascouche, Quebec into the joint venture while Cogir contributed cash. The purpose of this joint venture is to develop and operate a rental apartment complex.

In April 2021, pursuant to the 50:50 joint venture formed with SmartStop known as Jane Self Storage Limited Partnership, each joint venture party contributed $4.3 million into the joint venture to fund the purchase of a parcel of land located in Toronto, Ontario, totalling 2.67 acres with the intention to develop and operate a self-storage facility.

In December 2021, pursuant to the 50:50 joint venture formed with SmartStop known as Gilbert Self Storage Limited Partnership, each joint venture party contributed $7.4 million into the joint venture to fund the purchase of properties located in Toronto, Ontario, totalling 1.0 acre with the intention to develop and operate a self-storage facility.

See also Note 4, "Investment properties", in the Trust's consolidated financial statements for the year ended December 31, 2021.

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

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)	**December 31, 2021**	December 31, 2020	Variance ($)
Amounts receivable and other			
Tenant receivables	**36,305**	57,563	(21,258)
Unbilled other tenant receivables	**11,847**	8,287	3,560
Receivables from related party – excluding equity accounted investments	**6,966**	1,311	5,655
Receivables from related party – equity accounted investments	**581**	—	581
Other non-tenant receivables	**1,414**	2,898	(1,484)
Other[1]	**11,383**	8,327	3,056
	68,496	78,386	(9,890)
Allowance for ECL	**(18,954)**	(19,742)	788
Amounts receivable and other, net of ECL	**49,542**	58,644	(9,102)
Deferred financing costs	**1,269**	1,173	96
Prepaid expenses and deposits	**11,020**	7,269	3,751
	61,831	67,086	(5,255)

(1) The amount includes a related party amount of $8.0 million (December 31, 2020 – $4.5 million).

As at December 31, 2021, total amounts receivable and other, deferred financing costs, and prepaid expenses and deposits decreased by $5.3 million as compared to December 31, 2020. This decrease was primarily attributed to the following:

- $10.0 million credit applied to tenant receivables principally due to prior year annual CAM and realty tax billing reconciliations;
- $5.7 million credit applied to tenant receivables principally due to collections, rent abatements and other rent adjustments provided to tenants; and
- $5.6 million tenant receivable collections and related write-offs that pertain to tenant lease settlements.

Partially offset by:

- $4.5 million increase in receivables from related parties;
- $3.8 million increase in prepaid expenses and deposits and deferred financing costs;
- $3.6 million increase in unbilled other tenant receivables;
- $3.3 million increase in other non-tenant receivables and other; and
- $0.8 million net reduction in ECL.

Tenant receivables

Approximately 60% of the Trust's tenant base are businesses offering "essential" services and approximately 97% of the Trust's tenant billings for the year ended December 31, 2021 have been collected. The Trust and its tenants are well-positioned for the economy's return to pre-pandemic levels and as the Trust identifies tenants for its vacant space, it also continues to work with its existing tenants on rent collections and payment solutions.

The table below represents a summary of total tenant receivables and ECL balances as at December 31, 2021 and December 31, 2020:

(in thousands of dollars)	**December 31, 2021**	December 31, 2020
Tenant receivables	**36,305**	57,563
Unbilled other tenant amounts	**11,847**	8,287
Total tenant receivables	**48,152**	65,850
Less: Allowance for ECL	**18,954**	19,742
Total tenant receivables net of ECL provisions	**29,198**	46,108

Mortgages, Loans and Notes Receivable

The following table summarizes mortgages, loans and notes receivable:

(in thousands of dollars)	**December 31, 2021**	December 31, 2020	Variance ($)
Mortgages, loans and notes receivable			
Mortgages receivable (Mezzanine Financing)(1)	**139,589**	144,205	(4,616)
Loans receivable(2)	**274,523**	241,683	32,840
Notes receivable(1)	**2,924**	2,924	—
	417,036	388,812	28,224

(1) The amount is due from Penguin.
(2) Includes $117.0 million due from Penguin (December 31, 2020 – $104.1 million), see "Loans Receivable" subsection.

Mortgages Receivable (Mezzanine Financing)

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

(in thousands of dollars) **Property**	**Amount Outstanding ($)**	**Including: Interest Accrued ($)**	**Committed ($)**	**Amount Guaranteed by Penguin ($)**	**Maturity Date**	**Extended Maturity Date(3)**	**Annual Variable Interest Rate at Year-End (%)**	**Potential Area Upon Exercising Purchase Option (sq. ft.)**
Aurora (South), ON(5)(8)	17,940	2,988	37,503	17,940	March 2022	August 2028	3.43	57,741
Innisfil, ON(2)(7)(9)	16,642	3,717	33,349	16,642	May 2022	October 2023	4.01	—
Salmon Arm, BC(2)(4)	15,860	8,170	29,920	15,860	May 2022	August 2028	4.18	—
Pitt Meadows, BC(6)(8)	31,894	6,473	85,653	31,894	November 2023	August 2028	3.85	25,003
Vaughan (7 & 427), ON(5)(8)	19,588	5,222	36,100	19,588	December 2023	August 2028	3.57	76,000
Caledon (Mayfield), ON(7)(8)	10,750	2,120	26,689	10,750	April 2024	August 2028	3.71	101,865
Toronto (StudioCentre), ON(2)(6)(8)	26,915	2,009	51,582	26,915	June 2024	August 2028	3.54	227,831
	139,589	**30,699**	**300,796**	**139,589**			**3.74** (1)	**488,440**

(1) Represents the weighted average interest rate on the loan balance.
(2) The Trust owns a 50% interest in these properties, with the other 50% interest owned by Penguin. These loans are secured against Penguin's interest in the property.
(3) The maturity dates for these mortgages are automatically extended to August 31, 2028 unless written notice is delivered from the borrower. During the extended maturity period, the mortgages receivable accrue interest at a variable rate based on the Canadian Banker's Acceptance rate plus 4.00% to 5.00%.
(4) The weighted average interest rate on this mortgage is subject to an upper limit of 6.50%.
(5) The weighted average interest rate on this mortgage is subject to an upper limit of 6.75%.
(6) The weighted average interest rate on this mortgage is subject to an upper limit of 6.90%.
(7) The weighted average interest rate on this mortgage is subject to an upper limit of 7.00%.
(8) The Trust has a purchase option from the borrower in these properties upon a certain level of development and leasing being achieved. As at December 31, 2021, it is management's expectation that the Trust will exercise these purchase options. The purchase option for Aurora (South), ON, Pitt Meadows, BC, Vaughan (7 & 427), ON, and Caledon (Mayfield), ON are each 50%. The purchase option for Toronto (StudioCentre), ON is 25%.
(9) This property was disposed in October 2021, and $6.2 million of interest accrued on this mortgage receivable was repaid upon the disposition. A vendor take-back loan was issued to the purchaser, with Penguin assigning its 50% interest in the vendor take-back loan to the Trust as security for the mortgage receivable (see also Note 6, "Mortgages, loans and notes receivable" in the Trust's consolidated financial statements for the year ended December 31, 2021).

Mortgages receivable amendments

On December 9, 2020, there were two mortgages receivable (Innisfil, Ontario and Salmon Arm, British Columbia) for which the maturity dates were extended to May 31, 2022. The maturity dates of all mortgages receivable outstanding will also be automatically extended to August 31, 2028 unless written notice is delivered from the borrower. These extensions were provided principally because of delays associated with market conditions, anticipated municipal and related approvals, and development-related complexities. The Innisfil, Ontario property was disposed in October 2021, and $6.2 million of this mortgage receivable was repaid, with the balance expected to be repaid on or before October 2023.

The committed facilities on these mortgages receivable were amended to reflect an increase from $279.0 million to $312.8 million as at December 31, 2020 which has been reduced to $300.8 million resulting from $12.0 million in payments received during the year ended December 31, 2021.

In addition, the interest rates on these mortgages receivable were amended pursuant to independent opinions obtained that provided current market-based interest rates for similar development-based opportunities. Interest on these mortgages accrues monthly as follows: from December 9, 2020 to the maturity date of each mortgage, at a variable rate based on the Canadian Banker's Acceptance rate plus 2.75% to 4.20%; and from the maturity date of each mortgage to the extended maturity date (August 31, 2028), at a variable rate based on the Canadian Banker's Acceptance rate plus 4.00% to 5.00%. Prior to December 9, 2020, interest on these mortgages accrued as follows: i) at a variable rate based on the Canadian Banker's Acceptance rate plus 1.75% to 4.20% or at the Trust's cost of capital (as defined in the applicable mortgage agreement) plus 0.25%; or ii) at fixed rates of 6.35% to 7.50% which was added to the outstanding principal up to a predetermined maximum accrual after which it was payable in cash on a monthly or quarterly basis. Additional interest of $103.8 million (December 31, 2020 – $109.2 million) on the existing credit facilities may be accrued on certain of the mortgages receivable before cash interest must be paid.

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

The following table illustrates the activity in mortgages receivable:

	Year Ended December 31	
(in thousands of dollars)	**2021**	2020
Balance – beginning of year	**144,205**	138,762
Interest accrued	**5,363**	6,744
Interest payments	**(10,766)**	(499)
Principal advances	**2,003**	—
Principal repayments	**(1,216)**	(802)
Balance – end of year	**139,589**	144,205

Loans Receivable

The following table summarizes loans receivable:

(in thousands of dollars)

Issued to	Committed	Maturity Date	Interest Rate (%)	Note[12]	December 31, 2021	December 31, 2020
Penguin[1]	N/A	January 2021	Interest-free	22	**—**	3,460
Penguin[2]	19,148	March 2022	Variable	22	**9,707**	9,349
Penguin[3]	26,227	June 2022	Variable	22	**14,027**	14,587
Penguin[4]	N/A	December 2029	Interest-free	22,12(b)(iii)	**77,828**	76,747
Penguin[5]	18,450	August 2030	Variable	22	**15,404**	—
Total loans issued to Penguin					**116,966**	104,143
PCVP[6]	N/A	June 2022	2.76	22	**47,214**	95,008
Self-storage facilities[7]	115,100	May 2024	Variable		**91,938**	39,682
Total loans issued to equity accounted investments					**139,152**	134,690
Selection Group	N/A	April 2021	Variable		**—**	2,850
Other[8]	N/A	January 2023	5.00		**3,308**	—
Greenwin[9]	11,694	September 2024	Variable		**—**	—
Greenwin[10]	1,280	January 2025	Variable		**—**	—
Other[11]	N/A	October 2023	4.00		**15,097**	—
Total loans issued to unrelated parties					**18,405**	2,850
					274,523	241,683

(1) In August 2020, this non-interest-bearing, unsecured loan was issued to the holders of Class G Series 1 Units of Smart Boxgrove LP in the amount of $3.5 million pursuant to the Amended and Restated Smart Boxgrove Limited Partnership Agreement. Such loan had limited recourse up to the amount of $3.5 million and was due and payable on or before the fifth business day after year-end (December 31, 2020). As such, in January 2021, Smart Boxgrove LP made a distribution to the holders of Class G Series 1 Units in an amount equal to the outstanding loan amount, which was set-off to repay the aggregate amount of loans issued.

(2) This loan receivable was provided pursuant to a development management agreement with Penguin with a total loan facility of $19.1 million. Repayment of the pro rata share of the outstanding loan amount is due upon the completion of each Earnout event. The loan bears interest at ten basis points plus the lower of: i) the Canadian prime rate plus 45 basis points, and ii) the Canadian Dealer Offer Rate plus 145 basis points. The loan receivable's maturity was extended from June 2021 to August 2021, subsequently to December 2021, and presently to March 2022.

(3) In March 2019, the Trust entered into a loan agreement with Penguin for a non-revolving principal advance facility of $13.2 million and a non-revolving construction facility of $13.0 million, which combine for a total loan facility of $26.2 million, bearing interest accruing at a fixed rate of 2.76% and a variable rate based on Canadian Banker's Acceptance rate plus 150 basis points, respectively. The loan security includes a first or second charge on the property, assignments of rents and leases and general security agreements, and is guaranteed by Penguin. The principal advance facility was advanced in full in March 2019. Unless prepaid in accordance with the terms of the loan agreement, principal and any accrued and unpaid interest in respect of the loan receivable were to be repaid in full in June 2021. The loan receivable's maturity was extended from June 2021 to December 2021, and subsequently to June 2022.

(4) This loan receivable relates to the acquisition of a parcel of land in Vaughan, Ontario through PCVP in December 2019 ("700 Applewood purchase"). In March 2020, the Trust assumed this loan receivable from Penguin in regards to PCVP. The loan has a principal amount outstanding of $100.4 million, is non-interest-bearing, and is repayable at the end of ten years. As at December 31, 2021, the loan balance of $77.8 million is net of a cumulative fair value adjustment totalling $22.6 million. See also 12(b)(iii) "Debt" in the consolidated financial statements for the year ended December 31, 2021 reflecting the corresponding loan payable amount.

(5) This loan receivable was provided in December 2021 in connection with the acquisition of a 50% interest in development lands in Toronto (Leaside), Ontario. The loan bears interest at: i) the Canadian Banker's Acceptance rate plus 220 basis points, up to 60% of the facility limit, and ii) the Canadian Banker's Acceptance rate plus 370 basis points, for the remainder.

(6) In April 2019, the Trust entered into a loan agreement with PCVP (in which the Trust has a 50% interest) for a total loan facility of $90.6 million, bearing interest accruing at 2.76% per annum. The loan security includes a first or second charge on properties, assignments of rents and leases and general security agreements, and is guaranteed by Penguin up to its 50% share of the loan. This loan facility was advanced in full in April 2019. Unless prepaid in accordance with the terms of the loan agreement, principal and any accrued and unpaid interest in respect of the loan receivable were to be repaid in full in June 2021. The loan receivable's maturity was extended from June 2021 to December 2021, and subsequently to June 2022. The Trust reflects the activity from the PCVP as an equity accounted investment (see also Note 5, "Equity accounted investments") and 100% of the loan provided to the PCVP is recorded in the consolidated financial statements for the year ended December 31, 2021.

(7) In July 2020, the Trust entered into a master credit loan agreement with its partner SmartStop to provide funding for the development of self-storage facilities. The master credit loan agreement matures in July 2023 and bears interest at a variable rate based on the Canadian Banker's Acceptance rate plus 245 basis points. In April 2021, this master credit loan agreement was amended which resulted in an increase to total committed amounts from $65.5 million to $80.8 million, and the maturity was extended to May 2024. Also in April 2021, the Trust entered into a second master credit loan agreement with SmartStop to provide funding for the development of additional self-storage facilities. This second master credit loan agreement matures in May 2024 with a committed amount of $34.3 million. See further details in Note 5(b) "Equity accounted investments" in the consolidated financial statements for the year ended December 31, 2021.

(8) In January 2021, the Trust entered into a loan agreement pursuant to the closing of the Niagara Falls parcel sale to a third party. The Trust agreed to take back a first charge as security for the loan. The loan agreement matures in January 2023 and bears interest at 5.0% per annum, calculated semi-annually.

(9) In September 2019, the Trust entered into a loan agreement with Greenwin in connection with the acquisition of a 50% interest in development lands in Barrie, Ontario. As at December 31, 2021, the total remaining credit facility was $11.7 million. The loan security includes a first charge on the development lands and is guaranteed by Greenwin. This loan matures in September 2024, and bears interest at the greater of: i) 7.0% per annum, and ii) the Trust's weighted average cost of capital plus 1.25% per annum. In August 2020, Greenwin repaid this loan in advance of the maturity date.

(10) In January 2020, the Trust entered into a loan agreement with Greenwin, whereby the Trust assisted Greenwin to fund the acquisition of its 25% interest in development lands in Toronto, Ontario (see also Note 5, "Equity accounted investments"). As at December 31, 2021, the total remaining non-revolving term acquisition credit facility was $1.3 million. The loan agreement also includes a non-revolving put exercise credit facility in an amount equal to the put purchase price plus any associated closing costs at the time of exercise. The loan security includes a first charge on the development lands and is guaranteed by Greenwin. This loan matures in January 2025, and bears interest at the greater of: i) 7.0% per annum, and ii) the Trust's weighted average cost of capital plus 1.25% per annum. In August 2020, Greenwin repaid this loan in advance of the maturity date.

(11) In October 2021, the Trust entered into a loan agreement pursuant to the sale of the Innisfil property to a third party. The Trust agreed to take back a first charge as security for the loan. The loan matures in October 2023 and bears interest at 4.00% per annum, calculated annually. Penguin has assigned its 50% interest in the vendor take-back loan to the Trust as security for the mortgage receivable.

(12) The Note reference relates to the corresponding Note disclosure in the consolidated financial statements for the year ended December 31, 2021.

The following table illustrates the activity in loans receivable:

	Year Ended December 31	
(in thousands of dollars)	**2021**	2020
Balance – beginning of year	**241,683**	131,119
Loans issued	**33,790**	122,153
Advances	**50,983**	9,762
Interest accrued	**3,986**	3,633
Fair value adjustments(1)	**4,440**	3,416
Repayments	**(60,359)**	(28,400)
Balance – end of year	**274,523**	241,683

(1) $4.4 million recorded during the year ended December 31, 2021 (year ended December 31, 2020 – $3.4 million) in connection with the loan issued as part of the 700 Applewood purchase.

Notes Receivable
Notes receivable of $2.9 million (December 31, 2020 – $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, 2020 – 9.00%).

Total Return Swap Receivable

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

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

The following table summarizes the activity in the TRS receivable for the year ended December 31, 2021:

(in thousands of dollars, except Unit amounts)	Notional Trust Units (#)	Carrying Value ($)
Balance – January 1, 2021	—	—
Additions	**1,456,000**	**41,227**
Fair value adjustments	**N/A**	**5,642**
Balance – December 31, 2021	**1,456,000**	**46,869**

Section VII — Financing and Capital Resources

Capital Resources and Liquidity

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

(in thousands of dollars)	**December 31, 2021**	December 31, 2020	Variance ($)
Cash and cash equivalents	**62,235**	794,594	(732,359)
Remaining operating facilities[1]	**341,715**	491,373	(149,658)
	403,950	1,285,967	(882,017)
Operating facility – accordion feature	**250,000**	250,000	—
	653,950	1,535,967	(882,017)

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

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

As at December 31, 2021, the Trust's cash and cash equivalents decreased by $732.4 million as compared to December 31, 2020, which is primarily due to the following:

- $734.9 million representing net repayment of debt, which is principally due to the $646.1 million repayment of unsecured debt, and $88.7 million repayment of secured debt;
- $322.6 million of distributions paid on Trust Units, non-controlling interests and Units classified as liabilities;
- $433.5 million representing net additions to investing activities including investment properties, equity accounted investments, equipment, and Earnouts and Developments;
- $10.7 million relating to repayments of mortgages and loans receivable net of advances; and
- $1.9 million relating to the payment of lease liabilities;

Partially offset by the following:

- $371.6 million of cash provided by operating activities;
- $368.5 million relating to the proceeds from unsecured debt (including $300.0 million from revolving facilities); and
- $81.4 million of net proceeds from sale of investment properties.

The Trust manages its cash flow from operating activities by maintaining a target debt level. The Debt to Gross Book Value, as defined in the Declaration of Trust, as at December 31, 2021 is 50.8% (December 31, 2020 – 50.1%). Including the Trust's capital resources as at December 31, 2021, the Trust could invest an additional $1,511.0 million (December 31, 2020 – $1,571.5 million) in new investments and developments and remain at the midpoint of the Trust's target Debt to Gross Book Value range of 55% to 60%.

Future obligations total $6.1 billion, as identified in the following table. Other than contractual maturity dates, the timing of payment of these obligations is management's best estimate based on assumptions with respect to the timing of leasing, construction completion, occupancy and Earnout dates at December 31, 2021.

The following table presents the estimated amount and timing of certain of the Trust's future obligations including development obligations as at December 31, 2021:

	Total	2022	2023	2024	2025	2026	Thereafter
Secured debt	**1,296,063**	337,019	186,512	151,032	453,532	98,121	69,847
Unsecured debt	**3,315,283**	37,475	200,000	287,000	590,000	400,000	1,800,808
Revolving operating facilities(1)	**300,000**	300,000	—	—	—	—	—
Interest obligations(2)	**672,818**	146,537	138,738	123,973	104,522	82,164	76,884
Accounts payable	**240,554**	240,554	—	—	—	—	—
Other payable	**41,919**	13,109	8,037	72	10,701	—	10,000
Long term incentive plan	**697**	—	697	—	—	—	—
Interest rate swap agreements	**8,000**	3,926	307	(437)	515	1,122	2,567
	5,875,334	**1,078,620**	**534,291**	**561,640**	**1,159,270**	**581,407**	**1,960,106**
Mortgage receivable advances (repayments)(3)	**161,207**	15,949	5,663	28,868	(33,803)	6,238	138,292
Development obligations (commitments)	**14,934**	14,934	—	—	—	—	—
Total	**6,051,475**	**1,109,503**	**539,954**	**590,508**	**1,125,467**	**587,645**	**2,098,398**

(1) In December 2021, $300.0 million was drawn from the Trust's existing credit facilities, which were subsequently repaid with the establishment of a new five-year unsecured $300.0 million facility in January 2022.

(2) 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.

(3) Mortgages receivable of $139.6 million at December 31, 2021, and further forecasted commitments of $161.2 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 consolidated financial statements for the year ended December 31, 2021, 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 December 31, 2021:

(in thousands of dollars)	Total	2022	2023	2024	2025	2026	Thereafter
Secured and unsecured debt	**547,307**	18,233	70,960	87,422	222,278	6,748	141,666
Development obligations (commitments)(1)	**290,518**	35,517	140,622	93,464	20,903	12	—
Total	**837,825**	**53,750**	**211,582**	**180,886**	**243,181**	**6,760**	**141,666**

(1) The Trust is in the process of refining its estimates of development obligations for the years subsequent to 2021. 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 December 31, 2021:

(in thousands of dollars)	Total	2022	2023	2024	2025	2026	Thereafter
Secured and unsecured debt	**240,035**	8,648	33,933	22,897	110,601	2,811	61,145
Development obligations (commitments)(1)	**121,929**	15,956	63,100	32,410	10,454	9	—
Total Trust's share	**361,964**	**24,604**	**97,033**	**55,307**	**121,055**	**2,820**	**61,145**

(1) The Trust is in the process of refining its estimates of development obligations for the years subsequent to 2021. 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 surplus:

(in thousands of dollars)	December 31, 2021	December 31, 2020
Current assets	**223,412**	1,012,729
Less: Current liabilities	**(931,484)**	(1,095,542)
Working capital deficiency	**(708,072)**	(82,813)
Adjusted by: Current portion of debt	**(678,406)**	(854,261)
Net working capital surplus	**(29,666)**	771,448

As at December 31, 2021 the Trust experienced a working capital deficiency of $708.1 million (December 31, 2020 – $82.8 million deficiency). This deficiency includes mortgages, unsecured debentures and operating lines of credit of $678.4 million (December 31, 2020 – $854.3 million) that have maturity dates within 12 months of the balance sheet date. It is management's intention to either repay or refinance these maturing liabilities with cash and cash equivalents, newly issued secured or unsecured debt, equity or, in certain circumstances not expected to occur frequently, the disposition of certain assets. Without mortgages, unsecured debentures and operating lines of credit, the Trust maintained a net working capital surplus of $29.7 million as at December 31, 2021 (December 31, 2020 – $771.4 million surplus).

The Trust has an unencumbered asset pool with an approximate fair value totalling $6.6 billion, which could generate gross financing proceeds on income properties of approximately $4.2 billion using a 65% loan to value. It is anticipated that the secured and unsecured debt, mortgage receivable advances and development obligations will be funded by additional term mortgages, net proceeds on the sale of certain assets, existing cash or operating lines, the issuances of unsecured debentures, and equity, as necessary.

Maintenance of Productive Capacity

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

The sustaining capital expenditures are those of a capital nature that are not considered to increase or enhance the productive capacity of the Trust, but rather maintain the productive capacity of the Trust. Leasing and related costs, which include tenant improvements, leasing commissions and related costs, vary with the timing of new leases, renewals, vacancies, tenant mix and market conditions. Leasing and related costs are generally lower for renewals of existing tenants when compared to new leases. Leasing and related costs also include internal expenses for leasing activities, primarily salaries, which are eligible to be added back to FFO based on the definition of FFO in the REALpac White Paper last revised in February 2019. The sustaining capital expenditures and leasing costs are based on actual costs incurred during the period. FFO is a non-GAAP measure. See "Presentation of Certain Terms Including Non-GAAP Measures" and "Other Measures of Performance".

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

	Three Months Ended December 31			**Year Ended December 31**		
(in thousands of dollars, except per Unit and other Unit amounts)	**2021**	2020	Variance	**2021**	2020	Variance
Adjusted salaries and related costs attributed to leasing	**1,063**	1,200	(137)	**5,196**	5,853	(657)
Actual sustaining leasing commissions	**742**	738	4	**3,071**	1,732	1,339
Actual sustaining tenant improvements	**1,217**	1,466	(249)	**2,903**	3,829	(926)
Total actual sustaining leasing and related costs	**3,022**	3,404	(382)	**11,170**	11,414	(244)
Actual sustaining capital expenditures (recoverable and non-recoverable)	**10,323**	4,686	5,637	**17,331**	8,445	8,886
Total actual sustaining leasing costs and capital expenditures	**13,345**	8,090	5,255	**28,501**	19,859	8,642
Weighted average number of Units outstanding – diluted	**174,380,800**	173,264,654	1,116,146	**173,748,819**	172,971,603	777,216
Per Unit – diluted ($)	**0.08**	0.05	0.03	**0.16**	0.11	0.05

For the three months ended December 31, 2021, the total sustaining leasing costs and capital expenditures were $13.3 million, as compared to $8.1 million in the same period in 2020, representing an increase of $5.3 million. This increase is due to the following:

- $5.6 million increase in both recoverable and non-recoverable capital expenditures which primarily relate to the costs associated with parking lot resurfacing, roof replacement, paving and HVAC improvements; and partially offset by
- $0.3 million net decrease in both tenant improvements and leasing and related costs.

For the year ended December 31, 2021, the total sustaining leasing costs and capital expenditures were $28.5 million, as compared to $19.9 million in the same period in 2020, representing an increase of $8.6 million. This increase is due to the following:

- $8.9 million increase in both recoverable and non-recoverable capital expenditures which primarily relate to the costs associated with parking lot resurfacing, roof replacement, paving and HVAC improvements. These capital expenditures were incurred to sustain rental revenue from income properties and may vary widely from period to period and from year to year; and partially offset by
- $0.3 million net decrease in leasing and related costs.

Debt

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

As at	December 31, 2021			December 31, 2020		
(in thousands of dollars)	**Balance**	**Weighted Average Term of Debt (in years)**	**Weighted Average Interest Rate of Debt (%)**	Balance	Weighted Average Term of Debt (in years)	Weighted Average Interest Rate of Debt (%)
Secured debt	**1,294,546**	**3.2**	**3.49**	1,327,760	3.8	3.67
Unsecured debt	**3,066,794**	**5.4**	**3.24**	3,670,929	5.2	3.22
Unsecured loan from equity accounted investments	**195,562**	**N/A**	**—**	211,434	N/A	—
Revolving operating facilities	**297,625**	**3.4**	**1.49**	—	—	—
Total debt before equity accounted investments	**4,854,527**	**N/A**	**—**	5,210,123	N/A	—
Less: Unsecured loan from equity accounted investments(1)	**(111,484)**	**N/A**	**—**	(134,687)	N/A	—
Subtotal	**4,743,043**	**4.7**	**3.14**	5,075,436	4.9	3.29
Share of secured debt (equity accounted investments)	**117,946**	**11.5**	**3.26**	134,336	11.1	3.34
Share of unsecured debt (equity accounted investments)	**122,089**	**2.2**	**1.87**	51,588	1.1	2.19
Share of debt classified as equity accounted investments	**240,035**	**6.7**	**2.55**	185,924	8.3	3.02
Total debt including equity accounted investments	**4,983,078**	**4.8**	**3.11**	5,261,360	5.0	3.28

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

The following table summarizes the activities in debt including debt recorded in equity accounted investments, for the year ended December 31, 2021:

(in thousands of dollars)	**Secured Debt**	**Unsecured Debt**	**Revolving Operating facilities**	**Loan from Equity Accounted Investments**	**Equity Accounted Investments**	**Total**
Balance – January 1, 2021	1,327,760	3,670,929	—	76,747	185,924	**5,261,360**
Borrowings	14,025	27,000	297,625	10,690	56,555	**405,895**
Loans assumed	42,191	—	—	—	—	**42,191**
Scheduled amortization	(45,696)	—	—	—	(2,304)	**(48,000)**
Repayments	(43,976)	(633,120)	—	(3,359)	—	**(680,455)**
Amortization of acquisition fair value adjustments	(527)	—	—	—	(151)	**(678)**
Financing costs incurred, net of additions	769	1,985	—	—	11	**2,765**
Balance – December 31, 2021	**1,294,546**	**3,066,794**	**297,625**	**84,078**	**240,035**	**4,983,078**

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	Total (%)	Weighted Average Interest Rate of Maturing Debt (%)
2022	42,512	294,507 (1)	337,019	26	2.96
2023	38,113	148,399	186,512	14	4.37
2024	32,336	118,696	151,032	12	3.63
2025	21,736	431,796 (2)	453,532	35	3.20
2026	11,240	86,881	98,121	8	3.86
Thereafter	21,649	48,198	69,847	5	4.84
Total	**167,586**	**1,128,477**	**1,296,063**	**100**	**3.49**
Acquisition date fair value adjustment			1,014		
Unamortized financing costs			(2,531)		
			1,294,546		**3.49**

(1) Includes construction loans in the amount of $70.3 million, which bear interest at Canadian Banker's Acceptance rate plus 120 or 170 basis points.

(2) Includes loan in the amount of $42.2 million entered concurrently with the TRS.

Unsecured Debt

The following table summarizes the components of unsecured debt:

(in thousands of dollars)	December 31, 2021	December 31, 2020
Unsecured debentures (a)	**2,650,571**	3,271,625
Credit facilities (b)	**416,223**	399,304
	3,066,794	3,670,929
Other unsecured debt from equity accounted investments (c)	**195,562**	211,434
	3,262,356	3,882,363

a) *Unsecured debentures*

The following table summarizes unsecured debentures issued and outstanding:

(in thousands of dollars)

Series	Maturity Date	Annual Interest Rate (%)	December 31, 2021	December 31, 2020
Series I	May 30, 2023	3.985	**200,000**	200,000
Series M	July 22, 2022	3.730	**—**	150,000
Series N	February 06, 2025	3.556	**160,000**	160,000
Series O	August 28, 2024	2.987	**100,000**	100,000
Series P	August 28, 2026	3.444	**250,000**	250,000
Series Q	March 21, 2022	2.876	**—**	150,000
Series S	December 21, 2027	3.834	**250,000**	250,000
Series T	June 23, 2021	2.757	**—**	323,120
Series U	December 20, 2029	3.526	**450,000**	450,000
Series V	June 11, 2027	3.192	**300,000**	300,000
Series W	December 11, 2030	3.648	**300,000**	300,000
Series X	December 16, 2025	1.740	**350,000**	350,000
Series Y	December 18, 2028	2.307	**300,000**	300,000
		3.167 (1)	**2,660,000**	3,283,120
		Unamortized financing costs	**(9,429)**	(11,495)
			2,650,571	3,271,625

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

Unsecured debenture activities for the year ended December 31, 2021

Redemptions and Maturity

In January 2021, the Trust completed the redemption of its 3.730% Series M senior unsecured debentures and 2.876% Series Q senior unsecured debentures, in aggregate principal amounts of $150.0 million and $150.0 million, respectively, with yield maintenance costs and accrued interest payable. The yield maintenance costs of $11.1 million relating to the redemptions were recorded in the Trust's consolidated financial statements for the year ended December 31, 2020.

In June 2021, the Trust's 2.757% Series T senior unsecured debentures matured. There was $323.1 million aggregate principal amount of 2.757% Series T senior unsecured debentures outstanding on the maturity date and payment to holders was funded by cash-on-hand.

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 fulfill its obligations. An investment-grade rating must exceed "BB", with the highest rating being "AAA". In December 2021, DBRS confirmed the Trust's BBB(high) rating and changed the trend from stable to negative.

b) Credit facilities

The following table summarizes the activity for unsecured credit facilities:

(in thousands of dollars) (Issued in)	**Maturity Date**	**Annual Interest Rate (%)**	**Facility Amount**	**December 31, 2021**	December 31, 2020
Non-revolving:					
August 2018[(1)]	January 31, 2025	2.980	80,000	**80,000**	80,000
March 2019[(1)]	July 31, 2026	3.520	150,000	**150,000**	150,000
May 2019[(1)]	June 24, 2024	3.146	170,000	**170,000**	170,000
Revolving:					
May 2020	May 11, 2024	BA + 1.20	60,000	**17,000**	—
				417,000	400,000
		Less: Unamortized financing costs		**(777)**	(696)
				416,223	399,304

(1) The Trust entered into interest rate swap agreements to convert the variable interest rate of the Canadian Banker's Acceptance rate plus 1.20% into a weighted average fixed interest rate of 3.25% per annum. The weighted average term to maturity of the interest rate swaps is 2.49 years. Hedge accounting has not been applied to the interest rate swap agreements.

c) Other unsecured debt from equity accounted investments

Other unsecured debt net of fair value adjustments totalling $195.6 million (December 31, 2020 – $211.4 million) at the Trust's share pertains to loans received from equity accounted investments in connection with contribution agreements relating to joint ventures. The loans are non-interest-bearing with repayment terms based on the distributions that are to be paid pursuant to the limited partnership agreements. The balances of the loans are expected to be paid at the end of their respective terms.

Revolving Operating Facilities

As at December 31, 2021, the Trust had:

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

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

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

	Annual Interest Rate (%)	Facility Amount	Amount Drawn	Outstanding Letters of Credit	Remaining Undrawn Facilities December 31, 2021	December 31, 2020
Revolving facility maturing August 2026	BA + 1.20	**500,000**	**150,000**	**8,285**	**341,715**	491,373
Revolving facility maturing February 2024[1]	US$ LIBOR + 1.20	**150,000**	**147,625**	**—**	**—**	—
			297,625		**341,715**	491,373

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

In addition to the letters of credit outstanding on the Trust's revolving operating facilities (see above), the Trust also has $26.5 million of letters of credit outstanding with other financial institutions as at December 31, 2021 (December 31, 2020 – $20.6 million).

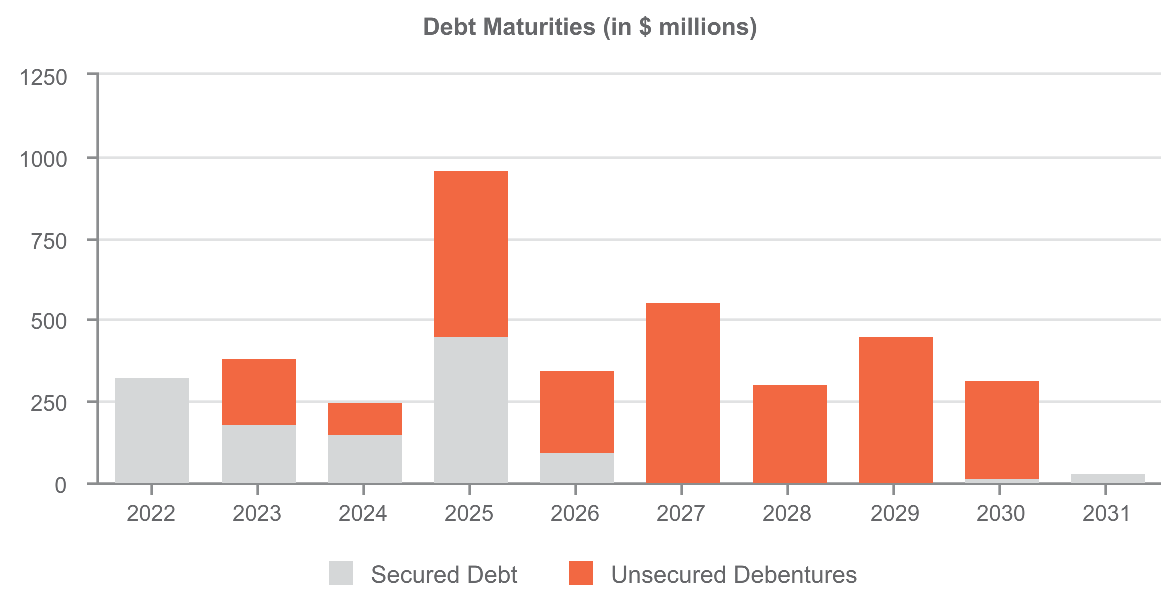
Unencumbered Assets

As at December 31, 2021, the Trust had $6.6 billion of unencumbered assets (December 31, 2020 – $5.8 billion), which reflects the Trust's share of the value of investment properties. Expressed as a percentage, the Trust earned approximately 62.6% of its NOI from unencumbered assets (December 31, 2020 – 59.4%).

In connection with this pool of unencumbered assets, management estimates the total Forecasted Annualized NOI for 2022 to be $327.9 million (December 31, 2020 – $325.9 million). Forecasted Annualized NOI is computed by annualizing the current quarter NOI for the Trust's income properties that are not encumbered by secured debt, and is a forward-looking non-GAAP measure. See "Presentation of Certain Terms Including Non-GAAP Measures" section.

Debt Maturities

The following graph illustrates the debt maturities for secured debt and unsecured debentures as at December 31, 2021:



Interest Income and Interest Expense

Interest Income

The following table summarizes the components of interest income:

	Three Months Ended December 31			Year Ended December 31		
(in thousands of dollars)	**2021**	2020	Variance ($)	**2021**	2020	Variance ($)
Mortgage interest	**1,318**	1,575	(257)	**5,363**	6,744	(1,381)
Loan interest	**1,214**	1,261	(47)	**4,575**	4,717	(142)
Notes receivable interest	**66**	67	(1)	**263**	268	(5)
Bank interest	**147**	1,234	(1,087)	**2,140**	3,512	(1,372)
	2,745	4,137	(1,392)	**12,341**	15,241	(2,900)

For the year ended December 31, 2021, interest income decreased by $2.9 million as compared to the year ended December 31, 2020. This decrease was primarily attributed to:

- $1.4 million decrease in mortgage interest principally due to lower interest rates being charged on mortgages receivable associated with the loan amendments pursuant to the Omnibus Agreement made in December 2020 (see "Related Party Transactions") and lower Canadian Banker's Acceptance rates;
- $1.4 million decrease in bank interest as a result of cash used in repayment and redemption of unsecured debentures (see "Debt" subsection for details); and
- $0.1 million decrease in loan interest mainly due to a lower loan balance issued to PCVP and repayment of loans by certain unrelated parties during the prior year, partially offset by higher interest from loans issued under self-storage facilities.

Interest Expense

The following table summarizes the components of interest expense:

		Three Months Ended December 31			Year Ended December 31		
(in thousands of dollars)		**2021**	2020	Variance ($)	**2021**	2020	Variance ($)
Interest at stated rates		**36,512**	41,071	(4,559)	**150,187**	157,635	(7,448)
Amortization of acquisition date fair value adjustments on assumed debt		**(127)**	(191)	64	**(527)**	(857)	330
Amortization of deferred financing costs		**898**	1,087	(189)	**3,828**	4,130	(302)
Yield maintenance costs on redemption of debt and related write-off of unamortized financing costs		**—**	11,954	(11,954)	**—**	11,954	(11,954)
Distributions on vested deferred units and Units classified as liabilities		**2,053**	1,521	532	**6,343**	5,785	558
Total interest expense before interest capitalized	**(A)**	**39,336**	55,442	(16,106)	**159,831**	178,647	(18,816)
Less:							
Interest capitalized to properties under development		**(3,440)**	(3,693)	253	**(14,333)**	(17,689)	3,356
Interest capitalized to residential development inventory		**(242)**	(230)	(12)	**(958)**	(914)	(44)
Total interest capitalized	**(B)**	**(3,682)**	(3,923)	241	**(15,291)**	(18,603)	3,312
Total interest expense	**(C = A + B)**	**35,654**	51,519	(15,865)	**144,540**	160,044	(15,504)
Capitalized interest as a percentage of interest expense	**(D = B / A)**	**9.4 %**	7.1 %	2.3 %	**9.6 %**	10.4 %	(0.8)%

For the year ended December 31, 2021, interest expense totalled $144.5 million, representing a decrease of $15.5 million as compared to the year ended December 31, 2020, which was primarily due to the following:

- $18.8 million decrease in interest at stated rates, yield maintenance costs on redemption of debt and related write-off of unamortized financing costs, and amortization of deferred financing costs, which was primarily due to the repayment and redemption of unsecured debentures totalling $276.9 million in December 2020, $300.0 million in January 2021 and $323.1 million in June 2021 (see "Debt" subsection for details), and $12.0 million of yield maintenance costs on redemption of debt and related write-off of unamortized financing costs recorded in last year;

Partially offset by:

- $3.3 million decrease in interest capitalized to properties under development.

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 "Glossary – Non-GAAP Measures."

For the year ended December 31, 2021, the Trust was in compliance with all financial covenants.

Ratio	Calculation	Threshold	**December 31, 2021**	December 31, 2020
Interest coverage(1)	*Adjusted EBITDA / Adjusted interest expense including capitalized interest(6)*	≥ 1.65X	**3.4X**	3.2X
Fixed charge coverage(3)	*Adjusted EBITDA / Debt service expense(7)*	≥ 1.5X	**2.6X**	2.5X
Debt to aggregate assets(3)(4)(5)	*Net debt / Aggregate assets(8)*	≤ 65%	**42.9 %**	44.6 %
Debt to Gross Book Value (excluding convertible debentures)(1)(4)(5)	*Net debt / Gross book value(9)*	≤ 60%	**50.8 %**	50.1 %
Debt to Gross Book Value (including convertible debentures)(1)(4)(5)	*Net debt / Gross book value(10)*	≤ 65%	**50.8 %**	50.1 %
Secured debt to aggregate assets(3)(5)	*Secured debt including EAI / Aggregate assets(11)*	≤ 40%	**12.4 %**	14.5 %
Unsecured to Secured debt ratio(2)(5)	*Unsecured debt including EAI / Secured debt including EAI(12)*	N/A	**71%/29%**	68%/32%
Unencumbered assets to unsecured debt(3)(5)	*Unencumbered assets / Unsecured debt including EAI(13)*	≥ 1.3X	**1.9X**	1.9X
Adjusted Debt to Adjusted EBITDA(2)(5)	*Adjusted debt / Adjusted EBITDA(14)*	N/A	**9.2X**	8.5X
Unitholders' equity (in thousands)(1)(3)		≥ $2,000,000	**$5,841,315**	$5,166,975

(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 December 31, 2021, cash-on-hand of $80.0 million (December 31, 2020 – $754.4 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 is referenced in the "Glossary of Terms." Adjusted interest expense including capitalized interest 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.
(7) This ratio is calculated as: Adjusted EBITDA/Debt service expense. The calculation of Adjusted EBITDA is referenced in the "Glossary of Terms." 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.
(9) This ratio is calculated as: Net debt/Gross Book Value. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand. Gross Book Value is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand and fair value adjustment net of accumulated amortization.
(10) This ratio is calculated as: Net debt/Gross Book Value. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand. Gross Book Value is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand and fair value adjustment net of accumulated amortization.
(11) This ratio is calculated as: Secured debt including EAI/Aggregate assets. Secured debt is calculated as the Trust's secured debt plus secured debt on equity accounted investments as referenced in "Debt." Aggregate assets is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand.
(12) This ratio is calculated as: Unsecured debt including EAI/Secured debt including EAI. Unsecured debt is calculated as the Trust's unsecured debt plus unsecured debt on equity accounted investments as referenced in "Debt." Secured debt is calculated as the Trust's secured debt plus secured debt on equity accounted investments as referenced in "Debt."
(13) This ratio is calculated as: Unencumbered assets/Unsecured debt including EAI. Unencumbered assets is calculated as referenced in "Debt." Unsecured debt is calculated as the Trust's unsecured debt plus unsecured debt on equity accounted investments as referenced in "Debt."
(14) This ratio is calculated as: Adjusted Debt/Adjusted EBITDA. Adjusted debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand and less loans receivable. The calculation of Adjusted EBITDA is referenced in the "Glossary of Terms."

Unitholders' Equity

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

Type	**Class and Series**	**December 31, 2021**	December 31, 2020	Variance (#)
Trust Units	N/A	**144,625,322**	144,618,657	6,665
Smart Limited Partnership	Class B Series 1	**14,746,176**	14,746,176	—
Smart Limited Partnership	Class B Series 2	**957,822**	950,059	7,763
Smart Limited Partnership	Class B Series 3	**720,432**	720,432	—
Smart Limited Partnership II	Class B	**756,525**	756,525	—
Smart Limited Partnership III	Class B Series 4	**706,591**	705,420	1,171
Smart Limited Partnership III	Class B Series 5	**572,337**	572,337	—
Smart Limited Partnership III	Class B Series 6	**627,640**	596,288	31,352
Smart Limited Partnership III	Class B Series 7	**434,598**	434,598	—
Smart Limited Partnership III	Class B Series 8	**1,698,018**	1,698,018	—
Smart Limited Partnership IV	Class B Series 1	**3,093,910**	3,067,593	26,317
Smart Oshawa South Limited Partnership	Class B Series 1	**710,416**	710,416	—
Smart Oshawa Taunton Limited Partnership	Class B Series 1	**374,223**	374,223	—
Smart Boxgrove Limited Partnership	Class B Series 1	**170,000**	170,000	—
Total Units classified as equity		**170,194,010**	170,120,742	73,268
Smart Limited Partnership	Class D Series 1	**311,022**	311,022	—
Smart Limited Partnership	Class F Series 3	**8,708**	8,708	—
Smart Oshawa South Limited Partnership	Class D Series 1	**260,417**	260,417	—
ONR Limited Partnership	Class B	**1,248,140**	1,248,140	—
ONR Limited Partnership I	Class B Series 1	**132,881**	132,881	—
ONR Limited Partnership I	Class B Series 2	**139,302**	139,302	—
SmartVMC West Limited Partnership	Class D Series 1	**3,623,188**	—	3,623,188
SmartVMC West Limited Partnership	Class D Series 2	**2,173,913**	—	2,173,913
Total Units classified as liabilities		**7,897,571**	2,100,470	5,797,101
Total Units		**178,091,581**	172,221,212	5,870,369

As of February 15, 2022, the Trust has 170,206,429 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)	**Year Ended December 31, 2021**	Year Ended December 31, 2020
Unitholders' Equity – beginning of year	**5,166,975**	5,367,752
Issuance of Trust Units	**—**	17,354
Unit issuance costs	**(18)**	(19)
Deferred Units exchanged for Trust Units	**198**	32
Issuance of LP Units classified as equity	**1,738**	6,848
Net income and comprehensive income	**987,676**	89,940
Return of contributions by other non-controlling interest	**—**	(55)
Distributions	**(315,254)**	(314,877)
Unitholders' Equity – end of year	**5,841,315**	5,166,975

Distributions

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

Effective April 13, 2020, the Trust suspended its DRIP. Beginning with the April 2020 distribution, plan participants have received distributions in cash.

For the year ended December 31, 2021, the Trust paid $319.2 million in cash distributions (for the year ended December 31, 2020 – $301.4 million in cash distributions and the balance of $17.3 million by issuing 578,744 Trust Units under the DRIP).

The following table summarizes declared distributions and declared distributions, net of DRIP:

	Year Ended December 31	
(in thousands of dollars)	**2021**	2020
Distributions declared on:		
Trust Units	**267,552**	267,976
LP Units	**47,282**	46,901
Other non-controlling interest	**420**	—
Distributions on Units classified as equity	**315,254**	314,877
Distributions on LP Units classified as liabilities	**3,919**	3,881
Total distributions declared	**319,173**	318,758
Distributions reinvested through DRIP	**—**	(17,335)
Total distributions declared, net of DRIP	**319,173**	301,423
DRIP as a percentage of total distributions declared	**—%**	5.4%

Normal Course Issuer Bid

The Trust renewed its normal course issuer bid ("NCIB") program on March 31, 2021. The NCIB program will terminate on March 30, 2022, or on such earlier date as the Trust may complete its purchases pursuant to a Notice of Intention filed with the Toronto Stock Exchange ("TSX"). Under the NCIB program, the Trust is authorized to purchase up to 12,935,063 of its Trust Units representing approximately 10% of the public float as at March 19, 2021 by way of normal course purchases effected through the facilities of the TSX and/or alternative Canadian trading systems. Purchases made under the NCIB program will be in accordance with the requirements of the TSX and the price which the Trust will pay for any such Trust Units will be the market price of any such Trust Units at the time of acquisition, or such other price as may be permitted by the TSX. In connection with the NCIB program, the Trust entered into an automatic repurchase plan with its designated broker to allow for purchases of Trust Units during certain pre-determined black-out periods, subject to certain parameters as to price and number of Trust Units. Outside of these pre-determined black-out periods, Trust Units acquired under the NCIB program will be repurchased in accordance with management's discretion, subject to applicable law. For purposes of the TSX rules, a maximum of 158,197 Trust Units may be purchased by the Trust on any one day under the NCIB, except where purchases are made in accordance with the "block purchase exception" of the TSX rules. The average daily trading volume for the six months ended February 2021 was 632,790 Trust Units. All Trust Units purchased by the Trust will be cancelled. During the year ended December 31, 2021, the Trust did not purchase for cancellation any Trust Units under this NCIB program.

Section VIII — Related Party Transactions

Pursuant to the Declaration of Trust, provided certain ownership thresholds are met, the Trust is required to issue such number of additional Special Voting Units to Penguin that will entitle Penguin to cast 25.0% of the aggregate votes eligible to be cast at a meeting of the Unitholders and Special Voting Unitholders ("Voting Top-Up Right"). As at December 31, 2021, there were 8,163,976 additional Special Voting Units outstanding (December 31, 2020 – 8,241,544). These Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust, nor are they convertible into any Trust securities. There is no value assigned to the Special Voting Units. A five-year extension of the Voting Top-Up Right was approved by Unitholders at the Trust's annual general and special meeting held on December 9, 2020. For further details, see the Trust's management information circular dated November 6, 2020, filed on SEDAR.

As at December 31, 2021, Penguin owned 20.8% of the aggregate issued and outstanding Trust Units in addition to the Special Voting Units previously noted above. Penguin's ownership of Trust Units would increase to 24.6% 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 December 31, 2021, Penguin has appointed two of the eight trustees.

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

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

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

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

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

Penguin Services Agreement

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

Omnibus Agreement between the Trust and Penguin

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

Mezzanine Loan Amending Agreements between the Trust and its affiliates and Penguin
Effective November 5, 2020, all loan maturity dates have been extended to August 31, 2028, with a new rate structure for the extension period of each mortgage receivable (see also Note 6 "Mortgages, loans and notes receivable" in the Trust's consolidated financial statements for the year ended December 31, 2021). The Trust's purchase option periods have been extended and because these properties may now be subject to mixed-use development projects, the agreements provide that the parties establish a new framework for the purchase options for the Trust related to mixed-use development.

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

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

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

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

	Year Ended December 31, 2021
Balance – beginning of year	**—**
Amortization costs capitalized to properties under development(1)	**5,198**
Fair value adjustment to financial instruments	**3,302**
Balance – end of year	**8,500**

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

Related party transactions and balances are also disclosed elsewhere in the Trust's consolidated financial statements for the year ended December 31, 2021, which include:

- Note 3(c) referring to the purchase of Earnouts
- Note 4(c) referring to Leasehold property interests
- Note 6 referring to Mortgages, loans and notes receivable
- Note 5(a)(ii) referring to a supplemental development fee agreement
- Note 7 referring to Other assets
- Note 11 referring to Amounts receivable and other
- Note 13 referring to Other financial liabilities
- Note 14 referring to Accounts payable and other payables
- Note 18 referring to Rentals from investment properties and other
- Note 19 referring to Property operating costs and other, and
- Note 20 relating to General and administrative expenses.

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:

		Year Ended December 31	
	Note[(1)]	**2021**	2020
Related party transactions with Penguin			
Acquisitions and Earnouts:			
Earnouts		**16,274**	13,907
Revenues:			
Service and other revenues:			
Transition services fee revenue		**—**	833
Management fee and other services revenue pursuant to the Development and Services Agreement		**6,309**	4,935
Supplement to the Development Service Agreement fees – time billings		**5,097**	2,021
Support services		**1,466**	763
	18	**12,872**	8,552
Interest income from mortgages and loans receivable	6	**6,209**	7,626
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of $271 (year ended December 31, 2020 – $245))		**828**	1,078
		19,909	17,256
Expenses and other payments:			
Fees paid – capitalized to properties under development	20	**7,062**	6,831
EIP – capitalized to properties under development		**5,198**	—
Development fees and interest expense (capitalized to investment properties)		**115**	10
Opportunity fees capitalized to properties under development[(2)]		**1,839**	3,006
Marketing, time billings and other administrative costs (included in general and administrative expense and property operating costs)		**84**	112
Disposition fees (included in general and administration expenses)		**979**	49
Expenditures on tenant inducement		**77**	72
		15,354	10,080
Related party transactions with PCVP			
Revenues:			
Interest income from mortgages and loans receivable	6	**1,935**	2,580
Expenses and other payments:			
Rent and operating costs (included in general and administrative expense and property operating costs)	19, 20	**2,625**	2,634

(1) Relates to the corresponding Note disclosure in the Trust's consolidated financial statements for the year ended December 31, 2021.
(2) These amounts include prepaid land costs that will offset the purchase price of future Earnouts.

(in thousands of dollars)	Note[1]	**December 31, 2021**	December 31, 2020
Related party balances with Penguin disclosed elsewhere in the financial statements			
Receivables:			
Amounts receivable and other[2]	11	**14,953**	5,767
Mortgages receivable	6(a)	**139,589**	144,205
Loans receivable	6(b)	**116,966**	104,143
Notes receivable	6(c)	**2,924**	2,924
Total receivables		**274,432**	257,039
Payables and other accruals:			
Accounts payable and accrued liabilities	14	**3,370**	6,406
Future land development obligations	14	**18,931**	18,410
Total payables and other accruals		**22,301**	24,816

(1) The Note reference relates to the corresponding Note disclosure in the Trust's consolidated financial statements for the year ended December 31, 2021.
(2) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of $9,321 and other of $5,179.

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

As at	Note[1]	**December 31, 2021**	December 31, 2020
Related party balances disclosed elsewhere in the financial statements			
Amounts receivable[2]	11	**581**	—
Loans receivable[3]	6(b)	**139,152**	134,690
Other unsecured debt[4]	12(b)(iii)	**195,562**	211,434

(1) The Note reference relates to the corresponding Note disclosure in the Trust's consolidated financial statements for the year ended December 31, 2021.
(2) Amounts receivable includes Penguin's portion, which represents $0.004 million (December 31, 2020 – $nil) relating to Penguin's 50% investment in the PCVP and 25% investment in Residences LP.
(3) Loans receivable includes Penguin's portion, which represents $23.6 million (December 31, 2020 – $47.5 million) relating to Penguin's 50% investment in the PCVP.
(4) Other unsecured debt includes Penguin's portion, which represents $6.2 million (December 31, 2020 – $13.4 million) relating to Penguin's 25% investment in Residences LP.

Other related party transactions:

The following table summarizes other related party transactions:

	Year Ended December 31	
(in thousands of dollars)	**2021**	2020
Legal fees incurred from a law firm in which a partner is a Trustee:		
Capitalized to investment properties	**2,628**	2,214
Included in general and administrative expense	**2,129**	1,887
	4,757	4,101

Section IX — Accounting Policies, Risk Management and Compliance

Significant Accounting Estimates and Policies

In preparing the Trust's 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 consolidated financial statements for the year ended December 31, 2021, and the notes contained therein.

The Trust's MD&A for the year ended December 31, 2020 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, 2020. Management determined that as at December 31, 2021, 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, 2020, with the following additions:

Total return swap
The total return swap is a contractual agreement to exchange payments based on a specified notional amount and the underlying financial assets for a specific period. The total return to the Trust includes the total return generated by the underlying notional Trust Units, plus any appreciation, if there is any, in the market value of the notional Trust Units, less the amount equal to any decline, if there is any, in the market value of the underlying notional Trust Units. The total return swap agreement requires the exchange of net contractual payments periodically without the exchange of the notional principal amounts on which the payments are based. Changes in market value are recorded in net income and comprehensive income.

The Trust has funded the total return swap agreement by a loan from the counterparty. The loan is measured at amortized cost.

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

The Trust's accounting policy for the initial recognition of its total return swap agreements is included under Note 2.11 of the Trust's consolidated financial statements for the year ended December 31, 2021.

Interest Rate Benchmark Reform
On January 1, 2021, the Trust adopted amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 as issued in August 2020. For financial instruments measured using amortized cost, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform were reflected by adjusting their effective interest rate. Accordingly, no immediate gain or loss was recognized.

The Trust's exposure to the interest rate benchmark reform as at December 31, 2021 include all variable-rate financial instruments, and are presented in the table below:

As at	**December 31, 2021**
Financial instruments measured at amortized cost	**Balance yet to transition to an alternative benchmark interest rate**
Financial liabilities	
Secured debt	**112,469**
Unsecured debt	**17,000**
Revolving operating facilities	**297,625**
	427,094

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

In preparing the Trust's 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 accounting policies of the Trust are as follows:

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

Acquired investment properties are measured initially at cost, including related transaction costs in connection with asset acquisitions. Certain properties are developed by the Trust internally, and other properties are developed and leased to third parties under development management agreements with Penguin and other vendors ("Earnouts"). Earnouts occur when the vendors retain responsibility for managing certain developments on land acquired by the Trust for additional proceeds paid on completion calculated based on a predetermined, or formula-based, capitalization rate, net of land and development costs incurred by the Trust (see Note 4(d)(ii) in the Trust's consolidated financial statements for the year ended December 31, 2021). The completion of an Earnout is reflected as an additional purchase in Note 3, "Acquisitions and Earnouts" in the Trust's consolidated financial statements for the year ended December 31, 2021. Costs capitalized to properties under development include direct development and construction costs, Earnout Fees ("Earnout Fees"), borrowing costs, property taxes and other carrying costs, as well as capitalized staff compensation and other costs directly attributable to property under development.

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

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

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

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

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

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

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

Rentals from investment properties also include certain amounts accounted for under IFRS 15 (non-lease components) where the Trust provides lessees or others with a distinct service. Non-lease components include revenue in a form of recoveries of operating costs where services are provided to tenants (common area maintenance recoveries, chargeback recoveries and administrative recoveries), parking revenue and revenue from other services that are distinct. The respective performance obligations are satisfied as services are rendered and revenue is recognized over time. See also Note 18 in the Trust's consolidated financial statements for the year ended December 31, 2021 for details on amounts related to lease and non-lease components.

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

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

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

Financial instruments – recognition and measurement
The Trust's financial instruments are accounted for under IFRS 9:

Initial Recognition
The Trust recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at their fair value, including directly attributable transaction costs in the case of a financial asset or financial liability not subsequently measured at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Subsequent measurement depends on the initial classification of the financial asset or financial liability.

Classification
The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified and measured based on the following categories:
- amortized cost;
- fair value through other comprehensive income ("FVTOCI"); and
- fair value through profit or loss ("FVTPL").

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

	Note	**Classification under IFRS 9**
Financial assets		
Mortgages, loans and notes receivable		Amortized cost
Amounts receivable and other		Amortized cost
Cash and cash equivalents		Amortized cost
Cash held as collateral		Amortized cost
Total return swap receivable		FVTPL
Financial liabilities		
Accounts payable and other payables		Amortized cost
Secured debt		Amortized cost
Revolving operating facilities		Amortized cost
Unsecured debt		Amortized cost
Units classified as liabilities	2.10	FVTPL
Earnout options	2.13	FVTPL
Deferred unit plan	2.13	FVTPL
Long term incentive plan ("LTIP")	2.13	FVTPL
Equity incentive plan ("EIP")	2.13	FVTPL
Currency swap agreement		FVTPL
Interest rate swap agreements		FVTPL

a) Financing costs

Financing costs include commitment fees, underwriting costs and legal costs associated with the acquisition or issuance of financial assets or liabilities.

Financing costs relating to secured debt, non-revolving credit facilities, and convertible and unsecured debentures are accounted for as part of the respective liability's carrying value at inception and amortized to interest expense using the effective interest method. Financing costs incurred to establish revolving credit facilities are deferred as a separate asset on the consolidated balance sheet and amortized on a straight-line basis over the term of the facilities. In the event any debt is extinguished, any associated unamortized financing costs are expensed immediately.

b) Derivative instruments

Derivative financial instruments may be utilized by the Trust in the management of its interest rate exposure. Derivatives are carried at fair value with changes in fair value recognized in net income. The Trust's policy is not to utilize derivative instruments for trading or speculative purposes.

c) Fair value of financial and derivative instruments

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act; i.e., the fair value of consideration given or received. In certain circumstances, the fair value may be determined based on observable current market transactions in the same instrument, using market-based inputs. The fair values are described and disclosed in Note 15, "Fair value of financial instruments" in the Trust's consolidated financial statements for the year ended December 31, 2021.

d) Currency swap agreement

The currency swap is a contractual agreement to exchange payments based on specified notional amounts in two currencies, Canadian dollars and US dollars, for a specific period. The currency swap agreement requires the exchange of net contractual payments periodically without the exchange of the notional principal amounts on which the payments are based. Changes in market value are recorded in net income and comprehensive income.

The currency swap payable reflects the fair value of the swap agreement, and is determined as the difference between the foreign exchange rate between Canadian dollars and US dollars as per the swap agreement and the foreign exchange rate at the reporting date on the specified notional amount. The gain (loss) will be realized when the currency swap agreement matures or is unwound.

e) Interest rate swap agreements

The Trust may enter into interest rate swaps to economically hedge its interest rate risk. The fair value of interest rate swap agreements reflects the fair value of swap agreements at each reporting date, and is driven by the difference between the fixed interest rate and the applicable variable interest rate.

The fair value of interest rate swap agreements is determined using the discounted cash flow valuation technique on the expected cash flows of the derivatives. The future fixed cash payments and the expected variable cash receipts are discounted to the reporting date, and then netted to determine the fair value of each interest rate swap agreement. The expected variable cash receipts are based on expectations of future interest rates, which are derived from yield curves based on observable market data.

f) Total return swap ("TRS") receivable

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

The Trust has funded the total return swap agreement by a loan from the counterparty. The loan is measured at amortized cost.

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

g) Modifications or extinguishments of loans and debt

Amendments to mortgages and loans receivable and debt are assessed as either modifications or extinguishments based on the terms of the revised agreements.

When a modification is determined, the carrying amount of the loan or debt is adjusted using the original effective interest rate, with a corresponding adjustment recorded as a gain or loss.

When an extinguishment is determined, the new loan or debt is recorded at its fair value and a corresponding gain/loss is recognized immediately for the difference between the carrying amount of the old loan or debt and the new loan or debt.

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

For trade receivables, the Trust applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets ("Unbilled other tenant receivables") relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Trust has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. However, the assumptions and estimates underlying the manner in which ECLs have been implemented historically may not be appropriate in the current COVID-19 pandemic environment. Accordingly, the Trust has not applied its existing ECL methodology mechanically. Instead, during the current COVID-19 pandemic environment, the Trust has been in discussions with tenants on a case-by-case basis to determine optimal rent payment solutions and has incorporated this available, reasonable and supportable information when estimating ECL on tenant receivables.

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

i) Cash held as collateral
The Trust, from time to time, pledges cash and cash equivalents as security for derivative instruments with financial institutions. This balance is classified as cash held as collateral, a non-current financial asset, and are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

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

The Trust's share of post-acquisition profit or loss is recognized in the consolidated statement of income and comprehensive income with a corresponding adjustment to the carrying amount of the equity accounted investment. When the Trust's share of losses in an equity accounted investment equals or exceeds its interest in the equity accounted investment, including any other unsecured receivables, the Trust does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the equity accounted investment.

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

Profits and losses resulting from upstream and downstream transactions between the Trust and its equity accounted investment are recognized in the Trust's consolidated financial statements only to the extent of an unrelated investor's interests in the equity accounted investment. Accounting policies of equity accounted investments are updated when necessary to ensure consistency with the policies adopted by the Trust.

Condominium sales revenue
The Trust's equity accounted investments generated revenue from condominium sales. The Trust's equity accounted investments' adopted the accounting policy which requires that the revenue generated from contracts with customers on the sale of residential condominium units is recognized at a point in time when control of the asset (i.e., condominium unit) has transferred to the purchaser (i.e., generally, when the purchaser takes possession of the condominium unit) as the purchaser has the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. The amount of revenue recognized is based on the transaction price included in the purchasers' contracts. Any funds received prior to the purchasers taking possession of their respective assets are recognized as deferred revenue (contractual liability).

Condominium cost of sales
The Trust's equity accounted investments allocate inventory costs associated with the development of condominiums to direct operating costs on a per unit basis using the net yield method. In addition, if post-closing costs are expected (i.e., remaining construction costs, warranties etc.), the unit's allocation of the post-closing costs are included in cost of sales and a cost to complete liability is recorded.

Foreign currency translation

a) *Functional currency*
The Trust's properties and operations are all within Canada, which is also its primary economic environment. Accordingly, the functional currency of the Trust is determined to be the Canadian dollar.

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

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

Critical accounting estimates and assumptions
The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

a) *Fair value of investment properties*
The fair value of investment properties is dependent on: i) projected future cash flows for income properties and properties under development, and ii) land, development and construction costs for properties under development, and discount rates applicable to those assets. The projected cash flows for each property are based on the location, type and quality of the property and supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties, and adjusted for estimated vacancy rates and estimated maintenance costs. Capitalization and discount rates are based on the location, size and condition of the properties and take into account market data at the valuation date. These assumptions may not ultimately be achieved.

The critical estimates and assumptions underlying the valuation of investment properties are set out in Note 4 "Investment properties" in the Trust's consolidated financial statements for the year ended December 31, 2021.

b) *Fair value of financial instruments*

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

The Earnout options are considered to be contingent consideration with respect to the acquisitions they relate to, and are initially recognized at their fair value. The Earnout options are subsequently carried at fair value with changes in fair value recognized in the consolidated statements of income and comprehensive income. The fair value of Earnout options is determined using the Black-Scholes option-pricing model using certain observable inputs with respect to the volatility of the underlying Trust Unit price, the risk-free rate and using unobservable inputs with respect to the anticipated expected lives of the options, the number of options that will ultimately vest and the expected Trust Unit distribution rate. Generally, increases in the anticipated lives of the options, decreases in the number of options that will ultimately vest, and decreases in the expected Trust Unit distribution rate will combine to result in a lower fair value of Earnout options.

ii) *Deferred unit plan*

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

iii) *Units classified as liabilities*

Units classified as liabilities are measured at each reporting period and approximate the fair value of Trust Units, with changes in value recorded directly in earnings through unrealized fair value adjustments. The distributions on such Units are classified as interest expense in the consolidated statement of income and comprehensive income. The Trust considers distributions on such Units classified as interest expense to be a financing activity in the consolidated statement of cash flows.

iv) *Long Term Incentive Plan*

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

v) *Equity Incentive Plan*

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

c) *Fair value of mortgages and loans receivable*

The fair values of mortgages and loans receivable are estimated based on discounted future cash flows using discounted rates that reflect current market conditions for instruments with similar terms and risks.

d) *Fair value of secured debt and the revolving operating facilities*

The fair values of secured debt and the revolving operating facilities reflect current market conditions for instruments with similar terms and risks.

e) *Estimation of ECL for tenant receivables*

The Trust has determined that the expected loss rates for tenant receivables are a reasonable approximation of the loss rates for the contract assets. However, the assumptions and estimates underlying the manner in which ECLs have been implemented historically may not be appropriate in the current COVID-19 pandemic environment. Accordingly, the Trust has not applied its existing ECL methodology mechanically. Instead, during the current COVID-19 pandemic environment, the Trust has been in discussions with tenants on a case-by-case basis to determine optimal rent payment solutions and has incorporated this available, reasonable and supportable information when estimating ECL on tenant receivables.

Future Changes in Accounting Policies

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

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date. The amendments also clarify that the 'settlement' of a liability refers to the transfer to the counterparty of cash, equity instruments, and/or other assets or services. Early application is permitted. The Trust is assessing the impact of the amendments to IAS 1 on the required effective date of January 1, 2023.

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract
The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The Trust is assessing the impact of the amendments to IAS 37 on the required effective date of January 1, 2022.

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 more comprehensive list of risks and uncertainties pertinent to the Trust, please see the additional factors disclosed in the Trust's AIF under the headings "Risk Factors".

Public Health Crises Risks
Public health crises, including the ongoing and evolving COVID-19 pandemic, or relating to any other broad-reaching disease, virus, flu, epidemic, pandemic or other similar disease or illness (each, a "Public Health Crisis") have and could further adversely impact the Trust's and its tenants' businesses, including the ability of some tenants to legally operate thereby adversely impacting the ability of tenants to meet their payment obligations under leases. A Public Health Crisis could result in a general or acute decline in economic activity, increased unemployment, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures, supply shortages, increased government regulations, and the quarantine or contamination of one or more of the Trust's properties.

A Public Health Crisis could impact the following material aspects of the Trust's business, among others: i) the value of the Trust's properties and developments; ii) the Trust's ability to make distributions to Unitholders; iii) the availability or the terms of financing that the Trust currently has access to or may anticipate utilizing; iv) the Trust's ability to make principal and interest payments on, or refinance any outstanding debt when due; v) the occupancy rates in the Trust's properties; vi) the ability of the Trust to pursue its development plans or obtain construction financing on previously announced and anticipated timelines or within budgeted terms; vii) the ability of our tenants to enter into new leasing transactions or to satisfy rental payments under existing leases; and viii) the impact to the Trust's financial covenants.

On March 11, 2020, the World Health Organization declared the outbreak and subsequent spread of COVID-19 a global pandemic. The duration and intensity of resulting business disruption and related financial and social impact are unprecedented and remain uncertain, and such adverse effects may be material.

Efforts by governmental agencies, health agencies, and private sector participants to contain COVID-19 or address its impacts have adversely affected the Trust's business and the operation of its properties and developments. A number of provincial and municipal governments have declared states of emergency and governments have implemented restrictive measures such as travel bans, quarantine, self-isolation, and social distancing. As a result, some tenants, that were not permitted to remain open, have sought rent relief including those tenants eligible for relief through the government-sponsored CECRA program (which ended on September 30, 2020), and/or have not complied with their rent obligations. Landlords, including SmartCentres, have entered into various rent assistance arrangements with certain tenants. Otherwise, SmartCentres will unless prohibited by law require tenants to honour the terms of their respective leases, including the payment of rent, and if they do not, SmartCentres may pursue enforcement and related alternatives. There can be no assurance that if the Trust enters into any such arrangements, deferred rents will be collected in accordance with the terms of those arrangements, or at all. Inability of tenants to meet their payment obligations, deferred or otherwise, and any inability of the Trust to collect rents in a timely manner or at all could adversely affect the Trust's business and financial condition. In addition, many jurisdictions in which the Trust operates have enacted, and in the future may reenact, mandatory business closures which affected certain of its tenants. Approximately 60% of the Trust's retail tenants (by rental revenue) are large, well-capitalized and well-known national and regional retail anchors providing grocery, pharmacy and household necessities, and although affected, are deemed 'essential services' in their respective provincial jurisdictions and, therefore, have remained open to retail customers during the pandemic.

The Trust is continuously monitoring the situation, but is unable to accurately predict the impact that the COVID-19 pandemic will have on its results of operations due to uncertainties including the ultimate geographic spread of the virus, the development of variants of concern, the severity of the disease, the duration or recurrence of the outbreak, and any further actions that may be taken by governmental agencies and private sector participants to contain the COVID-19 pandemic or to address its impacts. The worldwide spread of COVID-19 has adversely affected global economies and financial markets initially resulting in a severe economic downturn and subsequent economic fluctuations which have had significant impacts on many tenant businesses and their ability to meet payment obligations, including rent. The duration of these economic fluctuations is currently unknown.

While governmental agencies, health agencies, and private sector participants are seeking to mitigate the adverse effects of COVID-19, and the medical community has developed vaccines and other treatment options, the ultimate efficacy, adoption, availability and timing of such measures remain uncertain. If the outbreak of COVID-19 and related developments lead to a more prolonged or significant impact on global, national or local markets or economic growth, the Trust's cash flows, Unit price, financial condition or results of operations and ability to make distributions to Unitholders may be materially and adversely affected.

Any Public Health Crisis may also exacerbate other risk factors described in this subsection.

Real Property Ownership and Leasing/Tenant Risk
All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors.

Real estate has a high fixed cost associated with ownership, and income lost due to declining rental rates or increased vacancies cannot easily be minimized through cost reduction. Through well-located, well-designed and professionally managed properties, management seeks to reduce this risk. Management believes prime locations will attract high-quality retailers with strong covenants and will enable the Trust to maintain economic rents and high occupancy. By maintaining properties at the highest standards through professional management practices, management seeks to increase tenant loyalty.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and on the vacancy rates of the Trust's portfolio of income-producing properties. On the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the Trust than the existing lease and these risks have been increased in respect of expiries occurring during the COVID-19 pandemic and resulting economic downturn. In the event of default by a tenant, delays or limitations in enforcing rights as lessor, may be experienced and substantial costs in protecting the Trust's investment may be incurred. Furthermore, at any time, a tenant of any of the Trust's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to the Trust. The ability to rent unleased space in the properties in which the Trust has an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property. The failure to rent vacant space on a timely basis or at all would likely have an adverse effect on the Trust's financial condition.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If the Trust is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

Real property investments tend to be relatively illiquid with the degree of liquidity generally fluctuating in relation to demand for, and the perceived desirability of, such investments. If the Trust were to be required to liquidate its real property investments, the proceeds to the Trust might be significantly less than the aggregate carrying value of its properties.

The Trust will be subject to the risks associated with debt financing on its properties and it may not be able to refinance its properties on terms that are as favourable as the terms of existing indebtedness. In order to minimize this risk, the Trust attempts to appropriately structure the timing of the renewal of significant tenant leases on the properties in relation to the time at which mortgage indebtedness on such properties becomes due for refinancing. In addition, the Trust attempts to stagger the maturities of its various levels of debt over an extended period of time.

Significant deterioration of the retail shopping centre market in general, or the financial health of Walmart and other key tenants in particular, could have an adverse effect on the Trust's business, financial condition or results of operations. Also, the emergence of e-commerce as a platform for retail growth has caused many retailers to change their approach to attracting and retaining customers. To the extent that some retailers are unsuccessful in attracting and retaining customers because of the impact of e-commerce on their respective businesses, the Trust may experience additional vacancy and its resulting adverse effects on financial condition and results of operations including occupancy rates, base rental income, tax and operating cost recoveries, leasing and other similar costs.

With respect to residential rental properties, in addition to the risks highlighted above, the Trust is subject to the other risks inherent in the multi-tenant rental property industry, including controlling bad debt exposure, rent control regulations, increases in operating costs including the costs of utilities (residential leases are often "gross" leases under which the landlord is not able to pass on costs to its residents), the imposition of increased taxes or new taxes and capital investment requirements.

Liquidity Risk
The Trust's ability to meet its financial obligations as they become due represents the Trust's exposure to liquidity risk. It is management's intention to either repay or refinance maturing liabilities with newly issued secured or unsecured debt, equity or, in

certain circumstances not expected to occur frequently, the disposition of certain assets. Any net working capital deficiencies are funded with the Trust's existing revolving operating facilities. Management expects to finance future acquisitions, including committed Earnouts, Developments, Mezzanine Financing commitments and maturing debt from: i) existing cash balances, ii) a mix of mortgage debt secured by investment properties, operating facilities, issuance of equity and unsecured debentures, iii) repayments of mortgages receivable, and iv) the sale of non-core assets. However, 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 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, sustaining capital expenditures and leasing costs.

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to lease out vacant units. In the next 12 months, $0.9 billion of liabilities (including $678.4 million of secured and unsecured debt and $253.1 million of accounts and other payable amounts) will mature and will need to be settled by means of renewal or payment.

The Trust aims to maintain flexibility and opportunities in funding by keeping committed credit lines available, obtaining additional mortgages as the value of investment properties increases and issuing equity or unsecured debentures.

The key assumptions used in the Trust's estimates of future cash flows when assessing liquidity risk are: the renewal or replacement of the maturing revolving operating facilities, secured debt and unsecured debentures, at reasonable terms and conditions in the normal course of business and no major bankruptcies of large tenants. Management believes that it has considered all reasonable facts and circumstances in forming appropriate assumptions. However, as always, there is a risk that significant changes in market conditions could alter the assumptions used, particularly in light of the conditions caused by COVID-19.

While it is not possible for management to reasonably estimate the duration, complexity or severity of this pandemic, which could have a material adverse impact on the Trust's business, results of operations, financial position and cash flows, as at December 31, 2021, the Trust had: i) cash and cash equivalents of $62.2 million; ii) the remaining funds available to be drawn from its $650,000 in operating facilities and its $250,000 accordion feature; iii) project-specific financing arrangements; and iv) approximately $6.6 billion in unencumbered assets that could be used to obtain additional secured financing to assist with its liquidity requirements.

Capital Requirements and Access to Capital

The Trust accesses the capital markets from time to time through the issuance of debt or equity securities. If the Trust were unable to raise additional funds or renew existing maturing debt on favourable terms, then acquisition or development activities could be curtailed, asset sales accelerated, property-specific financing, purchase and development agreements renegotiated and monthly cash distributions reduced or suspended. However, the Trust anticipates accessing the capital markets on reasonable terms due to its high occupancy levels and low lease maturities, combined with its strong national and regional tenant base and its prime retail locations.

Environmental and Climate Change Risk

As an owner of real property, the Trust is subject to various federal, provincial, territorial and municipal laws relating to environmental matters. Such laws provide that the Trust could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect the Trust's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Trust. The Trust is not aware of any material non-compliance with environmental laws at any of its properties. The Trust is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any pending or threatened claims relating to environmental conditions at its properties. The Trust has policies and procedures to review and monitor environmental exposure, including obtaining a Phase I environmental assessment, as appropriate, prior to the completion of an acquisition of land, a shopping centre or other real estate assets. Further investigation is conducted if the Phase I assessments indicate a problem. In addition, the standard lease requires compliance with environmental laws and regulations and restricts tenants from carrying on environmentally hazardous activities or having environmentally hazardous substances on site. The Trust has obtained environmental insurance on certain assets to further manage risk.

The Trust is making the necessary capital and operating expenditures to comply with environmental laws and regulations. Although there can be no assurances, the Trust does not believe that costs relating to environmental matters will have a material adverse effect on the Trust's business, financial condition or results of operations. However, environmental laws and regulations can change, and the Trust may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on the Trust's business, financial condition or results of operations.

Climate change continues to attract the focus of governments and the general public as an important threat, given the emission of greenhouse gases and other activities which continue to negatively impact the planet. The Trust faces the risk that its properties will be subject to government initiatives aimed at countering climate change, such as reduction of greenhouse gas emissions, which could impose constraints on its operational flexibility. Furthermore, the Trust's properties may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and severe weather conditions. Such events could interrupt the Trust's operations and activities, damage its properties, diminish traffic and require the Trust to incur additional expenses including an increase in insurance costs to insure its properties against natural disasters and severe weather.

Potential Conflicts of Interest

The Trust may be subject to various conflicts of interest because of the fact that the Trustees and executive management, and their associates, may be engaged in a wide range of real estate and other business activities. The Trust may become involved in transactions which conflict with the interests of the foregoing. The Trustees, executive management and their associates or affiliates may from time to time deal with persons, firms, institutions or corporations with which the Trust may be dealing, or which may be seeking investments similar to those desired by the Trust. The interests of these persons could conflict with those of the Trust. In addition, from time to time, these persons may be competing with the Trust for available investment opportunities. The Declaration of Trust contains "conflicts of interest" provisions requiring Trustees or officers of the Trust to disclose material interests in material contracts and transactions and refrain from voting.

Cyber Security

Cyber security has become an increasingly problematic issue for issuers and businesses in Canada and around the world, including for the Trust and the real estate industry. Cyber attacks against large organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. Such an attack could compromise the Trust's confidential information as well as that of the Trust's employees, tenants and third parties with whom the Trust interacts and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage. As a result, the Trust continually monitors for malicious threats and adapts accordingly in an effort to ensure it maintains high privacy and security standards. The Trust invests in cyber-defence technologies to support its business model and to protect its systems, employees and tenants and seeks to employ industry best practices. The Trust's investments continue to manage the risks it faces today and position the Trust for the evolving threat landscape. The Trust also follows certain protocols when it engages software and hardware vendors concerning data security and access controls.

Debt Financing

The ability of the Trust to make cash distributions or make other payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing its indebtedness. The degree to which the Trust is leveraged could have important consequences to the holders of its securities, including: that the Trust's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; that a significant portion of the Trust's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations and distributions; that certain of the Trust's borrowings may be at variable rates of interest, which exposes it to the risk of increased interest rates; and that the Trust may be impacted by economic downturns including the Trust's ability to retain and attract tenants. Also, there can be no assurance that the Trust will continue to generate sufficient cash flow from operations to meet required interest and principal payments. Further, the Trust is subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of such financing may not be as favourable as the terms of its existing indebtedness. These factors may adversely affect the Trust's cash distributions.

The Trust's credit facilities provides lenders with first charge security interests on most of the income-producing properties in its portfolio. This credit facilities contains numerous terms and covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Trust to create liens or other encumbrances, to make certain payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the credit facilities contain a number of financial covenants that require the Trust to meet certain financial ratios and financial condition tests. For example, certain of the Trust's loans require specific loan to value and debt service coverage ratios which must be maintained by the Trust. A failure to comply with the obligations in the credit facilities could result in a default which, if not cured or waived, could result in acceleration of the relevant indebtedness. If the indebtedness under the credit facilities were to be accelerated, there can be no assurance that the assets of the Trust would be sufficient to repay that indebtedness in full.

Interest and Financing Risk

In the low interest rate environment that the Canadian economy has experienced in recent years, leverage has enabled the Trust to enhance its return to Unitholders. In December 2021, DBRS confirmed the Trust's BBB(high) rating and changed the trend from stable to negative. A reversal of this trend, however, could significantly affect the Trust's ability to meet its financial obligations. Circumstances that may impair the Trust's credit rating include an inability of the Trust to maintain its cash flow from

operating activities, an inability to meet covenants for both secured and unsecured debentures, an inability to meet expectations of credit rating agencies, and/or a higher interest rate environment in the Canadian economy. In order to minimize this risk, the Trust's policy is to negotiate fixed rate secured debt and unsecured debt with staggered maturities on the portfolio and, where appropriate, seek to match average lease maturity to average debt maturity. Derivative financial instruments may be utilized by the Trust in the management of its interest rate exposure. The Trust's policy is not to utilize derivative financial instruments for trading or speculative purposes. In addition, the Declaration of Trust restricts total indebtedness permitted on the portfolio.
Interest rate changes will also affect the Trust's development portfolio. The Trust has entered into development agreements that obligate the Trust to acquire up to approximately 0.1 million square feet of additional income properties at a cost determined by capitalizing the rental income at predetermined rates. Subject to the ability of the Trust to obtain financing on acceptable terms, the Trust anticipates that it will finance these acquisitions by issuing additional debt and equity. Changes in interest rates will have an impact on the return from these acquisitions should the rate exceed the capitalization rate used and could result in a purchase not being accretive. This risk is mitigated as management has certain rights of approval over the developments and acquisitions.

Operating facilities, secured debt and unsecured debt exist that are priced at a risk premium over short-term rates. Changes in short-term interest rates will have an impact on the cost of financing. In addition, there is a risk the lenders will not refinance on maturity. By restricting the amount of both variable interest rate debt and short-term debt, the Trust minimizes the impact of changes in short-term rates on financial performance.

The Canadian capital markets are competitively priced. In addition, the secured debt market remains strong with lenders seeking quality products. Due to the quality and location of the Trust's real estate, management expects to meet its financial obligations.

Joint Venture Risk
The Trust is a co-owner in several properties including but not limited to SmartVMC, Transit City, a residential unit project in Laval, Quebec, a 16-acre parcel of land in Vaughan to build townhomes, and various other retail, self-storage, residential and other mixed-use properties. As part of its growth strategy, the Trust expects to increase its participation in additional joint ventures in the future, which may include additional joint ventures in condominiums, self-storage facilities, seniors' housing and other initiatives. The Trust is subject to the risks associated with the conduct of joint ventures. Such risks include disagreements with its partners to develop and operate the properties efficiently, the inability of the partners to meet their obligations to the joint ventures or third parties as they become due and decisions made by partners which may not be in favour of the Trust's best interests, but rather are in the best interests of the partnership. In addition, the Trust may be exposed to the risks of the actions taken by any of the partners that may result in reputational damage to the Trust or the joint ventures. These risks could have a material adverse effect on the joint ventures, which may have a material adverse effect on the Trust. The Trust attempts to mitigate these risks by continuing to maintain strong relationships with its partners.

Development and Construction Risk
Development and construction risk arises from the possibility that completed developed space will not be leased or that costs of development and construction will exceed original estimates, resulting in an uneconomic return from the leasing of such developments. The Trust mitigates this risk by limiting construction of any development until sufficient lease-up has occurred and by entering into fixed price contracts for a large proportion of both development and construction costs.

The Trust is becoming increasingly involved in mixed-use development initiatives that include residential condominiums and townhomes, rental apartments, seniors' housing and self-storage. Purchaser and tenant demand for these uses can be cyclical and is affected by changes in general market and economic conditions, such as consumer confidence, employment levels, availability of financing for home buyers, interest rates, demographic trends, and housing and similar commercial demand. Furthermore, the market value of undeveloped land, buildable lots and housing inventories held by the Trust can fluctuate significantly as a result of changing economic and real estate market conditions. An oversupply of alternative housing, such as new homes, resale homes (including homes held for sale by investors and speculators), foreclosed home and rental properties and apartments, accommodation of seniors' housing and self-storage space may: i) reduce the Trust's ability to sell new condominiums and townhomes, depress prices and reduce margins from the sale of condominiums and townhomes, and ii) have an adverse effect on the Trust's ability to lease rental apartments, seniors' housing and self-storage units and on the rents charged.

The Trust's construction commitments are subject to those risks usually attributable to construction projects, which include: i) construction or other unforeseen delays including delays in obtaining municipal approvals, ii) cost overruns, and iii) the failure of tenants to occupy and pay rent in accordance with existing lease arrangements, some of which are conditional and these risks have been exacerbated by the COVID-19 pandemic and resulting economic downturn and subsequent fluctuations.

Credit Risk
Credit risk arises from cash and cash equivalents, as well as credit exposures with respect to tenant receivables and mortgages and loans receivable. Tenants may experience financial difficulty and become unable to fulfill their lease commitments. The Trust

mitigates this risk of credit loss by reviewing tenants' covenants, ensuring its tenant mix is diversified and limiting its exposure to any one tenant, except Walmart Canada because of its creditworthiness. Further risks arise in the event that borrowers may default on the repayment of amounts owing to the Trust. The Trust endeavours to ensure adequate security has been provided in support of mortgages and loans receivable. The failure of the Trust's tenants or borrowers to pay the Trust amounts owing on a timely basis or at all would have an adverse effect on the Trust's financial condition.

Litigation and Regulatory Risks
The Trust is subject to a wide variety of laws and regulations across all of its operating jurisdictions and faces risks associated with legal and regulatory changes and litigation. If the Trust fails to monitor and become aware of changes in applicable laws and regulations, or if the Trust fails to comply with these changes in an appropriate and timely manner, it could result in fines and penalties, litigation or other significant costs, as well as significant time and effort to remediate any violations. The Trust, in the normal course of operations, is subject to a variety of legal and other claims including claims relating to personal injury, property damage, property taxes, land rights and contractual and other commercial disputes. The final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and the resolution of such actions may have an adverse effect on the Trust's financial position or results of operations as well as reputational damage both from an operating and an investment perspective. Management evaluates all claims on their apparent merits and accrues management's best estimate of the likely cost to satisfy such claims. Management believes the outcome of current legal and other claims filed against the Trust, after considering insurance coverage, will not have a significant impact on the Trust's consolidated financial statements.

In addition, the Trust's estimates and judgments could also be affected by various risks and uncertainties, including but not limited to the effects of the COVID-19 pandemic, which in turn could have a significant risk on the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements for the year ended December 31, 2021 and the reported amounts of revenues and expenses during the reporting period and may potentially result in a material adjustment in a subsequent period.

Potential Volatility of Trust Unit Prices
The price for the Trust Units could be subject to wide fluctuations in response to quarter-to-quarter variations in operating results, the gain or loss of significant properties, changes in income estimates by analysts and market conditions in the industry, as well as general economic conditions or other risk factors set out herein. In addition, stock markets have experienced volatility that has affected the market prices for many issuers' securities and that often has been unrelated to the operating performance of such issuers. These market fluctuations may adversely affect the market price of the Trust Units.

A publicly traded REIT will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Trust Units may trade at a premium or a discount to the underlying value of the Trust's real estate assets.

One of the factors that may influence the market price of the Trust Units is market interest rates relative to the monthly cash distributions to the Unitholders. An increase in market interest rates or a decrease in monthly cash distributions by the Trust could adversely affect the market price of the Trust Units. In addition, the market price for the Trust Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the Trust.

Cash Distributions are Not Guaranteed and will Fluctuate with the Trust's Performance
A return on an investment in Units is not comparable to the return on an investment in a fixed-income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions.

Although the Trust intends to make distributions of a significant percentage of its available cash to its Unitholders, these cash distributions are not assured and may be reduced or suspended. The ability of the Trust to make cash distributions and the actual amount distributed will be dependent upon, among other things, the financial performance of the properties in its property portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons including if the Trust is unable to meet its cash distribution targets in the future, and that decline may be significant.

It is important for a person making an investment in Units to consider the particular risk factors that may affect both the Trust and the real estate industry in which the Trust operates and which may, therefore, affect the stability of the cash distributions on the Units.

Availability of Cash Flow
Cash distributions to Unitholders may be reduced from time to time if such distributions would exceed the cash obligations of the Trust from time to time due to items such as principal repayments, tenant allowances, leasing commissions and capital expenditures and redemption of Units, if any. The Trust may be required to use part of its debt capacity or to reduce distributions

in order to accommodate such items. The Trust anticipates temporarily funding such items, if necessary, through an operating line of credit in expectation of refinancing long-term debt on its maturity.

Significant Unitholder Risk
According to reports filed under applicable Canadian securities legislation, as at December 31, 2021, Mitchell Goldhar ("Mr. Goldhar") of Vaughan, Ontario beneficially owned or controlled a number of the outstanding Units which, together with the securities he beneficially owned or controlled that are exchangeable at his option for Trust Units for no additional consideration and the associated Special Voting Units, represented an approximate 20.8% voting interest in the Trust. Further, according to the above-mentioned reports, as at December 31, 2021, Mr. Goldhar beneficially owned or controlled additional rights to acquire Trust Units which, if exercised or converted, would result in him increasing his beneficial economic and voting interest in the Trust to as much as approximately 24.6%. In addition, pursuant to the Voting Top-Up Right Mr. Goldhar may be issued additional Special Voting Units to entitle him (directly or indirectly through Penguin) to cast 25% of the votes attached to voting Units at a meeting of the holders of voting Units.

If Mr. Goldhar sells a substantial number of Trust Units in the public market, the market price of the Trust Units could fall. The perception among the public that these sales will occur could also produce such an effect. As a result of his voting interest in the Trust, Mr. Goldhar may be able to exert significant influence over matters that are to be determined by votes of the Unitholders of the Trust. The timing and receipt of any takeover or control premium by Unitholders could depend on the determination of Mr. Goldhar as to when to sell Trust Units. This could delay or prevent a change of control that might be attractive to and provide liquidity for Unitholders, and could limit the price that investors are willing to pay in the future for Trust Units.

Tax-Related Risks
There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that would adversely affect the Unitholders.

If the Trust fails to qualify for the REIT Exception (as defined below), the Trust will be subject to the taxation regime under the SIFT Rules. The Trust qualifies for the REIT Exception as at December 31, 2021. In the event that the REIT Exception did not apply to the Trust, the corresponding application of the SIFT Rules to the Trust could impact the level of cash distributions which would otherwise be made by the Trust and the taxation of such distributions to Unitholders. The REIT Exception is based upon revenues of the REIT and the value of the REIT's assets that may fluctuate during the year. The Trust intends to monitor its revenues and the value of its assets and take all necessary steps to continue to qualify for the REIT Exception. However, there can be no assurance that Canadian federal income tax laws with respect to the REIT Exception will not be changed, or that administrative and assessment practices of the Canada Revenue Agency will not develop in a manner that adversely affects the Trust or its Unitholders. Furthermore, the determination as to whether the Trust qualifies for the REIT Exception in a particular taxation year can only be made at the end of such taxation year. Accordingly, no assurance can be given that the Trust will continue to qualify for the REIT Exception.

The extent to which distributions will be tax deferred in the future will depend in part on the extent to which the Trust is able to deduct capital cost allowance or other expenses relating to properties directly or indirectly held by the Trust.

Income Taxes and the REIT Exception

In accordance with the Declaration of Trust, distributions to Unitholders are declared at the discretion of the Trustees. The Trust endeavours to distribute to Unitholders, in cash or in Units, in each taxation year its taxable income to such an extent that the Trust will not be liable to income tax under Part I of the *Income Tax Act* (Canada) (the "*Tax Act*"). For specified investment flow-through trusts (each a "SIFT"), the *Tax Act* imposes a special taxation regime (the "SIFT Rules"). A SIFT includes a trust resident in Canada with publicly traded units that holds one or more "non-portfolio properties". "Non-portfolio properties" include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada. Under the SIFT Rules, a SIFT is subject to tax in respect of certain distributions that are attributable to the SIFT's "non-portfolio earnings" (as defined in the *Tax Act*); at a rate substantially equivalent to the combined federal and provincial corporate tax rate on certain types of income. The SIFT Rules are not applicable to a SIFT that meets certain specified criteria relating to the nature of its revenues and investments in order to qualify as a real estate investment trust for purposes of the *Tax Act* (the "REIT Exception"). The Trust qualifies for the REIT Exception as at December 31, 2021.

Environmental, Social and Governance

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

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Disclosure Controls and Procedures ("DCP")
The Trust's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have designed or caused to be designed under their direct supervision, the Trust's DCP (as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), adopted by the Canadian Securities Administrators) to provide reasonable assurance that: i) material information relating to the Trust, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the interim filings are being prepared, and ii) material information required to be disclosed in the annual filings is recorded, processed, summarized and reported on a timely basis. The Trust continues to evaluate the effectiveness of DCP, and changes are implemented to adjust to the needs of new processes and enhancements as required. There were no changes in the Trust's internal controls over financial reporting in the year ended December 31, 2021 that materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting. Further, the Trust's CEO and CFO have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of the Trust's DCP as at December 31, 2021, and concluded that it was effective.

Internal Control Over Financial Reporting ("ICFR")
The Trust's CEO and CFO have also designed, or caused to be designed under their direct supervision, the Trust's ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. Using the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission 2013 (COSO 2013), the Trust's CEO and CFO have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of the Trust's ICFR as at December 31, 2021, and concluded that it was effective.

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 and illegal acts.

Section X — Glossary of Terms

Term	Definition
Anchors	Anchors 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 which 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.

Management's Responsibility for Financial Reporting

The Annual Report, including consolidated financial statements, is the responsibility of the management of SmartCentres Real Estate Investment Trust and has been approved by the Board of Trustees. The financial statements have been prepared in accordance with International Financial Reporting Standards. The summary of significant accounting policies used are described in Note 2 to the consolidated financial statements. Financial information contained elsewhere in this report is consistent with information contained in the consolidated financial statements.

Management maintains a system of internal controls over financial reporting that provides reasonable assurance that the assets of SmartCentres Real Estate Investment Trust are safeguarded and that facilitates the preparation of relevant, timely and reliable financial information that reflects, where necessary, management's best estimates and judgments based on informed knowledge of the facts.

The Board of Trustees is responsible for (i) ensuring that management fulfills its responsibility for financial reporting; and (ii) providing final approval of the consolidated financial statements. The Board of Trustees has appointed an Audit Committee comprising three independent Trustees to approve, monitor, evaluate, advise and make recommendations on matters affecting the external audit, the financial reporting and the accounting controls, policies and practices of SmartCentres Real Estate Investment Trust under its terms of reference.

The Audit Committee meets at least four times per year with management and with the independent external auditors to satisfy itself that they are properly discharging their responsibilities. The consolidated financial statements and the Management Discussion and Analysis of SmartCentres Real Estate Investment Trust have been reviewed by the Audit Committee and approved by the Board of Trustees.

PricewaterhouseCoopers LLP, the independent auditors, have audited the consolidated financial statements in accordance with International Financial Reporting Standards and have read Management's Discussion and Analysis. Their auditors' report is set forth herein.

Mitchell Goldhar
Executive Chairman & CEO

Peter Sweeney
Chief Financial Officer

Independent auditor's report

To the Unitholders of SmartCentres Real Estate Investment Trust

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of SmartCentres Real Estate Investment Trust and its subsidiaries (together, the Trust) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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

- the consolidated balance sheets as at December 31, 2021 and 2020;
- the consolidated statements of income and comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers LLP
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Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to note 2 – Summary of significant accounting policies and note 4 – Investment properties to the consolidated financial statements.* The Trust measures its investment properties at fair value and, as at December 31, 2021, total investment properties were valued at $9,847 million and include income properties and properties under development (PUD). Fair values of investment properties are determined using valuations prepared by management, with reference to available external data. PUD is valued using land development and construction costs recorded at market value or the discounted cash flow valuation method; and income properties are valued using the discounted cash flow valuation method. Management applied significant judgment in determining the fair values of investment properties using the two methods described above (the valuation methods). The significant assumptions in the land development and construction costs recorded at market value include the market value per acre for land. The significant assumptions used in the discounted cash flow valuation method include estimated future cash flows over an average period of 10 years, discount rates and terminal capitalization rates. The significant assumptions used in the discounted cash flow valuation method for PUD also include construction costs to complete. The determination of estimated future cash flows incorporates significant assumptions including expectations of changes in rental rates, occupancy rates, lease renewal rates, expected credit losses and downtime on existing lease expiries. We considered this a key audit matter due to the significant judgments by management when determining the fair values of the income properties and PUD, and the high degree of complexity in assessing audit evidence related to the significant assumptions used by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.	Our approach to addressing the matter included the following procedures, among others: For a sample of investment properties, tested how management determined the fair value, which included the following: ● Tested the underlying data used in the valuations. ● Evaluated the reasonableness of the estimated future cash flows over an average period of 10 years used in the discounted cash flow valuation method by comparing assumptions, such as expected changes in occupancy rates, to external market and industry data and comparing components of the year one cash flows to the underlying accounting records. ● Evaluated the reasonableness of expected credit losses by testing the accuracy of the calculation and comparing the expected credit losses to the actual credit losses for the current year. ● Professionals with specialized skill and knowledge in the field of real estate valuations assisted us in evaluating the appropriateness of the valuation methods and in evaluating the reasonableness of the discount rates, terminal capitalization rates, changes in rental rates, lease renewal rates and downtime on existing lease expiries. ● Evaluated whether construction costs to complete were reasonable based on market and industry data. ● Assessed the market value of land per acre used by management by comparing it to external market and industry data.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario
February 15, 2022

SMARTCENTRES REAL ESTATE INVESTMENT TRUST

CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)

As at December 31,	Note	2021	2020
Assets			
Non-current assets			
Investment properties	4	**9,847,078**	8,850,390
Equity accounted investments	5	**654,442**	463,204
Mortgages, loans and notes receivable	6	**345,089**	263,558
Other assets	7	**80,940**	88,141
Other financial assets	8	**97,148**	—
Intangible assets	9	**45,139**	46,470
		11,069,836	9,711,763
Current assets			
Residential development inventory	10	**27,399**	25,795
Current portion of mortgages, loans and notes receivable	6	**71,947**	125,254
Amounts receivable and other	11	**49,542**	58,644
Deferred financing costs	11	**1,269**	1,173
Prepaid expenses and deposits	11	**11,020**	7,269
Cash and cash equivalents		**62,235**	794,594
		223,412	1,012,729
Total assets		**11,293,248**	10,724,492
Liabilities			
Non-current liabilities			
Debt	12	**4,176,121**	4,355,862
Other financial liabilities	13	**326,085**	86,728
Other payables	14	**18,243**	19,385
		4,520,449	4,461,975
Current liabilities			
Current portion of debt	12	**678,406**	854,261
Accounts payable and current portion of other payables	14	**253,078**	241,281
		931,484	1,095,542
Total liabilities		**5,451,933**	5,557,517
Equity			
Trust Unit equity		**4,877,961**	4,317,357
Non-controlling interests		**963,354**	849,618
		5,841,315	5,166,975
Total liabilities and equity		**11,293,248**	10,724,492

Commitments and contingencies (Note 28)

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

Approved by the Board of Trustees.

Michael Young
Trustee

Garry Foster
Trustee

SMARTCENTRES REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

For the years ended December 31,	Note	**2021**	2020
Net rental income and other			
Rentals from investment properties and other	18	**780,758**	781,253
Property operating costs and other	19	**(294,956)**	(320,542)
Net rental income and other		**485,802**	460,711
Other income and expenses			
General and administrative expense, net	20	**(31,922)**	(28,682)
Earnings from equity accounted investments	5	**211,420**	61,972
Earnings from other		**38**	—
Fair value adjustment on revaluation of investment properties	26	**491,528**	(275,051)
Gain on sale of investment properties		**27**	418
Interest expense	12(d)	**(144,540)**	(160,044)
Interest income		**12,341**	15,241
Fair value adjustment on financial instruments	26	**(34,227)**	17,722
Acquisition-related costs		**(2,791)**	(2,347)
Net income and comprehensive income		**987,676**	89,940
Net income and comprehensive income attributable to:			
Trust Units		**827,976**	75,288
Non-controlling interests		**159,700**	14,652
		987,676	89,940

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

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

For the years ended December 31,	Note	**2021**	2020
Cash provided by (used in)			
Operating activities			
Net income and comprehensive income		**987,676**	89,940
Items not affecting cash and other items	21	**(519,801)**	358,206
Cash interest paid	12(d)	**(150,554)**	(138,847)
Interest received		**17,648**	5,502
Distributions from equity accounted investments	5	**4,072**	4,770
Expenditures on direct leasing costs and tenant incentives		**(5,927)**	(5,462)
Expenditures on tenant incentives for properties under development		**(730)**	(1,897)
Changes in other non-cash operating items	21	**39,240**	(16,230)
Cash flows provided by operating activities		**371,624**	295,982
Financing activities			
Proceeds from issuance of unsecured debentures, net of issuance costs	12(b)	**—**	1,245,265
Repayment of unsecured debentures	12(b)	**(623,120)**	(276,880)
Proceeds from unsecured debt		**68,532**	504,252
Proceeds from revolving operating facilities	12(c)	**300,000**	23,000
Repayments of secured debt		**(88,749)**	(120,915)
Repayments of other unsecured debt		**(23,015)**	(474,404)
Distributions paid on Trust Units		**(267,552)**	(259,914)
Distributions paid on non-controlling interests and Units classified as liabilities		**(55,032)**	(37,959)
Payment of lease liability		**(1,875)**	(1,822)
Cash flows (used in) provided by financing activities		**(690,809)**	600,623
Investing activities			
Acquisitions and Earnouts of investment properties	3	**(328,765)**	(11,383)
Additions to investment properties		**(78,627)**	(84,659)
Additions to equity accounted investments		**(25,871)**	(56,452)
Additions to equipment	7	**(349)**	—
Increase in cash held as collateral	8	**(50,279)**	—
Advances of mortgages and loans receivable		**(68,371)**	(53,629)
Repayments of mortgages and loans receivable		**57,685**	29,202
Net proceeds from sale of investment properties		**81,403**	19,536
Cash flows used in investing activities		**(413,174)**	(157,385)
(Decrease) increase in cash and cash equivalents during the year		**(732,359)**	739,220
Cash and cash equivalents – beginning of year		**794,594**	55,374
Cash and cash equivalents – end of year		**62,235**	794,594
Supplemental cash flow information (see Note 21)			

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

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

		Attributable to Unitholders			Attributable to LP Units Classified as Non-Controlling Interests				
	Note	Trust Units (Note 16)	Retained Earnings	Unit Equity	LP Units (Note 16)	Retained Earnings	LP Unit Equity	Other Non-Controlling Interest (Note 22)	Total Equity
Equity – January 1, 2020		3,072,821	1,419,857	4,492,678	633,358	238,541	871,899	3,175	5,367,752
Issuance of Units	16	17,386	—	17,386	6,848	—	6,848	—	24,234
Unit issuance costs	16	(19)	—	(19)	—	—	—	—	(19)
Net income and comprehensive income		—	75,288	75,288	—	14,287	14,287	365	89,940
Return of contributions by other non-controlling interest		—	—	—	—	—	—	(55)	(55)
Distributions	17	—	(267,976)	(267,976)	—	(46,901)	(46,901)	—	(314,877)
Equity – December 31, 2020		3,090,188	1,227,169	4,317,357	640,206	205,927	846,133	3,485	5,166,975
Equity – January 1, 2021		**3,090,188**	**1,227,169**	**4,317,357**	**640,206**	**205,927**	**846,133**	**3,485**	**5,166,975**
Issuance of Units	16	**198**	**—**	**198**	**1,738**	**—**	**1,738**	**—**	**1,936**
Unit issuance costs	16	**(18)**	**—**	**(18)**	**—**	**—**	**—**	**—**	**(18)**
Net income and comprehensive income		**—**	**827,976**	**827,976**	**—**	**159,320**	**159,320**	**380**	**987,676**
Distributions	17	**—**	**(267,552)**	**(267,552)**	**—**	**(47,282)**	**(47,282)**	**(420)**	**(315,254)**
Equity – December 31, 2021		**3,090,368**	**1,787,593**	**4,877,961**	**641,944**	**317,965**	**959,909**	**3,445**	**5,841,315**

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

SMARTCENTRES REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and December 31, 2020
(in thousands of Canadian dollars, except Unit, square foot and per Unit amounts)

1. Organization
SmartCentres Real Estate Investment Trust and its subsidiaries (collectively, "the Trust"), is an unincorporated open-ended mutual fund trust governed by the laws of the Province of Alberta created under a declaration of trust, dated December 4, 2001, subsequently amended and last restated on December 9, 2020 ("the Declaration of Trust"). The Trust develops, leases, constructs, owns and manages shopping centres, office buildings, high-rise and low-rise condominiums and rental residences, seniors' housing, townhome units, and self-storage rental facilities in Canada, both directly and through its subsidiaries, Smart Limited Partnership, Smart Limited Partnership II, Smart Limited Partnership III, Smart Limited Partnership IV, Smart Oshawa South Limited Partnership, Smart Oshawa Taunton Limited Partnership, Smart Boxgrove Limited Partnership, ONR Limited Partnership, ONR Limited Partnership I, and SmartVMC West Limited Partnership (see also Note 13, "Other financial liabilities"). The exchangeable securities of these subsidiaries, which are presented as non-controlling interests or as a liability as appropriate, are economically equivalent to voting trust units ("Trust Units") as a result of voting, exchange and distribution rights as more fully described in Note 16(a). The address of the Trust's registered office is 3200 Highway 7, Vaughan, Ontario, L4K 5Z5. The Units of the Trust are listed on the Toronto Stock Exchange ("TSX") under the ticker symbol "SRU.UN".

These consolidated financial statements have been approved for issue by the Board of Trustees on February 15, 2022. The Board of Trustees has the power to amend the consolidated financial statements after issue.

As at December 31, 2021, the Penguin Group of Companies ("Penguin"), owned by Mitchell Goldhar, owned approximately 20.8% (December 31, 2020 – 21.4%) of the issued and outstanding Units of the Trust and Limited Partnerships (see also Note 22, "Related party transactions").

2. Summary of significant accounting policies
2.1 Basis of presentation
The Trust's consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand. The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of investment property and certain financial and derivative instruments (discussed in Note 2.4 and Note 2.11, respectively). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

Statement of compliance
The consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

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

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

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

Interests in joint arrangements
Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. The Trust is a co-owner in several properties that are subject to joint control and has determined that certain current joint arrangements are joint operations as the Trust, through its subsidiaries, is the direct beneficial owner of the Trust's interests in the properties. For these properties, the Trust recognizes its proportionate share of the assets, liabilities, revenue and expenses of

these co-ownerships in the respective lines in the consolidated financial statements (see Note 24, “Co-ownership interests”).

2.3 Equity accounted investments

a) *Investment in associates*

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

b) *Investment in joint ventures*

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

The Trust’s share of post-acquisition profit or loss is recognized in the consolidated statement of income and comprehensive income with a corresponding adjustment to the carrying amount of the equity accounted investment. When the Trust’s share of losses in an equity accounted investment equals or exceeds its interest in the equity accounted investment, including any other unsecured receivables, the Trust does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the equity accounted investment.

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

Profits and losses resulting from upstream and downstream transactions between the Trust and its equity accounted investment are recognized in the Trust’s consolidated financial statements only to the extent of an unrelated investor's interests in the equity accounted investment. Accounting policies of equity accounted investments are updated when necessary to ensure consistency with the policies adopted by the Trust.

Condominium sales revenue

The Trust’s equity accounted investments generated revenue from condominium sales. The Trust’s equity accounted investments’ adopted the accounting policy which requires that the revenue generated from contracts with customers on the sale of residential condominium units is recognized at a point in time when control of the asset (i.e., condominium unit) has transferred to the purchaser (i.e., generally, when the purchaser takes possession of the condominium unit) as the purchaser has the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. The amount of revenue recognized is based on the transaction price included in the purchasers’ contracts. Any funds received prior to the purchasers taking possession of their respective assets are recognized as deferred revenue (contractual liability).

Condominium cost of sales

The Trust’s equity accounted investments allocate inventory costs associated with the development of condominiums to direct operating costs on a per unit basis using the net yield method. In addition, if post-closing costs are expected (i.e., remaining construction costs, warranties etc.), the unit’s allocation of the post-closing costs are included in cost of sales and a cost to complete liability is recorded.

2.4 Investment properties

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

Acquired investment properties are measured initially at cost, including related transaction costs in connection with asset acquisitions. Certain properties are developed by the Trust internally, and other properties are developed and leased to third parties under development management agreements with Penguin and other vendors ("Earnouts"). Earnouts occur when the vendors retain responsibility for managing certain developments on land acquired by the Trust for additional proceeds paid on completion calculated based on a predetermined, or formula-based, capitalization rate, net of land and development costs incurred by the Trust (see Note 4(d)(ii)). The completion of an Earnout is reflected as an additional purchase in Note 3, "Acquisitions and Earnouts". Costs capitalized to properties under development include direct development and construction costs, Earnout Fees ("Earnout Fees"), borrowing costs, property taxes and other carrying costs, as well as capitalized staff compensation and other costs directly attributable to property under development.

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

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

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

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

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

2.5 Residential development inventory

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

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

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

2.6 *Business combinations*

The Trust applies business combination accounting whereby identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values. Any excess of the purchase price over the fair value of identifiable net assets acquired is considered goodwill. If the purchase price is less than the fair value of the net assets acquired the difference is recognized directly in the consolidated statement of income and comprehensive income as a gain. The Trust expenses any transaction costs associated with a business combination in the period incurred. When an acquisition does not meet the criteria for a business, it is accounted for as an asset acquisition. Any transaction costs associated with an asset acquisition are allocated to the assets acquired and liabilities assumed. No goodwill is recognized for asset acquisitions.

2.7 *Intangible assets*

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

2.8 *Equipment*

Equipment is stated at cost less accumulated amortization and accumulated impairment losses and is included in other assets. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The Trust records amortization expense on a straight-line basis over the assets' estimated useful lives included in the table as follows:

Office furniture and fixtures	Up to 7 years
Computer hardware	Up to 5 years
Computer software	Up to 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end. If events and circumstances indicate an asset may be impaired, the asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount defined as the higher of an asset's fair value less costs to sell and its value in use.

2.9 *Provisions*

Provisions are recognized when: i) the Trust has a present legal or constructive obligation as a result of past events; ii) it is probable that an outflow of resources will be required to settle the obligation; and iii) the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation that reflect current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.10 *Classification of Units as liabilities and equity*

a) *Trust Units*

The Trust Units meet the definition of a financial liability under IFRS as the redemption feature of the Trust Units creates an unavoidable contractual obligation to pay cash.

The Trust Units are considered to be "puttable instruments" because of the redemption feature. IFRS provides a very limited exemption to allow puttable instruments to be presented as equity provided certain criteria are met.

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

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

b) Limited Partnership Units

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

The original characteristics of the LP Units indicated that they were exchangeable into a liability (the Trust Units are a liability by definition), and accordingly were also considered to be a liability, measured at amortized cost each reporting period with changes in carrying amount recorded directly in the consolidated statements of income and comprehensive income, and on that basis, the distributions on such Units were classified as interest expense in the consolidated statements of income and comprehensive income.

However, amendments were made effective December 31, 2012 to the Exchange, Option and Support Agreements (“EOSA”) for each respective LP that require the Trust to convert to a closed-end trust prior to honouring a redemption request by the partners. Converting to a closed-end trust will classify the Trust Units as equity as the Trust Units will no longer have the redemption feature. As a result, the LP Units meet the Puttable Instrument Exemption criteria and as such are presented in equity as non-controlling interests in the Trust’s consolidated financial statements.

The Class D Smart LP Units, Class F Smart LP Units, Class D Smart Oshawa South LP Units, Class D Smart Oshawa Taunton LP Units, Class B ONR LP Units, Class B ONR LP I Units, and Class D SmartVMC West LP Units (collectively referred to herein as “Units classified as liabilities”), are presented as a liability, designated at fair value in accordance with IFRS 9, “Financial Instruments” (“IFRS 9”), and approximate the fair value of Trust Units, with changes in fair value recorded directly in earnings. The distributions on such Units are classified as interest expense in the consolidated statement of income and comprehensive income. The Trust considers distributions on such Units classified as interest expense to be a financing activity in the consolidated statement of cash flows.

2.11 Financial instruments – recognition and measurement

The Trust's financial instruments are accounted for under IFRS 9:

Initial Recognition

The Trust recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Such financial assets or financial liabilities are initially recognized at their fair value, including directly attributable transaction costs in the case of a financial asset or financial liability not subsequently measured at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Subsequent measurement depends on the initial classification of the financial asset or financial liability.

Classification

The classification of financial assets depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified and measured based on the following categories:

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

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

	Note	Classification under IFRS 9
Financial assets		
Mortgages, loans and notes receivable		Amortized cost
Amounts receivable and other		Amortized cost
Cash and cash equivalents		Amortized cost
Cash held as collateral		Amortized cost
Total return swap receivable		FVTPL
Financial liabilities		
Accounts payable and other payables		Amortized cost
Secured debt		Amortized cost
Revolving operating facilities		Amortized cost
Unsecured debt		Amortized cost
Units classified as liabilities	2.10	FVTPL
Earnout options	2.13	FVTPL
Deferred unit plan	2.13	FVTPL
Long term incentive plan ("LTIP")	2.13	FVTPL
Equity incentive plan ("EIP")	2.13	FVTPL
Currency swap agreement		FVTPL
Interest rate swap agreements		FVTPL

a) *Financing costs*

Financing costs include commitment fees, underwriting costs and legal costs associated with the acquisition or issuance of financial assets or liabilities.

Financing costs relating to secured debt, non-revolving credit facilities, and convertible and unsecured debentures are accounted for as part of the respective liability's carrying value at inception and amortized to interest expense using the effective interest method. Financing costs incurred to establish revolving credit facilities are deferred as a separate asset on the consolidated balance sheet and amortized on a straight-line basis over the term of the facilities. In the event any debt is extinguished, any associated unamortized financing costs are expensed immediately.

b) *Derivative instruments*

Derivative financial instruments may be utilized by the Trust in the management of its interest rate exposure. Derivatives are carried at fair value with changes in fair value recognized in net income. The Trust's policy is not to utilize derivative instruments for trading or speculative purposes.

c) *Fair value of financial and derivative instruments*

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act; i.e., the fair value of consideration given or received. In certain circumstances, the fair value may be determined based on observable current market transactions in the same instrument, using market-based inputs. The fair values are described and disclosed in Note 15, "Fair value of financial instruments".

d) *Currency swap agreement*

The currency swap is a contractual agreement to exchange payments based on specified notional amounts in two currencies, Canadian dollars and U.S. dollars, for a specific period. The currency swap agreement requires the exchange of net contractual payments periodically without the exchange of the notional principal amounts on which the payments are based. Changes in market value are recorded in net income and comprehensive income.

The currency swap payable reflects the fair value of the swap agreement, and is determined as the difference between the foreign exchange rate between Canadian dollars and U.S. dollars as per the swap agreement and the foreign exchange rate at the reporting date on the specified notional amount. The gain (loss) will be realized when the currency swap agreement matures or is unwound.

e) *Interest rate swap agreements*

The Trust may enter into interest rate swaps to economically hedge its interest rate risk. The fair value of interest rate swap agreements reflects the fair value of swap agreements at each reporting date, and is driven by the difference between the fixed interest rate and the applicable variable interest rate.

The fair value of interest rate swap agreements is determined using the discounted cash flow valuation technique on the expected cash flows of the derivatives. The future fixed cash payments and the expected variable cash receipts are discounted to the reporting date, and then netted to determine the fair value of each interest rate swap agreement. The expected variable cash receipts are based on expectations of future interest rates, which are derived from yield curves based on observable market data.

f) *Total return swap ("TRS") receivable*

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

The Trust has funded the total return swap agreement by a loan from the counterparty. The loan is measured at amortized cost.

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

g) *Modifications or extinguishments of loans and debt*

Amendments to mortgages and loans receivable and debt are assessed as either modifications or extinguishments based on the terms of the revised agreements.

When a modification is determined, the carrying amount of the loan or debt is adjusted using the original effective interest rate, with a corresponding adjustment recorded as a gain or loss.

When an extinguishment is determined, the new loan or debt is recorded at its fair value and a corresponding gain/loss is recognized immediately for the difference between the carrying amount of the old loan or debt and the new loan or debt.

h) *Impairment of financial assets*

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

For trade receivables, the Trust applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets ("Unbilled other tenant receivables") relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Trust has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. However, the assumptions and estimates underlying the manner in which ECLs have been implemented historically may not be appropriate in the current COVID-19 pandemic environment. Accordingly, the Trust has not applied its existing ECL methodology mechanically. Instead, during the current COVID-19 pandemic environment, the Trust has been in discussions with tenants on a case-by-case basis to determine optimal rent payment solutions and has incorporated this available, reasonable and supportable information when estimating ECL on tenant receivables.

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

i) *Cash held as collateral*
The Trust, from time to time, pledges cash and cash equivalents as security for derivative instruments with financial institutions. This balance is classified as cash held as collateral, a non-current financial asset, and are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

2.13 Trust and Limited Partnership Unit based arrangements
a) *Unit options issued to non-employees on acquisitions (the "Earnout options")*
In connection with certain acquisitions and the associated development agreements, the Trust may grant options to acquire Units of the Trust or Limited Partnerships to Penguin or other vendors. These options are exercisable only at the time of completion and rental of additional space on acquired properties at strike prices determined on the date of grant. Earnout options that have not vested expire at the end of the term of the corresponding development management agreement.

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

The fair value of Earnout options is determined using the Black-Scholes option-pricing model using certain observable inputs with respect to the volatility of the underlying Trust Unit price, the risk-free rate and using unobservable inputs with respect to the anticipated expected lives of the options, the number of options that will ultimately vest and the expected Trust Unit distribution rate. Generally, increases in the anticipated lives of the options, decreases in the number of options that will ultimately vest, and decreases in the expected Trust Unit distribution rate will combine to result in a lower fair value of Earnout options (see also 2.23(b) i)).

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

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

The deferred units are measured at fair value using the market price of the Trust Units on each reporting date, with changes in fair value recognized in the consolidated statements of income and comprehensive income as additional compensation expense over their vesting period and as a gain or loss on financial instruments once vested. The additional deferred units are recorded in the consolidated statements of income and comprehensive income as compensation expense over their vesting period and as interest expense once vested (see also 2.23(b)(ii)).

c) *Long Term Incentive Plan*
The Trust has a Long Term Incentive Plan that awards officers of the Trust with performance units that are linked to the long-term performance of Trust Units relative to the respective market index. Performance units vest over a

performance period of three years and are settled for cash based on the market value of Trust Units at the end of the performance period.

At each reporting date, the performance units are measured based on the performance of Trust Units relative to the respective market index, the market value of Trust Units and the total performance units granted including additional units for distributions (see also 2.23(b)(iv)).

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

At each reporting date, the performance units are measured based on the performance of Trust Units relative to the Unit price threshold targets, the market value of Trust Units and the total performance units granted including additional units for distributions (see also 2.23(b)(v)).

2.14 *Rentals from investment properties and other*

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

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

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

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

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

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

2.15 Tenant receivables

Tenant receivables are recognized initially at fair value and subsequently are measured at amortized cost using the effective interest method, less impairment provision. The carrying amount of tenant receivables is reduced through the use of expected credit losses, and a loss is recorded in the consolidated statements of income and comprehensive income within "Property operating costs". The Trust records the expected credit loss to comply with IFRS 9's simplified approach for tenant receivables where its loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime expected credit loss.

2.16 Current and deferred income tax

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

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

2.17 Distributions

Distributions are recognized as a deduction from retained earnings for the Trust Units and the Limited Partnership Units classified as equity, and as interest expense for the Units classified as liabilities and vested deferred units, in the Trust's consolidated financial statements in the period in which the distributions are approved.

2.18 Operating segments

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

2.19 Leases

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

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

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

With respect to tenant improvements in connection with the sublease, under IFRS 16, tenant improvements provided by the Trust are not included in the cost of the right-of-use asset. However, when the leased property meets the definition of investment property under IAS 40 (see Note 2.4), the Trust presents tenant improvements that enhance the value of the leased property as an adjustment together with right-of-use assets or incentives resulting in an adjustment to revenue within investment.

2.20 Foreign currency translation

a) Functional currency

The Trust's properties and operations are all within Canada, which is also its primary economic environment. Accordingly, the functional currency of the Trust is determined to be the Canadian dollar.

b) Foreign currency translation

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

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

2.21 *Interest Rate Benchmark Reform*

On January 1, 2021, the Trust adopted amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* as issued in August 2020. For financial instruments measured using amortized cost, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform were reflected by adjusting their effective interest rate. Accordingly, no immediate gain or loss was recognized.

The Trust's exposure to the interest rate benchmark reform as at December 31, 2021 include all variable-rate financial instruments, and are presented in the table below:

As at	**December 31, 2021**
Financial instruments measured at amortized cost	**Balance yet to transition to an alternative benchmark interest rate**
Financial liabilities	
Secured debt	**112,469**
Unsecured debt	**17,000**
Revolving operating facilities	**297,625**
	427,094

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

2.22 *Critical accounting judgments*

The following are the critical judgments that have been made in applying the Trust's accounting policies and that have the most significant effect on the amounts recorded or disclosed in the consolidated financial statements:

a) *Investment properties*

The Trust's accounting policies relating to investment properties are described in Note 2.4. In applying these policies, judgment is applied in determining whether certain costs are additions to the carrying amount of an investment property and, for properties under development, identifying the point at which substantial completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the development property. The Trust applies judgment in determining whether development projects are active and viable, otherwise previously capitalized costs are written off.

The Trust also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. The Trust considers all the properties it has acquired to date to be asset acquisitions. Earnout options, as described in Note 2.13(a), are exercisable upon completion and rental of additional space on acquired properties. Judgment is applied in determining whether Earnout options are considered to be contingent consideration relating to the acquisition of the acquired properties or additional cost of services during the construction period. The Trust considers the Earnout options it has issued to date to represent contingent considerations relating to the acquisitions. The valuation of the investment properties is the main area of judgment exercised by the Trust. Investment properties are stated at fair value. Gains and losses arising from changes in the fair values are recognized in fair value adjustment on revaluation of investment properties in the consolidated statements of income and comprehensive income in the period in which they arise.

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

b) *Investment in associates*

The Trust's policy for its investment in associates is described in Note 2.3. For those investment in associates disclosed in Note 5, "Equity accounted investments", management has assessed the level of influence that the Trust has over those investment in associates and determined that it has significant influence based on its decision-making authority with regards to the operating, financing and investing activities as specified in the contractual terms of the arrangement. Consequently, those investments have been classified as investment in associates.

c) Joint arrangements
The Trust's policy for its joint arrangements is described in Note 2.2. In applying this policy, the Trust makes judgments with respect to whether the Trust has joint control and whether the arrangements are joint operations or joint ventures.

d) Intangible assets
The Trust's policy for intangible assets is described in Note 2.7. In applying this policy, the Trust makes judgments with respect to the amortization period relating to the joint venture relationships and trademarks that have finite useful lives, while also reviewing for impairment when an indication of impairment exists. In addition, on an annual basis or more frequently if there are any indications of impairment, the Trust evaluates whether goodwill may be impaired by determining whether the recoverable amount is less than the carrying amount for the smallest identified cash-generating unit.

e) Classifications of Units as liabilities and equity
The Trust's accounting policies relating to the classification of Units as liabilities and equity are described in Note 2.10. The critical judgments inherent in these policies relate to applying the criteria set out in IAS 32, "Financial Instruments Presentation", relating to the Puttable Instrument Exemption.

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

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

2.23 Critical accounting estimates and assumptions
The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

a) Fair value of investment properties
The fair value of investment properties is dependent on: i) projected future cash flows for income properties and properties under development, and ii) land, development and construction costs for properties under development, and discount rates applicable to those assets. The projected cash flows for each property are based on the location, type and quality of the property and supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties, and adjusted for estimated vacancy rates and estimated maintenance costs. Capitalization and discount rates are based on the location, size and condition of the properties and take into account market data at the valuation date. These assumptions may not ultimately be achieved.

The critical estimates and assumptions underlying the valuation of investment properties are set out in Note 4 "Investment properties".

b) Fair value of financial instruments
i) Unit options issued to non-employees on acquisitions (the "Earnout options")
The Earnout options are considered to be contingent consideration with respect to the acquisitions they relate to, and are initially recognized at their fair value. The Earnout options are subsequently carried at fair value with changes in fair value recognized in the consolidated statements of income and comprehensive income. The fair value of Earnout options is determined using the Black-Scholes option-pricing model using certain observable inputs with respect to the volatility of the underlying Trust Unit price, the risk-free rate and using unobservable inputs with respect to the anticipated expected lives of the options, the number of options that will ultimately vest and the expected Trust Unit distribution rate. Generally, increases in the anticipated lives of the options, decreases in the number of options that will ultimately vest, and decreases in the expected Trust Unit distribution rate will combine to result in a lower fair value of Earnout options.

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

iii) Units classified as liabilities
Units classified as liabilities are measured at each reporting period and approximate the fair value of Trust Units, with changes in value recorded directly in earnings through unrealized fair value adjustments. The distributions on such Units are classified as interest expense in the consolidated statement of income and comprehensive income. The Trust considers distributions on such Units classified as interest expense to be a financing activity in the consolidated statement of cash flows.

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

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

c) Fair value of mortgages and loans receivable
The fair values of mortgages and loans receivable are estimated based on discounted future cash flows using discounted rates that reflect current market conditions for instruments with similar terms and risks.

d) Fair value of secured debt and the revolving operating facilities
The fair values of secured debt and the revolving operating facilities reflect current market conditions for instruments with similar terms and risks.

e) Estimation of ECL for tenant receivables
The Trust has determined that the expected loss rates for tenant receivables are a reasonable approximation of the loss rates for the contract assets. However, the assumptions and estimates underlying the manner in which ECLs have been implemented historically may not be appropriate in the current COVID-19 pandemic environment. Accordingly, the Trust has not applied its existing ECL methodology mechanically. Instead, during the current COVID-19 pandemic environment, the Trust has been in discussions with tenants on a case-by-case basis to determine optimal rent payment solutions and has incorporated this available, reasonable and supportable information when estimating ECL on tenant receivables.

2.24 Reclassification of comparative figures
The comparative figures relating to the LTIP liability, in the amount of $1,540, have been reclassified from other payables (see also Note 14, "Accounts and other payables") to other financial liabilities (see also Note 13, "Other financial liabilities") to conform with the current period presentation.

2.25 Future changes in accounting policies
Amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date. The amendments also clarify that the 'settlement' of a liability refers to the transfer to the counterparty of cash, equity instruments, and/or other assets or services. Early application is permitted. The Trust is assessing the impact of the amendments to IAS 1 on the required effective date of January 1, 2023.

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract
The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The Trust is assessing the impact of the amendments to IAS 37 on the required effective date of January 1, 2022.

3. Acquisitions and Earnouts

Acquisitions and Earnouts completed during the year ended December 31, 2021

a) In February 2021, the Trust acquired a parcel of land totalling 7.6 acres in Aurora, Ontario for a purchase price of $12,237, paid in cash and adjusted for costs of acquisition and other working capital amounts.

b) In April and June 2021, the Trust acquired two parcels of residential land in Hamilton, Ontario, for a total purchase price of $1,085, paid in cash and adjusted for costs of acquisition and other working capital amounts.

c) In December 2021, the Trust acquired a 50.0% interest in a parcel of land for retail development in Toronto (Leaside), Ontario, for a total purchase price of $12,750, paid in cash and adjusted for costs of acquisition and other working capital amounts. The remaining 50.0% interest is held by Penguin.

d) In December 2021, the Trust acquired a 66.67% interest in a parcel of land adjacent to the Vaughan Metropolitan Centre in Vaughan, Ontario, from unrelated parties for a purchase price of $494,312. The purchase price of this parcel of land ("SmartVMC West") was satisfied by: i) $300,000 of cash, ii) $181,236 through the issuance of 3,623,188 Class D Series 1 LP Units and 2,173,913 Class D Series 2 LP Units of SmartVMC West Limited Partnership, and iii) $13,076 through the assumption of mortgages. The Trust's ownership interest in SmartVMC West represents 66.67%, while the remaining 33.33% interest is held by Penguin.

e) During the year ended December 31, 2021, pursuant to development management agreements referred to in Note 4, "Investment properties" (see also Note 22, "Related party transactions"), the Trust completed the purchase of:

   i) An Earnout transaction on a parcel of land totalling 13.2 acres located in Niagara Falls, Ontario. The purchase price was $1,415, of which $466 was satisfied through the issuance of 19,954 Class B Series 6 Smart LP III Units (see also Note 13(b)) and the balance was paid in cash, adjusted for other working capital amounts. This parcel of land was subsequently disposed of (see also, Note 4, "Investment properties").

   ii) Earnout transactions totalling 24,619 square feet of development space with a purchase price of $8,925, of which $1,042 was satisfied through the issuance of 12,569 Class B Smart LP III Units and 26,317 Class B Smart LP IV Units (see also Note 13(b)) and the balance paid in cash, adjusted for other working capital amounts (see also, Note 4(d)(ii)).

   iii) An Earnout transaction on 23,012 square feet of retail space in Stouffville, Ontario. The purchase price was $5,934, of which $229 was satisfied through the issuance of 7,763 Class B Series 2 Smart LP Units (see also Note 13(b)) and the balance was paid in cash, adjusted for development costs funded by the Trust and other amounts.

The following table summarizes the consideration for Acquisitions and Earnouts completed for the year ended December 31, 2021:

	Note	Acquisitions - SmartVMC West	Acquisitions - other	Total Acquisitions	Earnouts	Total Acquisitions and Earnouts
Cash		**300,000**	**26,611**	**326,611**	**2,154**	**328,765**
LP Units issued	4(d)(ii)	**181,236**	**—**	**181,236**	**1,738**	**182,974**
Mortgages assumed		**13,076**	**—**	**13,076**	**—**	**13,076**
Adjustments for other working capital amounts		**(76)**	**9**	**(67)**	**12,382**	**12,315**
		494,236	**26,620**	**520,856**	**16,274**	**537,130**

Acquisitions and Earnouts completed during the year ended December 31, 2020

a) During the year ended December 31, 2020, pursuant to development management agreements referred to in Note 4, "Investment properties" (see also Note 22, "Related party transactions"), the Trust completed the purchase of:

   i) Earnouts totalling 1,936 square feet of development space with a purchase price of $291 and a parcel land sale with a purchase price of $1,789, of which $792 was satisfied through the issuance of 3,822 Class F Series 3 Smart LP Units (see also Note 13(b)) and 36,992 Class B Series 4 Smart LP III Units, and the balance of $1,288 was paid in cash, adjusted for other working capital amounts.

   ii) An Earnout transaction representing a 50% interest in a parcel of land totalling 2.25 acres in Ottawa, Ontario that was transferred to a joint venture, Ottawa SW PropCo LP, which is recorded in equity accounted investments, to develop one retirement and seniors' housing tower and one multi-residential rental tower. The purchase price was $4,375 (at the Trust's share), of which $2,624 was satisfied through the issuance of 146,913 Class B Series 6 Smart LP III Units (see also Note 13(b)) and the balance was paid by cash, with adjustments made for development costs paid by the Trust and other working capital amounts (see also Note 22, "Related party transactions"). In conjunction with this purchase, the Trust granted its joint venture partner a non-revolving term acquisition credit facility in the amount of $2,850 (see Note 6, "Mortgages, loans and notes receivable"), to finance a portion of its share of the purchase price and closing costs for the above acquisition.

   iii) An Earnout of a 40% interest in approximately 11.0 acres of land with a purchase price of $7,452, of which:
      i) $3,509 was satisfied through the issuance of 170,000 Class B Series 1 Smart Boxgrove LP Units;
      ii) $3,460 was satisfied through the issuance of Class G Series 1 Smart Boxgrove LP Units which had a committed distribution in January 2021. This committed distribution payable to the holders of Class G Series 1 Smart Boxgrove LP Units is in conjunction with a loan receivable issued for the same amount (see details in Note 6(b), Note 14 "Accounts and other payables", and Note 16(a)(ii)); and
      iii) the balance of $483 was paid in cash adjusted for other working capital amounts.

   The interest in this parcel of land was subsequently disposed (see also, Note 4 "Investment properties").

b) In December 2020, the Trust acquired an additional 33.33% interest in a parcel of land in Mirabel, Quebec from an unrelated party, adjacent to Premium Outlets Montreal, consisting of 49.79 acres, for a purchase price of $7,900, adjusted for costs of acquisition and other working capital amounts. As a result of this transaction, the Trust's ownership in this land represents 66.66%, while the remaining 33.33% interest is held by Penguin.

The following table summarizes the consideration for Acquisitions and Earnouts completed for the year ended December 31, 2020:

	Note	Acquisitions	Earnouts	Total
Cash		7,910	3,318	11,228
LP Units issued	4(d)(ii)	—	6,925	6,925
Other payable	6(b), 14, 16(a)(ii)	—	3,460	3,460
Amounts previously funded and other adjustments		152	204	356
		8,062	13,907	21,969

The Earnouts in the above table do not include the cost of previously acquired freehold land of $318.

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

4. Investment properties

The following table summarizes the activities in investment properties:

		Year Ended December 31, 2021			Year Ended December 31, 2020		
	Note	**Income Properties**	**Properties Under Development**	**Total**	Income Properties	Properties Under Development	Total
Balance – beginning of year		**8,267,430**	**582,960**	**8,850,390**	8,488,669	561,397	9,050,066
Additions (deductions):				**—**			
Acquisitions, Earnouts and related adjustments of investment properties		**22,015**	**499,700**	**521,715**	—	21,678	21,678
Earnout Fees on properties subject to development management agreements	4(d)(ii)	**2,397**	**—**	**2,397**	291	—	291
Transfer to income properties from properties under development		**40,555**	**(40,555)**	**—**	39,748	(39,748)	—
Transfer from income properties to properties under development		**(2,400)**	**2,400**	**—**	(70,236)	70,236	—
Transfer from properties under development to equity accounted investments		**—**	**(6,850)**	**(6,850)**	—	(6,125)	(6,125)
Capital expenditures		**17,472**	**—**	**17,472**	8,445	—	8,445
Leasing costs		**3,057**	**—**	**3,057**	1,732	—	1,732
Development expenditures		**—**	**53,186**	**53,186**	—	50,728	50,728
Capitalized interest		**—**	**14,333**	**14,333**	—	17,689	17,689
Dispositions		**(62,865)**	**(37,285)**	**(100,150)**	—	(19,063)	(19,063)
Fair value adjustment on revaluation of investment properties	26	**107,416**	**384,112**	**491,528**	(201,219)	(73,832)	(275,051)
Balance – end of year		**8,395,077**	**1,452,001**	**9,847,078**	8,267,430	582,960	8,850,390

The historical costs of both income properties and properties under development as at December 31, 2021 totalled $6,603,696 and $1,273,350, respectively (December 31, 2020 – $6,570,845 and $793,666, respectively).

Secured debt with a carrying value of $1,294,546 (December 31, 2020 – $1,327,760) is secured by investment properties with a fair value of $3,206,478 (December 31, 2020 – $3,014,790).

Presented separately from investment properties is $76,042 (December 31, 2020 – $81,511) of net straight-line rent receivables and tenant incentives (these amounts are included in "Other assets", see Note 7) arising from the recognition of rental revenues on a straight-line basis and amortization of tenant incentives over the respective lease terms. The fair value of investment properties has been reduced by these amounts.

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

i) *Income properties*

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

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

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

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

		December 31, 2021			
		Terminal Capitalization Rate		**Discount Rate**	
Valuation Method	**Carrying Value**	**Weighted Average (%)**	**Range (%)**	**Weighted Average (%)**	**Range (%)**
Discounted cash flow	**8,395,077**	**5.83**	**4.18 – 7.43**	**6.34**	**4.58 – 7.93**

		December 31, 2020			
		Terminal Capitalization Rate		Discount Rate	
Valuation Method	Carrying Value	Weighted Average (%)	Range (%)	Weighted Average (%)	Range (%)
Discounted cash flow	8,267,430	5.94	4.25 – 7.79	6.46	4.65 – 8.54

ii) Properties under development

Valuation method for the year ended December 31, 2021

For the year ended December 31, 2021, the Trust applied a change in the valuation method used to estimate the value of properties under development. Properties under development are valued using two primary methods: i) discounted cash flow method, factoring in future cash inflows and outflows such as construction costs to complete development, leasing costs and other fees, and Earnout Fees, if any; or ii) land, development and construction costs are recorded at market value, factoring in development risks such as planning, zoning, timing and market conditions. The Trust changed its valuation method as it believes that the discounted cash flow valuation method represents the Trust's estimate of fair values of properties under development based on expectations of changes in rental rates, occupancy rates, lease renewal rates, downtime on lease expiries, among others, as a result of the impact of the COVID-19 pandemic. This change in valuation method for properties under development also aligns with the valuation method used to determine fair value for income properties.

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

Valuation method for the year ended December 31, 2020

Properties under development were valued using two primary methods: i) the direct income capitalization method less construction costs to complete development, leasing costs and other fees, and Earnout Fees, if any; or ii) with reference to land, development and construction costs recorded at market value, factoring in development risks such as planning, zoning, timing and market conditions.

The significant assumptions for the direct income capitalization method less construction costs to complete development and Earnout Fees, if any, include:

Stabilized or forecasted net operating income:

Based on the location, type and quality of the properties and supported by the terms of actual or anticipated future leases, other contracts or external evidence such as current market rents for similar properties, adjusted for estimated vacancy rates based on expected future market conditions and estimated maintenance costs, which are consistent with internal budgets, based on management's experience and knowledge of market conditions.

Earnout Fee:

Based on estimated net operating rents divided by predetermined negotiated capitalization rates, less associated land and development costs incurred by the Trust.

Capitalization rate:

Based on the location, size and quality of the properties and taking into account market data at the valuation date.

Construction costs to complete:
Derived from internal budgets, based on management's experience and knowledge of market conditions.

Completion date:
Properties under development require approval or permits from oversight bodies at various points in the development process, including approval or permits with respect to initial design, zoning, commissioning and compliance with environmental regulations. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals, construction delays, weather and any remedial action required by the Trust.

The significant assumptions in the land, development and construction costs recorded at market value include the market value per acre for land.

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

	December 31, 2021	
Valuation Method	**Carrying Value**	**Weighted Average Discount Rate (%)**
Land, development and construction costs recorded at market value	**1,324,263**	**N/A**
Discounted cash flow	**127,738**	**5.92**
	1,452,001	

	December 31, 2020	
Valuation Method	Carrying Value	Weighted Average Capitalization Rate (%)
Land, development and construction costs recorded at market value	416,964	N/A
Direct income capitalization	165,996	6.22
	582,960	

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

Rate Sensitivity (%)	**(1.00)**	**(0.50)**	**(0.25)**	**+0.25**	**+0.50**	**+1.00**
Increase (decrease) in fair value of income properties due to:						
Changes in discount rates	1,876,400	846,800	403,500	(369,100)	(709,700)	(1,312,100)

Forecasted Future Cash Flows Sensitivity (%)	**(10.00)**	**(5.00)**	**(2.50)**	**+2.50**	**+5.00**	**+10.00**
Increase (decrease) in fair value of income properties due to:						
Changes in forecasted future cash flows	(858,400)	(429,300)	(214,800)	214,800	428,700	858,500

b) Dispositions

Disposition of investment properties during the year ended December 31, 2021

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

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

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

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

In September 2021, the Trust sold a parcel of land totalling 1.4 acres located in Stouffville, Ontario, for gross proceeds of $2,715, which was satisfied by cash.

In October 2021, the Trust, together with its 50% partner Penguin, sold a parcel of land totalling 78.4 acres (39.2 acres at the Trust's share) located in Innisfil, Ontario, for gross proceeds of $21,572 (at the Trust's share), which was satisfied by a vendor take-back mortgage bearing interest at 4% per annum, with a term of two years, in the amount of $15,097 (at the Trust's share, see also Note 6(b), footnote 11), with the balance paid in cash adjusted for other working capital amounts.

In December 2021, the Trust sold a property, consisting of an investment property and a property under development, located in Maple Ridge, British Columbia, for gross proceeds of $67,500, which was satisfied by cash, adjusted for transaction costs and other working capital amounts.

Disposition of investment properties during the year ended December 31, 2020

In April 2020, the Trust sold a 50% interest in a parcel of land totalling 2.25 acres in Ottawa, Ontario, that was transferred to a joint venture, Ottawa SW PropCo LP, which is recorded in equity accounted investments, to develop one retirement and seniors' housing community and one multi-residential rental tower (see Note 3, "Acquisitions and Earnouts", and Note 5, "Equity accounted investments").

In August 2020, the Trust conveyed a parcel of land totalling 1.16 acres in Scarborough, Ontario, that was transferred to a joint venture, Scarborough East Self Storage LP, which is recorded in equity accounted investments, to develop, construct and operate a self-storage facility.

In August 2020, the Trust sold its 40% interest in a parcel of land totalling approximately 11.0 acres in Markham, Ontario, for gross proceeds of $7,452. See also Note 3, "Acquisitions and Earnouts".

c) Leasehold property interests

At December 31, 2021, 16 (December 31, 2020 – 16) investment properties with a fair value of $977,376 (December 31, 2020 – $978,410) are leasehold property interests accounted for as leases.

i) Leasehold property interests without bargain purchase options

Three of the leasehold interests commenced in 2005 under the terms of 35-year leases with Penguin. Penguin has the right to terminate the leases after 10 years on payment to the Trust of the fair value of a 35-year leasehold interest in the properties at that time and also has the right to terminate the leases at any time in the event that there is an acquisition in excess of 20% of the aggregate of the Trust Units and Special Voting Units by payment to the Trust of the unamortized balance of any prepaid lease cost. The Trust does not have a purchase option under these three leases.

Eleven of the leasehold interests commenced in 2006 through 2015, of which four are under the terms of 80-year leases with Penguin and seven are under the terms of 49-year leases with Penguin. The Trust has separate options to purchase each of these 11 leasehold interests at the end of the respective leases at prices that are not considered to be bargain prices.

The Trust prepaid its entire lease obligations for the 14 leasehold interests with Penguin (see also Note 22, "Related party transactions") in the amount of $889,931 (December 31, 2020 – $889,931), including prepaid land rent of $229,846 (December 31, 2020 – $229,846).

ii) Leasehold property interests with bargain purchase options

One leasehold interest commenced in 2003 under the terms of a 35-year lease with Penguin (see also Note 22, "Related party transactions"). The lease requires a $10,000 payment at the end of the lease term in 2038 to exercise a purchase option, which is considered to be a bargain purchase option. The Trust prepaid its entire lease obligation for this property of $57,997 (December 31, 2020 – $57,997). As the Trust expects to exercise the purchase option in 2038, the purchase option price has been included in accounts payable in the amount of $2,145 (December 31, 2020 – $1,957), net of imputed interest at 9.18% of $7,855 (December 31, 2020 – $8,043) (see also Note 14, "Accounts and other payables").

A second leasehold interest was acquired on February 11, 2015 and includes a land lease that expires on September 1, 2054. The land lease requires monthly payments ranging from $450 to $600 annually until September 1, 2054, and a $6,000 payment between September 1, 2023 and September 1, 2025 to exercise a purchase option that is considered to be a bargain purchase option. As the Trust expects to exercise the purchase option on September 1, 2023, the purchase option price and the monthly payments up to September 1, 2023 have been included in accounts payable in the amount of $6,138 (December 31, 2020 – $6,211), net of imputed interest at 6.25% of $649 (December 31, 2020 – $1,027) (see also Note 14, "Accounts and other payables").

d) Properties under development

The following table presents properties under development:

As at	**December 31, 2021**	December 31, 2020
Properties under development not subject to development management agreements i)	**1,391,301**	521,149
Properties under development subject to development management agreements ii)	**60,700**	61,811
	1,452,001	582,960

For the year ended December 31, 2021, the Trust capitalized a total of $14,333 (year ended December 31, 2020 – $17,689) of borrowing costs related to properties under development.

i) Properties under development not subject to development management agreements

During the year ended December 31, 2021, the Trust completed the development and leasing of certain properties under development not subject to development management agreements, for which the value of land and development costs incurred has been reclassified from properties under development to income properties.

For the year ended December 31, 2021, the Trust incurred land and development costs of $26,328 (year ended December 31, 2020 – $39,430).

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

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

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

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

The following table summarizes the Earnout options that were elected to exercise which resulted in proceeds (see also Note 13(b)):

		Year Ended December 31	
Unit Type	Class and Series	**2021**	2020
Smart Limited Partnership	Class F Series 3	**—**	77
Smart Limited Partnership	Class B Series 2	**229**	—
Smart Limited Partnership III	Class B Series 4	**34**	715
Smart Limited Partnership III	Class B Series 6	**780**	2,624
Smart Limited Partnership IV	Class B Series 1	**695**	—
Smart Boxgrove Limited Partnership	Class B Series 1	**—**	3,509
		1,738	6,925

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

	Year Ended December 31	
	2021	2020
Development costs incurred	**12,902**	13,616
Earnout Fees paid	**2,397**	291
	15,299	13,907

5. Equity accounted investments

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

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Investment in Associates	**Investment in Joint Ventures**	**Total**	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of year	**354,992**	**108,212**	**463,204**	294,499	50,877	345,376
Operating Activities:						
Earnings (loss)	**183,660**	**27,760**	**211,420**	62,369	(397)	61,972
Distributions – VMC Residences condominium unit closings[1]	**(52,824)**	**—**	**(52,824)**	—	—	—
Distributions – operating activities	**(3,358)**	**(714)**	**(4,072)**	(3,987)	(783)	(4,770)
Financing Activities:						
Fair value adjustment on loan	**3,995**	**—**	**3,995**	4,218	—	4,218
Loan repayment	**—**	**—**	**—**	(3,987)	—	(3,987)
Investing Activities:						
Cash contribution (return of contributions)	**1,878**	**23,991**	**25,869**	4,061	(7,121)	(3,060)
Property contribution	**—**	**6,850**	**6,850**	—	2,036	2,036
Acquisition and related costs[2]	**—**	**—**	**—**	(2,181)	63,600	61,419
Investment – end of year	**488,343**	**166,099**	**654,442**	354,992	108,212	463,204

(1) During the year ended December 31, 2021, the distribution in the amount of $52,824 was satisfied by a non-cash settlement of the PCVP loan payable (see Note 12(b)(iii)).
(2) Represents the contribution of funds to acquire an interest in equity accounted investments.

a) *Investment in associates*

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

			Ownership Interest (%), As at	
Business Focus	**Partner(s)**	**Principal Intended Activity**	**December 31, 2021**	December 31, 2020
Mixed-use real estate development				
Penguin-Calloway Vaughan Partnership ("PCVP")	*Penguin[1]*	Own, develop and operate investment properties in the SmartVMC (Eastern 52.0 acres)	**50.0**	50.0
Residential condominium developments				
VMC Residences Limited Partnership ("Residences LP")	*Penguin[1], CentreCourt*	Own, develop and sell two residential condominium towers and 22 townhomes (Transit City 1 and 2) at SmartVMC	**25.0**	25.0
Residences III LP	*Penguin[1], CentreCourt*	Own, develop and sell a residential condominium tower (Transit City 3) at SmartVMC	**25.0**	25.0
East Block Residences LP	*Penguin[1], CentreCourt*	Own, develop and sell two residential condominium towers (Transit City 4 and 5) at SmartVMC	**25.0**	25.0
Residences (One) LP	*Penguin[1]*	Own, develop and sell residential condominium towers (ArtWalk)	**50.0**	N/A

(1) See also Note 22, "Related party transactions".

In December 2019, the Trust acquired, as part of a 50:50 joint arrangement with Penguin, through PCVP, a 50% interest in a parcel of land ("700 Applewood") with approximately 15.5 acres in Vaughan, Ontario, proximate to SmartVMC to relocate Walmart from SmartVMC and for other future development, for a purchase price of $109,218 paid in cash, adjusted for other working capital amounts. In connection with this acquisition, an interest-free loan receivable with a principal amount of $100,404 and a maturity of December 2029 was extended to Penguin to finance its interest in PCVP's acquisition of 700 Applewood. In March 2020, the Trust assumed this loan receivable from Penguin (see also Note 6(b), footnote 4), along with an offsetting non-interest-bearing note payable of an equal amount (see Note 12(b)(iii), footnote 2).

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

i) *Summary of balance sheets*

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

As at	**December 31, 2021**			December 31, 2020		
	PCVP	**VMC Residences**	**Total**	PCVP	VMC Residences	Total
Non-current assets	**1,322,717**	**—**	**1,322,717**	920,064	—	920,064
Current assets	**19,284**	**371,898**	**391,182**	20,019	632,691	652,710
Total assets	**1,342,001**	**371,898**	**1,713,899**	940,083	632,691	1,572,774
Non-current liabilities(1)	**327,443**	**81,203**	**408,646**	171,382	28,268	199,650
Current liabilities	**111,782**	**157,715**	**269,497**	197,187	360,690	557,877
Total liabilities	**439,225**	**238,918**	**678,143**	368,569	388,958	757,527
Net assets	**902,776**	**132,980**	**1,035,756**	571,514	243,733	815,247
Trust's share of net assets before adjustments	**451,388**	**33,245**	**484,633**	285,757	60,934	346,691
Trust's additional investment	**—**	**—**	**—**	—	6,862	6,862
Fair value adjustment on loan	**1,218**	**2,492**	**3,710**	1,439	—	1,439
Trust's share of net assets	**452,606**	**35,737**	**488,343**	287,196	67,796	354,992

(1) Balance as at December 31, 2021 includes loan payable to the Trust of $47,214 (December 31, 2020 – $95,008), see also Note 6(b).

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

As at	**December 31, 2021**		December 31, 2020	
	Commitments	**Trust's Share**	Commitments	Trust's Share
PCVP	**87,712**	**43,856**	25,070	12,535
Residences LP	**—**	**—**	9,199	2,300
Residences III LP	**—**	**—**	15,449	3,862
East Block Residences LP	**128,923**	**32,231**	86,554	21,638
	216,635	**76,087**	136,272	40,335

ii) *Summary of earnings*

The following table summarizes the earnings for investment in associates for:

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	PCVP	**VMC Residences**	**Total**	PCVP	VMC Residences	Total
Revenue						
Rental revenue(1)	**28,919**	**—**	**28,919**	28,295	—	28,295
Condominium sales revenue(2)	**—**	**297,299**	**297,299**	—	538,778	538,778
Operating expense						
Rental operating costs	**(12,421)**	**—**	**(12,421)**	(11,175)	—	(11,175)
Condominium cost of sales	**—**	**(224,576)**	**(224,576)**	—	(375,985)	(375,985)
Revenue net of operating expense	**16,498**	**72,723**	**89,221**	17,120	162,793	179,913
Fair value adjustment on revaluation of investment properties	**321,146**	**—**	**321,146**	20,930	—	20,930
Interest (expense) income	**(6,619)**	**254**	**(6,365)**	(5,976)	3,105	(2,871)
Gain on sale of investment properties	**—**	**—**	**—**	52	—	52
Earnings	**331,025**	**72,977**	**404,002**	32,126	165,898	198,024
Trust's share of earnings before supplemental cost and additional profit sharing	**165,513**	**18,243**	**183,756**	16,063	41,475	57,538
Additional Trust's share of earnings(3)	**—**	**2,522**	**2,522**	—	6,862	6,862
Supplemental cost	**(2,618)**	**—**	**(2,618)**	(2,031)	—	(2,031)
Trust's share of earnings	**162,895**	**20,765**	**183,660**	14,032	48,337	62,369

(1) Includes office rental revenue from the Trust in the amount of $2,625 for the year ended December 31, 2021 (year ended December 31, 2020 – $2,634).
(2) Includes condominium sales revenue recognized on the closings of 631 units in Transit City 3 (year ended December 31, 2020 – condominium sales revenue recognized on the closings of 1,109 units in Transit City 1 and 2).
(3) Additional profit allocated to the Trust for Transit City condominium closings pursuant to the development agreement and limited partnership agreement.

In accordance with the Supplemental Development Fee Agreement, the Trust invoiced PCVP a net amount of $5,237 related to associated development fees for the year ended December 31, 2021 (year ended December 31, 2020 – $4,061).

iii) Summary of development credit facilities

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

The following table shows the development facilities available:

As at	**December 31, 2021**	December 31, 2020
Development facilities – beginning of year	**796,740**	768,302
Reduction	**(131,154)**	(36,072)
Repayments	**(48,500)**	(204,390)
Letters of credit released	**(21,024)**	(1,100)
Additional development credit facilities obtained	**157,500**	270,000
Development facilities – end of year	**753,562**	796,740
Amount drawn on development credit facilities	**(317,105)**	(227,327)
Letters of credit – outstanding	**(42,832)**	(79,816)
	393,625	489,597
Trust's share of remaining unused development credit facilities	**146,742**	177,884

The PCVP and VMC Residences had the following credit facilities available:

As at			**December 31, 2021**		December 31, 2020	
	Maturity in	**Annual Interest Rate (%)(1)**	**Facility Amount**	**The Trust's Share**	Facility Amount	The Trust's Share
PCVP						
Development credit facility	December 2022	BA + 1.35	**15,876**	**7,938**	15,876	7,938
Development credit facility	June 2021	BA + 1.45	**—**	**—**	48,500	24,250
Construction credit facility	May 2024	BA + 1.45	**386,766**	**193,383**	270,000	135,000
Letters of credit facility(2)	May 2022	N/A	**60,000**	**30,000**	35,000	17,500
			462,642	**231,321**	369,376	184,688
VMC Residences						
Development credit facility	April 2022	BA + 1.75	**11,656**	**2,914**	14,512	3,628
Development credit facility	February 2022	BA + 1.75	**—**	**—**	132,688	33,172
Development credit facility	September 2023	BA + 1.60	**279,264**	**69,816**	280,164	70,041
			290,920	**72,730**	427,364	106,841
			753,562	**304,051**	796,740	291,529

(1) Annual interest rate is a function of Canadian Banker's Acceptance rate ("BA") rates plus a premium.
(2) Letter of credit fee rate is 0.75%.

b) *Investment in joint ventures*

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

As at		**December 31, 2021**		December 31, 2020	
Business Focus	Joint Venture Partner	**Number of Projects**	**Ownership Interest (%)**	Number of Projects	Ownership Interest (%)
Retail investment properties		**1**	**30.0**	1	30.0
Joint Venture: 1500 Dundas East LP	*Fieldgate*				
Self-storage facilities		**10**	**50.0**	8	50.0
Joint Ventures: Leaside SAM LP, Oshawa South Self Storage LP, Bramport SAM LP, Vaughan NW SAM LP, Dupont Self Storage LP, Aurora Self Storage LP, Scarborough East Self Storage LP, Kingspoint Self Storage LP, Jane Self Storage LP, and Gilbert Self Storage LP	*SmartStop*				
Seniors' apartments		**1**	**50.0**	1	50.0
Joint Venture: Vaughan NW SA PropCo LP	*Revera*				
Retirement residences					
Joint Ventures: Vaughan NW RR (PropCo and OpCo LPs), Hopedale RR (PropCo and OpCo LPs), Baymac RR PropCo LP, Oakville Garden Drive RR PropCo LP and Markham Main Street RR PropCo LP	*Revera*	**5**	**50.0**	6	50.0
Joint Ventures: Ottawa SW (PropCo and OpCo LPs)	*Selection Group*	**1**	**50.0**	1	50.0
Residential apartments					
Joint Venture: Laval C Apartments LP	*Jadco*	**1**	**50.0**	1	50.0
Joint Venture: Balliol/Pailton LP	*Greenwin*	**1**	**75.0**	1	75.0
Joint Venture: Mascouche North Apartments LP	*Cogir*	**1**	**80.0**	—	0.0
Total		**21**		19	

Acquisitions/new property contributions completed during the year ended December 31, 2021

In February 2021, pursuant to the 50:50 joint venture previously formed with SmartStop known as Kingspoint Self Storage Limited Partnership, the Trust contributed development land of $3,250 and SmartStop contributed cash into the joint venture, for development of a self-storage facility which is located in Brampton, Ontario, totalling 1.5 acres.

In March 2021, the Trust formed an 80:20 joint venture with Cogir, and pursuant to the joint venture agreement, the Trust contributed its interest in a parcel of land of $3,600 totalling 2.7 acres located in Mascouche, Quebec into the joint venture while Cogir contributed cash. The purpose of this joint venture is to develop and operate a rental apartment complex.

In April 2021, pursuant to the 50:50 joint venture formed with SmartStop known as Jane Self Storage Limited Partnership, each joint venture party contributed $4,250 into the joint venture to fund the purchase of a parcel of land located in Toronto, Ontario, totalling 2.67 acres with the intention to develop and operate a self-storage facility.

In December 2021, pursuant to the 50:50 joint venture formed with SmartStop known as Gilbert Self Storage Limited Partnership, each joint venture party contributed $7,358 into the joint venture to fund the purchase of properties located in Toronto, Ontario, totalling 1.0 acre with the intention to develop and operate a self-storage facility.

See also Note 4, "Investment properties".

i) Summary of balance sheets

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

As at	**December 31, 2021**	December 31, 2020
Non-current assets	**545,946**	370,555
Current assets	**3,802**	4,028
Total assets	**549,748**	374,583
Non-current liabilities	**163,840**	139,155
Current liabilities	**66,676**	28,781
Total liabilities	**230,516**	167,936
Net assets	**319,232**	206,647
Trust's share of net assets	**166,099**	108,212

The joint ventures listed above have entered into various development construction contracts with existing commitments totalling $77,053, of which the Trust's share is $47,497 (December 31, 2020 – $21,498, of which the Trust's share is $10,777).

ii) Summary of earnings (losses)

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

	Year Ended December 31	
	2021	2020
Revenue	**16,383**	10,975
Operating expense	**(7,696)**	(4,330)
Revenue net of operating expense	**8,687**	6,645
Fair value adjustments on revaluation of investment properties	**60,635**	(3,596)
Interest expense	**(5,135)**	(3,428)
Earnings (loss)	**64,187**	(379)
Trust's share of earnings (loss)	**27,760**	(397)

iii) Summary of credit facilities

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

As at	**December 31, 2021**	December 31, 2020
Development facilities – beginning of year	**95,417**	35,417
Additional development facility obtained(1)	**69,100**	60,000
Development facilities – end of year	**164,517**	95,417
Amount drawn on development facility – Laval C Apartments	**(35,417)**	(35,417)
Amount drawn on development facility – Markham Main Street	**(10,000)**	—
Amount drawn on development facility – Self-storage	**(85,213)**	(39,682)
Letters of credit – outstanding	**(887)**	(706)
Remaining unused development facilities	**33,000**	19,612
Trust's share of remaining unused development facilities	**16,500**	9,806

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

As at December 31, 2021 and December 31, 2020, the Trust's joint ventures had the following credit facilities:

As at			**December 31, 2021**		December 31, 2020	
	Maturity in	**Annual Interest Rate (%)(1)**	**Facility Amount**	**The Trust's Share**	Facility Amount	The Trust's Share
Laval C Apartments LP						
Pre-development and construction facility(2)	February 2022	BA + 1.60	**35,417**	**17,709**	35,417	17,709
SmartStop						
Construction facility(3)	May 2024	BA + 2.20	**118,100**	**59,050**	60,000	30,000
Markham Main Street						
Development facility	December 2023	BA + 1.75	**11,000**	**5,500**	—	—
			164,517	**82,259**	95,417	47,709

(1) Annual interest rate is a function of BA rates plus a premium.
(2) Management is renegotiating the facility.
(3) This construction facility was provided by the Trust and is used to fund construction costs for the following Ontario-based SmartStop locations: Toronto (Leaside), Brampton (Kingspoint), Brampton (Bramport), Vaughan NW, Oshawa South, Toronto (Dupont), Scarborough East and Aurora.

6. Mortgages, loans and notes receivable

The following table summarizes mortgages, loans and notes receivable:

As at	Note	**December 31, 2021**	December 31, 2020
Mortgages receivable (a)	22	**139,589**	144,205
Loans receivable (b)		**274,523**	241,683
Notes receivable (c)	22	**2,924**	2,924
		417,036	388,812
Current		**71,947**	125,254
Non-current		**345,089**	263,558
		417,036	388,812

a) Mortgages receivable of $139,589 (December 31, 2020 – $144,205) are provided pursuant to agreements with Penguin (see also Note 22, "Related party transactions"). These amounts are provided to fund costs associated with both the original acquisition and development of seven properties (December 31, 2020 – seven properties). The Trust is committed to lend up to $300,796 (December 31, 2020 – $312,778) to assist with the further development of these properties.

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

Property	Committed	Maturity Date	Extended Maturity Date(3)	Annual Variable Interest Rate at Year-End (%)	Purchase Option of Property (%) (1)	December 31, 2021	December 31, 2020
Aurora (South), ON(5)	37,503	March 2022	August 2028	3.43	50	**17,940**	16,858
Innisfil, ON(2)(7)(8)(9)	33,349	May 2022	October 2023	4.01	—	**16,642**	22,164
Salmon Arm, BC(2)(4)	29,920	May 2022	August 2028	4.18	—	**15,860**	15,370
Pitt Meadows, BC(6)	85,653	November 2023	August 2028	3.85	50	**31,894**	30,669
Vaughan (7 & 427), ON(5)	36,100	December 2023	August 2028	3.57	50	**19,588**	18,908
Caledon (Mayfield), ON(7)	26,689	April 2024	August 2028	3.71	50	**10,750**	10,363
Toronto (StudioCentre), ON(2)(6)	51,582	June 2024	August 2028	3.54	25	**26,915**	29,873
	300,796			**3.74** (9)		**139,589**	144,205

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

Mortgages receivable amendments

On December 9, 2020, the maturity dates of all mortgages receivable outstanding, including purchase options where applicable, were extended up to August 31, 2028. These extensions were provided principally because of delays associated with market conditions, anticipated municipal and related approvals, and development-related complexities. The committed facilities on these mortgages receivable were amended to reflect an increase from $279,048 to $312,778 as at December 31, 2020 which has been reduced to $300,796 resulting from $11,982 in payments received during the year ended December 31, 2021.

In addition, the interest rates on these mortgages receivable were amended pursuant to independent opinions obtained that provided current market-based interest rates for such loans with similar security. Interest on these mortgages accrues monthly as follows: from December 9, 2020 to the maturity date of each mortgage, at a variable rate based on the Canadian Banker's Acceptance rate plus 2.75% to 4.20%; and from the maturity date of each mortgage to the extended maturity date (August 31, 2028), at a variable rate based on the Canadian Banker's Acceptance rate plus 4.00% to 5.00%. Prior to December 9, 2020, interest on these mortgages accrued as follows: i) at a variable rate based on the Canadian Banker's Acceptance rate plus 1.75% to 4.20% or at the Trust's cost of capital (as defined in the applicable mortgage agreement) plus 0.25%; or ii) at fixed rates of 6.35% to 7.50%, which was added to the outstanding principal up to a predetermined maximum accrual, after which it was payable in cash on a monthly or quarterly basis. Additional interest of $103,808 (December 31, 2020 – $109,171) on the existing credit facilities may be accrued on certain of the mortgages receivable before cash interest must be paid.

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

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

Issued to	Committed	Maturity Date	Interest Rate (%)	Note	December 31, 2021	December 31, 2020
Penguin(1)	N/A	January 2021	Interest-free	22	—	3,460
Penguin(2)	19,148	March 2022	Variable	22	**9,707**	9,349
Penguin(3)	26,227	June 2022	Variable	22	**14,027**	14,587
Penguin(4)	N/A	December 2029	Interest-free	22,12(b)(iii)	**77,828**	76,747
Penguin(5)	18,450	August 2030	Variable	22	**15,404**	—
Total loans issued to Penguin					**116,966**	104,143
PCVP(6)	N/A	June 2022	2.76	22	**47,214**	95,008
Self-storage facilities(7)	115,100	May 2024	Variable		**91,938**	39,682
Total loans issued to equity accounted investments					**139,152**	134,690
Selection Group	N/A	April 2021	Variable		—	2,850
Other(8)	N/A	January 2023	5.00		**3,308**	—
Greenwin(9)	11,694	September 2024	Variable		—	—
Greenwin(10)	1,280	January 2025	Variable		—	—
Other(11)	N/A	October 2023	4.00		**15,097**	—
Total loans issued to unrelated parties(12)					**18,405**	2,850
					274,523	241,683

(1) In August 2020, this non-interest-bearing, unsecured loan was issued to the holders of Class G Series 1 Units of Smart Boxgrove LP in the amount of $3,460 pursuant to the Amended and Restated Smart Boxgrove Limited Partnership Agreement. Such loan had limited recourse up to the amount of $3,460 and was due and payable on or before the fifth business day after year-end (December 31, 2020). As such, in January 2021, Smart Boxgrove LP made a distribution to the holders of Class G Series 1 Units in an amount equal to the outstanding loan amount, which was set-off to repay the aggregate amount of loans issued.

(2) This loan receivable was provided pursuant to a development management agreement with Penguin with a total loan facility of $19,148. Repayment of the pro rata share of the outstanding loan amount is due upon the completion of each Earnout event. The loan bears interest at ten basis points plus the lower of: i) the Canadian prime rate plus 45 basis points, and ii) the Canadian Dealer Offer Rate plus 145 basis points. The loan receivable's maturity was extended from June 2021 to August 2021, subsequently to December 2021, and presently to March 2022.

(3) In March 2019, the Trust entered into a loan agreement with Penguin for a non-revolving principal advance facility of $13,227 and a non-revolving construction facility of $13,000, which combine for a total loan facility of $26,227, bearing interest accruing at a fixed rate of 2.76% and a variable rate based on Canadian Banker's Acceptance rate plus 150 basis points, respectively. The loan security includes a first or second charge on the property, assignments of rents and leases and general security agreements, and is guaranteed by Penguin. The principal advance facility was advanced in full in March 2019. Unless prepaid in accordance with the terms of the loan agreement, principal and any accrued and unpaid interest in respect of the loan receivable were to be repaid in full in June 2021. The loan receivable's maturity was extended from June 2021 to December 2021, and subsequently to June 2022.

(4) This loan receivable relates to the acquisition of a parcel of land in Vaughan, Ontario, through PCVP in December 2019 ("700 Applewood purchase"). In March 2020, the Trust assumed this loan receivable from Penguin in regards to PCVP. The loan has a principal amount outstanding of $100,404, is non-interest-bearing, and is repayable at the end of ten years. As at December 31, 2021, the loan balance of $77,828 is net of a cumulative fair value adjustment totalling $22,576. See also Note 12(b)(iii) reflecting the corresponding non-interest-bearing loan payable amount.

(5) This loan receivable was provided in December 2021 in connection with the acquisition of a 50% interest in development lands in Toronto (Leaside), Ontario. The loan bears interest at: i) the Canadian Banker's Acceptance rate plus 220 basis points, up to 60% of the facility limit, and ii) the Canadian Banker's Acceptance rate plus 370 basis points, for the remainder.

(6) In April 2019, the Trust entered into a loan agreement with PCVP (in which the Trust has a 50% interest) for a total loan facility of $90,600, bearing interest accruing at 2.76% per annum. The loan security includes a first or second charge on properties, assignments of rents and leases and general security agreements, and is guaranteed by Penguin up to its 50% share of the loan. This loan facility was advanced in full in April 2019. Unless prepaid in accordance with the terms of the loan agreement, principal and any accrued and unpaid interest in respect of the loan receivable were to be repaid in full in June 2021. The loan receivable's maturity was extended from June 2021 to December 2021, and subsequently to June 2022. The Trust reflects the activity from the PCVP as an equity accounted investment (see also Note 5, "Equity accounted investments") and 100% of the loan provided to the PCVP is recorded in the consolidated financial statements for the year ended December 31, 2021.

(7) In July 2020, the Trust entered into a master credit loan agreement with its partner SmartStop to provide funding for the development of certain self-storage facilities. The master credit loan agreement matures in July 2023 and bears interest at a variable rate based on the Canadian Banker's Acceptance rate plus 245 basis points. In April 2021, this master credit loan agreement was amended which resulted in an increase to total committed amounts from $65,500 to $80,800, and the maturity was extended to May 2024. Also in April 2021, the Trust entered into a second master credit loan agreement with SmartStop to provide funding for the development of additional self-storage facilities. This second master credit loan agreement matures in May 2024 with a committed amount of $34,300. See further details in Note 5(b).

(8) In January 2021, the Trust entered into a loan agreement pursuant to the closing of the Niagara Falls parcel sale to a third party. The Trust agreed to take back a first charge as security for the loan. The loan agreement matures in January 2023 and bears interest at 5.0% per annum, calculated semi-annually.

(9) In September 2019, the Trust entered into a loan agreement with Greenwin in connection with the acquisition of a 50% interest in development lands in Barrie, Ontario. As at December 31, 2021, the total remaining credit facility was $11,694. The loan security includes a first charge on the development lands and is guaranteed by Greenwin. This loan matures in September 2024, and bears interest at the greater of: i) 7.0% per annum, and ii) the Trust's weighted average cost of capital plus 1.25% per annum. In August 2020, Greenwin repaid this loan in advance of the maturity date.

(10) In January 2020, the Trust entered into a loan agreement with Greenwin, whereby the Trust assisted Greenwin to fund the acquisition of its 25% interest in development lands in Toronto, Ontario (see also Note 5, "Equity accounted investments"). As at December 31, 2021, the total remaining non-revolving term acquisition credit facility was $1,280. The loan agreement also includes a non-revolving put exercise credit facility in an amount equal to the put purchase price plus any associated closing costs at the time of exercise. The loan security includes a first charge on the development lands and is guaranteed by Greenwin. This loan matures in January 2025, and bears interest at the greater of: i) 7.0% per annum, and ii) the Trust's weighted average cost of capital plus 1.25% per annum. In August 2020, Greenwin repaid this loan in advance of the maturity date.

(11) In October 2021, the Trust entered into a loan agreement pursuant to the sale of the Innisfil property to a third party. The Trust agreed to take back a first charge as security for the loan. The loan matures in October 2023 and bears interest at 4.00% per annum, calculated annually. Penguin has assigned its 50% interest in the vendor take-back loan to the Trust as security for the mortgage receivable.

(12) Management considers all loans issued to unrelated parties to be fully collectible.

c) Notes receivable of $2,924 (December 31, 2020 – $2,924) have been granted to Penguin (see also Note 22, “Related party transactions”). As at December 31, 2021, these secured demand notes bear interest at the rate of 9.00% per annum (December 31, 2020 – 9.00%). The estimated fair values of mortgages, loans and notes receivable are based on their respective current market rates, bearing similar terms and risks. This information is disclosed in Note 15, “Fair value of financial instruments”.

7. Other assets

The following table summarizes the activity in other assets:

	December 31, 2020	**Additions**	**Write-offs**	**Amortization and other adjustments**	**December 31, 2021**
Straight-line rent receivables	44,786	**10,851**	**(2,247)**	**(9,826)**	**43,564**
Tenant incentives	36,725	**3,583**	**(633)**	**(7,197)**	**32,478**
	81,511	**14,434**	**(2,880)**	**(17,023)**	**76,042**
Equipment	1,273	**349**	**—**	**(337)**	**1,285**
Right-of-use assets	5,357	**96**	—	**(1,840)**	**3,613**
	88,141	**14,879**	**(2,880)**	**(19,200)**	**80,940**

8. Other financial assets

The following table summarizes the activity in the components of other financial assets:

As at	**December 31, 2021**	December 31, 2020
Cash held as collateral (a)	**50,279**	—
Total return swap receivable (b)	**46,869**	—
	97,148	—

a) Cash held as collateral

The Trust has pledged $50,279 of cash and cash equivalents with a Canadian financial institution as collateral to secure the payment and performance of all secured obligations under the total return swap agreement, see also Note 8(b).

b) Total return swap receivable

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

	December 31, 2020	**Additions**	**Fair value adjustments**	**December 31, 2021**
Total return swap receivable	—	**41,227**	**5,642**	**46,869**

9. Intangible assets

The following table summarizes the components of intangible assets:

As at	**December 31, 2021**			December 31, 2020		
	Cost	**Accumulated Amortization**	**Net**	Cost	Accumulated Amortization	Net
Intangible assets with finite lives:						
Key joint venture relationships	**36,944**	**8,121**	**28,823**	36,944	6,889	30,055
Trademarks	**2,995**	**658**	**2,337**	2,995	559	2,436
Total intangible assets with finite lives	**39,939**	**8,779**	**31,160**	39,939	7,448	32,491
Goodwill	**13,979**	**—**	**13,979**	13,979	—	13,979
	53,918	**8,779**	**45,139**	53,918	7,448	46,470

The total amortization expense recognized for the year ended December 31, 2021 amounted to $1,331 (year ended December 31, 2020 – $1,331).

10. Residential development inventory

Residential development inventory consists of development lands, co-owned with Fieldgate, located at Vaughan NW, Ontario, for the purpose of developing and selling residential townhome units.

The following table summarizes the activity in residential development inventory:

As at	**December 31, 2021**	December 31, 2020
Balance – beginning of year	**25,795**	24,564
Development costs	**646**	317
Capitalized interest	**958**	914
Balance – end of year	**27,399**	25,795

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

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

As at	**December 31, 2021**	December 31, 2020
Amounts receivable and other		
Tenant receivables	**36,305**	57,563
Unbilled other tenant receivables	**11,847**	8,287
Receivables from related party – excluding equity accounted investments	**6,966**	1,311
Receivables from related party – equity accounted investments	**581**	—
Other non-tenant receivables	**1,414**	2,898
Other(1)	**11,383**	8,327
	68,496	78,386
Allowance for ECL	**(18,954)**	(19,742)
Amounts receivable and other, net of allowance for ECL	**49,542**	58,644
Deferred financing costs	**1,269**	1,173
Prepaid expenses and deposits	**11,020**	7,269
	61,831	67,086

(1) The amount includes a related party amount of $7,967 (December 31, 2020 – $4,456).

Allowance for expected credit loss

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

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

	Year Ended December 31	
	2021	2020
Balance – beginning of year	**19,742**	3,061
Net allowance recognized as expense	**2,841**	24,383
Tenant receivables written off	**(3,629)**	(7,702)
Balance – end of year	**18,954**	19,742

12. Debt

The following table presents debt balances:

As at	**December 31, 2021**	December 31, 2020
Secured debt (a)	**1,294,546**	1,327,760
Unsecured debt (b)	**3,262,356**	3,882,363
Revolving operating facilities (c)	**297,625**	—
	4,854,527	5,210,123
Current	**678,406**	854,261
Non-current	**4,176,121**	4,355,862
	4,854,527	5,210,123

a) *Secured debt*

Secured debt bears interest at a weighted average interest rate of 3.49% as at December 31, 2021 (December 31, 2020 – 3.67%). Total secured debt of $1,294,546 (December 31, 2020 – $1,327,760) includes $1,182,078 (December 31, 2020 – $1,269,900) at fixed interest rates, $70,277 (December 31, 2020 – $57,860) at variable interest rates of the Canadian Banker's Acceptance rate plus 120 or 170 basis points, and $42,191 (December 31, 2020 – $nil) at a variable interest rate of CDOR plus 106 basis points. Except for the $42,191 variable rate secured debt noted above, secured debt matures at various dates between 2022 and 2031 and is secured by first or second registered mortgages over specific income properties and properties under development and first general assignments of leases, insurance and registered chattel mortgages.

During the year ended December 31, 2021, secured debt of $42,191 was issued, which carries variable rate interest at a rate of CDOR plus 106 basis points and is secured by the Trust's security bank deposit. The Trust borrowed this non-cash secured debt from a Canadian financial institution concurrent with entering the TRS agreement. The interest on this secured debt includes floating amounts that are payable at each May, August, November and February commencing in May 2021 to the date the TRS agreement matures or is unwound. See also the asset associated with the TRS in Note 2, "Summary of significant accounting policies" and Note 8(b), "Other financial assets", for further details.

The following table presents principal repayment requirements for secured debt:

	Instalment Payments	**Lump Sum Payments at Maturity**	**Total**
2022	42,512	294,507 (1)	337,019
2023	38,113	148,399	186,512
2024	32,336	118,696	151,032
2025	21,736	431,796	453,532
2026	11,240	86,881	98,121
Thereafter	21,649	48,198	69,847
	167,586	1,128,477	1,296,063
Unamortized acquisition date fair value adjustments			1,014
Unamortized financing costs			(2,531)
			1,294,546

(1) Includes construction loans in the amount of $70,277, which bear interest at Canadian Banker's Acceptance rate plus 120 or 170 basis points.

b) *Unsecured debt*

The following table summarizes the components of unsecured debt:

As at	**December 31, 2021**	December 31, 2020
Unsecured debentures i)	**2,650,571**	3,271,625
Credit facilities ii)	**416,223**	399,304
Other unsecured debt iii)	**195,562**	211,434
	3,262,356	3,882,363

i) Unsecured debentures

As at December 31, 2021, unsecured debentures totalled $2,650,571 (December 31, 2020 – $3,271,625). Unsecured debentures mature at various dates between 2023 and 2030, with interest rates ranging from 1.74% to 3.99%, and a weighted average interest rate of 3.17% as at December 31, 2021 (December 31, 2020 – 3.14%).

The following table summarizes the components of unsecured debentures:

Series	Maturity Date	Annual Interest Rate (%)	Interest Payment Dates	December 31, 2021	December 31, 2020
Series I	May 30, 2023	3.985	May 30 and November 30	**200,000**	200,000
Series M	July 22, 2022	3.730	January 22 and July 22	**—**	150,000
Series N	February 06, 2025	3.556	February 6 and August 6	**160,000**	160,000
Series O	August 28, 2024	2.987	February 28 and August 28	**100,000**	100,000
Series P	August 28, 2026	3.444	February 28 and August 28	**250,000**	250,000
Series Q	March 21, 2022	2.876	March 21 and September 21	**—**	150,000
Series S	December 21, 2027	3.834	June 21 and December 21	**250,000**	250,000
Series T	June 23, 2021	2.757	June 23 and December 23	**—**	323,120
Series U	December 20, 2029	3.526	June 20 and December 20	**450,000**	450,000
Series V	June 11, 2027	3.192	June 11 and December 11	**300,000**	300,000
Series W	December 11, 2030	3.648	June 11 and December 11	**300,000**	300,000
Series X	December 16, 2025	1.740	June 16 and December 16	**350,000**	350,000
Series Y	December 18, 2028	2.307	June 18 and December 18	**300,000**	300,000
		3.167 (1)		**2,660,000**	3,283,120
			Unamortized financing costs	**(9,429)**	(11,495)
				2,650,571	3,271,625

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

Unsecured debenture activities for the year ended December 31, 2021

Redemptions and Maturity

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

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

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 fulfill its obligations. An investment-grade rating must exceed "BB", with the highest rating being "AAA". In December 2021, DBRS confirmed the Trust's BBB(high) rating and changed the trend from stable to negative.

ii) Credit facilities

The following table summarizes the activity for unsecured credit facilities:

(Issued In)	Maturity Date	Annual Interest Rate (%)	Facility Amount	December 31, 2021	December 31, 2020
Non-revolving:					
August 2018[1]	January 31, 2025	2.980	80,000	**80,000**	80,000
March 2019[1]	July 31, 2026	3.520	150,000	**150,000**	150,000
May 2019[1]	June 24, 2024	3.146	170,000	**170,000**	170,000
Revolving:					
May 2020	May 11, 2024	BA + 1.20	60,000	**17,000**	—
				417,000	400,000
			Less: Unamortized financing costs	**(777)**	(696)
				416,223	399,304

(1) The Trust entered into interest rate swap agreements to convert the variable interest rate of the Canadian Banker's Acceptance rate plus 1.20% into a weighted average fixed interest rate of 3.25% per annum. The weighted average term to maturity of the interest rate swaps is 2.49 years. Hedge accounting has not been applied to the interest rate swap agreements.

iii) Other unsecured debt

Other unsecured debt net of fair value adjustments totalling $195,562 (December 31, 2020 – $211,434) at the Trust's share pertains to loans received from equity accounted investments in connection with contribution agreements relating to joint ventures. The loans are non-interest-bearing with repayment terms based on the distributions that are to be paid pursuant to the limited partnership agreements. The balances of the loans are expected to be paid at the end of their respective terms.

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

As at	**December 31, 2021**	December 31, 2020
PCVP (5.00% discount rate)(1)	**80,259**	79,624
PCVP (5.75% discount rate)(2)	**77,828**	76,747
Laval C Apartment LP	**—**	1,321
Self-storage joint ventures	**—**	265
Vaughan NW RR PropCo LP	**12,500**	—
VMC Residences(3)	**24,975**	53,477
	195,562	211,434

(1) In connection with the 700 Applewood purchase, in December 2019, the loan has a principal amount outstanding of $100,404 (December 31, 2020 – $103,764), is non-interest-bearing, and is repayable at the end of ten years. As at December 31, 2021, the loan balance of $80,259 is net of a fair value adjustment totalling $20,145 (December 31, 2020 – the loan balance of $79,624 is net of a fair value adjustment totalling $24,140).

(2) In connection with the 700 Applewood purchase, in March 2020, the Trust assumed a loan payable to PCVP from Penguin. The loan has a principal amount outstanding of $100,404 (December 31, 2020 – $103,764), is non-interest bearing, and is repayable at the end of ten years. As at December 31, 2021, the loan balance of $77,828 is net of a fair value adjustment totalling $22,576 (December 31, 2020 – the loan balance of $76,747 is net of a fair value adjustment totalling $27,017). See also Note 6(b) reflecting offsetting loan receivable amount.

(3) In connection with the Transit City condominium closings, the Trust received $24,322 that is non-interest bearing (December 31, 2020 – $53,477). During the year ended December 31, 2021, $52,824 of this amount was settled (December 31, 2020 – $nil). See Note 5, "Equity accounted investments."

c) Revolving operating facilities

As at December 31, 2021, the Trust had:

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

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

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

					Remaining Undrawn Facilities	
	Annual Interest Rate (%)	**Facility Amount**	**Amount Drawn**	**Outstanding Letters of Credit**	**December 31, 2021**	December 31, 2020
Revolving facility maturing August 2026	BA + 1.20	**500,000**	**150,000**	**8,285**	**341,715**	491,373
Revolving facility maturing February 2024(1)	US$ LIBOR + 1.20	**150,000**	**147,625**	**—**	**—**	—
			297,625		**341,715**	491,373

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

d) *Interest expense*

The following table summarizes interest expense:

	Year Ended December 31 2021	2020
Interest at stated rates	**150,187**	157,635
Amortization of acquisition date fair value adjustments on assumed debt	**(527)**	(857)
Amortization of deferred financing costs	**3,828**	4,130
	153,488	160,908
Less:		
Interest capitalized to properties under development	**(14,333)**	(17,689)
Interest capitalized to residential development inventory	**(958)**	(914)
	138,197	142,305
Yield maintenance costs on redemption of debt and related write-off of unamortized financing costs (Note 12(b))	**—**	11,954
	138,197	154,259
Distributions on vested deferred units and Units classified as liabilities	**6,343**	5,785
	144,540	160,044

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

	Year Ended December 31 2021	2020
Interest expense	**144,540**	160,044
Amortization of acquisition date fair value adjustments on assumed debt	**527**	857
Amortization of deferred financing costs	**(3,828)**	(4,130)
Distributions on vested deferred units and Units classified as liabilities	**(6,343)**	(5,785)
Change in accrued interest payable	**15,658**	(12,139)
Cash interest paid	**150,554**	138,847

For the year ended December 31, 2021, including cash interest paid of $150,554 (December 31, 2020 - $138,847) and interest capitalized to both properties under development and residential development inventory of $15,291 (December 31, 2020 - $18,603), total interest paid was $165,845 (December 31, 2020 - $157,450).

e) *Liquidity*

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

	Total	2022	2023	2024	2025	2026	Thereafter
Secured debt	**1,296,063**	337,019	186,512	151,032	453,532	98,121	69,847
Unsecured debt	**3,315,283**	37,475	200,000	287,000	590,000	400,000	1,800,808
Revolving operating facilities(1)	**300,000**	300,000	—	—	—	—	—
Interest obligations(2)	**672,818**	146,537	138,738	123,973	104,522	82,164	76,884
Accounts payable	**240,554**	240,554	—	—	—	—	—
Other payable	**41,919**	13,109	8,037	72	10,701	—	10,000
Long term incentive plan	**697**	—	697	—	—	—	—
Interest rate swap agreements	**8,000**	3,926	307	(437)	515	1,122	2,567
	5,875,334	**1,078,620**	**534,291**	**561,640**	**1,159,270**	**581,407**	**1,960,106**
Mortgage receivable advances (repayments)(3)	**161,207**	15,949	5,663	28,868	(33,803)	6,238	138,292
Development obligations (commitments)	**14,934**	14,934	—	—	—	—	—
Total	**6,051,475**	**1,109,503**	**539,954**	**590,508**	**1,125,467**	**587,645**	**2,098,398**

(1) In December 2021, $300,000 was drawn from the Trust's existing credit facilities, which were subsequently repaid with the establishment of a new five-year unsecured $300,000 facility in January 2022.

(2) 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.

(3) Mortgages receivable of $139,589 at December 31, 2021, and further forecasted commitments of $161,207, mature over a period extending to 2028 if the Trust does not exercise its option to acquire the investment properties. Refer to Note 6, "Mortgages, loans and notes receivable", for timing of principal repayments.

13. Other financial liabilities

The following table summarizes the components of other financial liabilities:

As at	**December 31, 2021**	December 31, 2020
Units classified as liabilities (a)	**254,223**	48,479
Deferred unit plan (c)	**50,660**	28,051
LTIP (d)	**697**	1,540
EIP (e)	**10,377**	—
Currency swap agreement	**2,374**	—
Interest rate swap agreements	**7,754**	8,658
	326,085	86,728

a) *Units classified as liabilities*

Total number of Units classified as liabilities

The following table presents the number of Units classified as liabilities that are issued and outstanding:

	Class D Series 1 Smart LP Units	Class F Series 3 Smart LP Units	Class D Series 1 Smart Oshawa South LP Units	Class B ONR LP Units	Class B Series 1 ONR LP I Units	Class B Series 2 ONR LP I Units	Class D Series 1 SmartVMC West LP Units	Class D Series 2 SmartVMC West LP Units	Total
Balance – January 1, 2020	311,022	4,886	260,417	1,248,140	132,881	139,302	—	—	2,096,648
Options exercised	—	3,822	—	—	—	—	—	—	3,822
Balance – December 31, 2020	311,022	8,708	260,417	1,248,140	132,881	139,302	—	—	2,100,470
Balance – January 1, 2021	**311,022**	**8,708**	**260,417**	**1,248,140**	**132,881**	**139,302**	**—**	**—**	**2,100,470**
Issuance of LP Units	**—**	**—**	**—**	**—**	**—**	**—**	**3,623,188**	**2,173,913**	**5,797,101**
Balance – December 31, 2021	**311,022**	**8,708**	**260,417**	**1,248,140**	**132,881**	**139,302**	**3,623,188**	**2,173,913**	**7,897,571**

Carrying value of Units classified as liabilities

The following table represents the carrying value of Units classified as liabilities. The fair value measurement of the Units classified as liabilities is described in Note 15, “Fair value of financial instruments”.

	Class D Series 1 Smart LP Units	Class F Series 3 Smart LP Units	Class D Series 1 Smart Oshawa South LP Units	Class B ONR LP Units	Class B Series 1 ONR LP I Units	Class B Series 2 ONR LP I Units	Class D Series 1 SmartVMC West LP Units	Class D Series 2 SmartVMC West LP Units	Total
Balance – January 1, 2020	9,707	152	8,128	38,955	4,147	4,347	—	—	65,436
Options exercised	—	77	—	—	—	—	—	—	77
Change in carrying value	(2,529)	(28)	(2,117)	(10,147)	(1,080)	(1,133)			(17,034)
Balance – December 31, 2020	7,178	201	6,011	28,808	3,067	3,214	—	—	48,479
Balance – January 1, 2021	**7,178**	**201**	**6,011**	**28,808**	**3,067**	**3,214**	**—**	**—**	**48,479**
Change in carrying value	**2,833**	**79**	**2,372**	**11,371**	**1,211**	**1,269**	**3,358**	**2,015**	**24,508**
Issuance of LP Units	**—**	**—**	**—**	**—**	**—**	**—**	**113,273**	**67,963**	**181,236**
Balance – December 31, 2021	**10,011**	**280**	**8,383**	**40,179**	**4,278**	**4,483**	**116,631**	**69,978**	**254,223**

b) ***Earnout options***

As part of the consideration paid for certain investment property acquisitions, the Trust has granted options in connection with the development management agreements (see also Note 4(d)). On completion and rental of additional space on specific properties, the Earnout options vest and the holder may elect to exercise the options and receive Trust Units, Class B Smart LP Units, Class D Smart LP Units, Class F Smart LP Units, Class B Smart LP III Units, Class B Smart LP IV Units, Class B Smart Oshawa South LP Units, Class D Smart Oshawa South LP Units, Class B Smart Oshawa Taunton LP Units, Class D Smart Oshawa Taunton LP Units, Class B Smart Boxgrove LP Units and Class B ONR LP I Units, as applicable. Earnout options that have not vested expire at the end of the term of the corresponding development management agreement. In certain circumstances, the Trust may be required to issue additional Earnout options to Penguin. The option strike prices were based on the market price of Trust Units on the date the substantive terms were agreed on and announced. In the case of Class B Smart LP III Units, Class B Smart LP IV Units, Class B Smart Oshawa South LP Units, Class D Smart Oshawa South LP Units, Class B Smart Oshawa Taunton LP Units, Class D Smart Oshawa Taunton LP Units, Class B Smart Boxgrove LP Units, and Class B ONR LP I Units, the strike price is the market price of the Trust Units at the date of exchange. On December 9, 2020, the Trust entered into an Omnibus Settlement Agreement with Mitchell Goldhar that provided a right to extend the terms of certain Earnout agreements for an additional two years. As a result, the Earnout agreements for Earnout options in the table below that were originally set to expire between 2020 to 2025 may be extended to 2022 to 2027.

The following table summarizes the change in Units outstanding and proceeds received:

	Strike Price	Options Outstanding at January 1, 2021	Options Cancelled	Options Exercised	Options Outstanding at December 31, 2021	Amounts from Options Exercised
	($)	(#)	(#)	(#)	(#)	($)
Options to acquire Trust Units						
July 2005	20.10	**55,604**	—	—	**55,604**	—
December 2006	29.55 to 33.55	**53,458**	—	—	**53,458**	—
July 2007	29.55 to 33.00	**1,348,223**	—	—	**1,348,223**	—
		1,457,285	—	—	**1,457,285**	—
Options to acquire Class B Smart LP Units, Class D Smart LP Units and Class F Smart LP Units(1)						
July 2005	20.10	**1,354,153**	—	—	**1,354,153**	—
December 2006	29.55 to 30.55	**2,226,949**	—	—	**2,226,949**	—
July 2007	29.55 to 33.00	**1,600,000**	—	**(7,763)**	**1,592,237**	**229**
June 2008(2)	20.10	**674,437**	—	—	**674,437**	—
		5,855,539	—	**(7,763)**	**5,847,776**	**229**
Options to acquire Class B Smart LP III Units(3)						
September 2010	Market price	**565,782**	—	**(2,963)**	**562,819**	**34**
August 2011	Market price	**596,219**	—	—	**596,219**	—
August 2013	Market price	**458,054**	—	**(30,324)**	**427,730**	**780**
September 2014	Market price	**259,704**	—	—	**259,704**	—
		1,879,759	—	**(33,287)**	**1,846,472**	**814**
Options to acquire Class B Smart LP IV Units(4)						
May 2015	Market price	**422,059**	—	**(24,516)**	**397,543**	**695**
		422,059	—	**(24,516)**	**397,543**	**695**
Options to acquire Class B Smart Oshawa South LP Units and Class D Smart Oshawa South LP Units(5)						
May 2015	Market price	**26,585**	—	—	**26,585**	—
		26,585	—	—	**26,585**	—
Options to acquire Class B Smart Oshawa Taunton LP Units and Class D Smart Oshawa Taunton LP Units(6)						
May 2015	Market price	**265,422**	—	—	**265,422**	—
		265,422	—	—	**265,422**	—
Options to acquire Class B and Class G Smart Boxgrove LP Units(7)						
May 2015	Market price	**267,179**	—	—	**267,179**	—
		267,179	—	—	**267,179**	—
Options to acquire Class B ONR LP I Units(8)						
October 2017	Market price	**482,086**	**(52,487)**	—	**429,599**	—
		482,086	**(52,487)**	—	**429,599**	—
Total Earnout options		**10,655,914**	**(52,487)**	**(65,566)**	**10,537,861**	**1,738**

(1) Each option is represented by a corresponding Class C Smart LP Unit or Class E Smart LP Unit.
(2) Each option is convertible into Class F Series 3 Smart LP Units. At the holder's option, the Class F Series 3 Smart LP Units may be redeemed for cash at $20.10 per Unit or, on the completion and rental of additional space on certain development properties, the Class F Series 3 Smart LP Units may be exchanged for Class B Smart LP Units.
(3) Each option is represented by a corresponding Class C Smart LP III Unit.
(4) Each option is represented by a corresponding Class C Smart LP IV Unit.
(5) Each option is represented by a corresponding Class C Smart Oshawa South LP Unit or Class E Smart Oshawa South LP Unit.
(6) Each option is represented by a corresponding Class C Smart Oshawa Taunton LP Unit or Class E Smart Oshawa Taunton LP Unit.
(7) Each option is represented by a corresponding Class C Smart Boxgrove LP Unit.
(8) Each option is represented by a corresponding Class C ONR LP I Unit.

The following table summarizes the change in Units outstanding and proceeds received:

	Strike Price	Options Outstanding at January 1, 2020	Options Granted (Cancelled)	Options Exercised	Options Outstanding at December 31, 2020	Amounts from Options Exercised
	($)	(#)	(#)	(#)	(#)	($)
Options to acquire Trust Units						
July 2005	20.10	55,604	—	—	55,604	—
December 2006	29.55 to 33.55	53,458	—	—	53,458	—
July 2007	29.55 to 33.00	1,348,223	—	—	1,348,223	—
		1,457,285	—	—	1,457,285	—
Options to acquire Class B Smart LP Units and Class D Smart LP Units(1)						
July 2005	20.10	1,354,153	—	—	1,354,153	—
December 2006	29.55 to 30.55	2,226,949	—	—	2,226,949	—
July 2007	29.55 to 33.00	1,600,000	—	—	1,600,000	—
June 2008(2)	20.10	680,227	(1,968)	(3,822)	674,437	77
		5,861,329	(1,968)	(3,822)	5,855,539	77
Options to acquire Class B Smart LP III Units(3)						
September 2010	Market price	598,913	—	(33,131)	565,782	715
August 2011	Market price	596,219	—	—	596,219	—
August 2013	Market price	560,071	—	(102,017)	458,054	2,624
September 2014	Market price	259,704	—	—	259,704	—
		2,014,907	—	(135,148)	1,879,759	3,339
Options to acquire Class B Smart LP IV Units(4)						
May 2015	Market price	422,059	—	—	422,059	
		422,059	—	—	422,059	—
Options to acquire Class B Smart Oshawa South LP Units and Class D Smart Oshawa South LP Units(5)						
May 2015	Market price	26,585	—	—	26,585	—
		26,585	—	—	26,585	—
Options to acquire Class B Smart Oshawa Taunton LP Units and Class D Smart Oshawa Taunton LP Units(6)						
May 2015	Market price	265,422	—	—	265,422	—
		265,422	—	—	265,422	—
Options to acquire Class B Smart Boxgrove LP Units(7)						
May 2015	Market price	170,000	340,000	(242,821)	267,179	3,509
		170,000	340,000	(242,821)	267,179	3,509
Options to acquire Class B ONR LP I Units(8)						
October 2017	Market price	482,086	—	—	482,086	—
		482,086	—	—	482,086	—
Total Earnout options		10,699,673	338,032	(381,791)	10,655,914	6,925

(1) Each option is represented by a corresponding Class C Smart LP Unit or Class E Smart LP Unit.
(2) Each option is convertible into Class F Series 3 Smart LP Units. At the holder's option, the Class F Series 3 Smart LP Units may be redeemed for cash at $20.10 per Unit or, on the completion and rental of additional space on certain development properties, the Class F Series 3 Smart LP Units may be exchanged for Class B Smart LP Units.
(3) Each option is represented by a corresponding Class C Smart LP III Unit.
(4) Each option is represented by a corresponding Class C Smart LP IV Unit.
(5) Each option is represented by a corresponding Class C Smart Oshawa South LP Unit or Class E Smart Oshawa South LP Unit.
(6) Each option is represented by a corresponding Class C Smart Oshawa Taunton LP Unit or Class E Smart Oshawa Taunton LP Unit.
(7) Each option is represented by a corresponding Class C Smart Boxgrove LP Unit.
(8) Each option is represented by a corresponding Class C ONR LP I Unit.

c) Deferred unit plan

The following table summarizes the number of outstanding deferred units:

	Outstanding	Vested	Unvested
Balance – January 1, 2020	1,025,582	868,183	157,399
Granted			
Trustees	55,193	55,193	—
Eligible associates	181,301	89,219	92,082
Reinvested units from distributions	106,867	86,135	20,732
Vested	—	30,326	(30,326)
Exchanged for Trust Units	(1,550)	(1,550)	—
Redeemed for cash	(59,263)	(59,263)	—
Forfeited	(2,855)	—	(2,855)
Balance – December 31, 2020	1,305,275	1,068,243	237,032
Balance – January 1, 2021	**1,305,275**	**1,068,243**	**237,032**
Granted			
Trustees	**71,205**	**71,205**	**—**
Eligible associates	**231,360**	**115,680**	**115,680**
Reinvested units from distributions	**106,865**	**87,545**	**19,320**
Vested	**—**	**95,804**	**(95,804)**
Exchanged for Trust Units	**(6,665)**	**(6,665)**	**—**
Redeemed for cash	**(34,671)**	**(34,671)**	**—**
Forfeited	**(5,948)**	**—**	**(5,948)**
Balance – December 31, 2021	**1,667,421**	**1,397,141**	**270,280**

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

	Year Ended December 31	
	2021	2020
Carrying value – beginning of year	**28,051**	30,247
Deferred units granted for trustee fees	**886**	864
Deferred units granted for bonuses	**2,702**	2,791
Reinvested distributions on vested deferred units	**2,424**	1,904
Compensation expense – reinvested distributions and amortization	**3,990**	2,892
Exchanged for Trust Units	**(198)**	(32)
Redeemed for cash	**(1,019)**	(1,459)
Fair value adjustment – vested and unvested deferred units	**13,824**	(9,156)
Carrying value – end of year	**50,660**	28,051

d) LTIP

The following table summarizes the activity in the LTIP:

	Year Ended December 31	
	2021	2020
Balance – beginning of year	**1,540**	645
Amortization	**968**	895
Fair value adjustment	**(808)**	—
LTIP vested and paid out	**(1,003)**	—
Balance – end of year	**697**	1,540

e) EIP

During the year ended December 31, 2021, the Trust granted performance units in connection with the EIP, subject to the achievement of Unit price thresholds. The performance period for the EIP is from January 1, 2021 to December 31, 2027. Distributions on performance units will accumulate on the performance units that have been granted. Performance units, including distributions on performance units, vest for the lesser of three years after they are earned or on December 31, 2027. Upon vesting, performance units will be exchanged for Trust Units or paid out in cash.

The following summarizes outstanding performance units associated with the EIP:

	Number of Units (Unvested)
Balance – January 1, 2021	**—**
Granted	
Mitchell Goldhar(1)	**900,000**
Eligible associates(2)	**471,000**
Reinvested units from distributions	**66,696**
Terminated(3)	**(97,997)**
Balance – December 31, 2021	**1,339,699**

(1) Under the EIP granted to Mitchell Goldhar, the $26.00 Unit price threshold was achieved on April 5, 2021, the $28.00 Unit price threshold was achieved on May 18, 2021, and the $30.00 Unit price threshold was achieved on September 22, 2021. The performance units for these Unit price thresholds will vest on April 4, 2024, May 17, 2024 and September 21, 2024, respectively.
(2) Under the EIP granted to eligible associates, the $30.00 Unit price threshold was achieved on September 22, 2021 and the performance units for these Unit price thresholds will vest on September 21, 2024.
(3) The Trust's former CEO passed away on September 4, 2021, which resulted in an adjustment as noted above.

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

	Carrying Value
Balance – beginning of year 2021	**—**
Amortization costs – Mitchell Goldhar(1)	**5,198**
Amortization costs – eligible associates	**1,929**
Fair value adjustment – Mitchell Goldhar(2)	**3,302**
Fair value adjustment – eligible associates(2)(3)	**(52)**
Balance – end of year 2021	**10,377**

(1) These amounts were capitalized to properties under development in connection with Mitchell Goldhar's role in leading and completing development activities.
(2) Represent the fair value adjustments on EIP, see Note 26, "Fair value adjustments".
(3) The Trust's former CEO passed away on September 4, 2021, which resulted in an adjustment as noted above.

14. Accounts and other payables

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

As at	Note	**December 31, 2021**	December 31, 2020
Accounts payable		**75,148**	70,938
Accounts payable and accrued liabilities with Penguin	22	**3,370**	6,406
Tenant prepaid rent, deposits, and other payables		**118,832**	87,519
Accrued interest payable		**13,410**	29,067
Distributions payable		**26,600**	30,011
Realty taxes payable		**3,193**	4,964
Current portion of other payables		**12,525**	12,376
		253,078	241,281

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

As at	Note	**December 31, 2021**	December 31, 2020
Future land development obligations with Penguin	14(a)	**18,931**	18,410
Lease liability – investment properties[(1)]	4(c)(ii)	**8,283**	8,168
Lease liability – other		**3,554**	5,183
Total other payables		**30,768**	31,761
Less: Current portion of other payables		**(12,525)**	(12,376)
Total non-current portion of other payables		**18,243**	19,385

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

a) Future land development obligations

The future land development obligations represent payments required to be made to Penguin (see also Note 22, “Related party transactions”) for certain undeveloped lands acquired from 2006 to 2015, either on completion and rental of additional space on the undeveloped lands or, if no additional space is completed on the undeveloped lands, at the expiry of the development management agreement periods ending in 2022 to 2025, which may be extended up to 2027. The accrued future land development obligations are measured at their amortized values using imputed interest rates ranging from 4.50% to 5.50%. For the year ended December 31, 2021, imputed interest of $630 (year ended December 31, 2020 – $867) was capitalized to properties under development.

15. Fair value of financial instruments

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

As at	**December 31, 2021**			December 31, 2020		
	FVTPL	**Amortized cost**	**Total**	FVTPL	Amortized cost	Total
Financial assets						
Mortgages, loans and notes receivable	**—**	**414,215**	**414,215**	—	388,812	388,812
Amounts receivable and other	**—**	**49,542**	**49,542**	—	58,644	58,644
Cash and cash equivalents	**—**	**62,235**	**62,235**	—	794,594	794,594
Cash held as collateral	**—**	**50,279**	**50,279**	—	—	—
Total return swap receivable	**46,869**	**—**	**46,869**	—	—	—
Financial liabilities						
Accounts and other payables	**—**	**253,078**	**253,078**	—	241,281	241,281
Secured debt	**—**	**1,344,257**	**1,344,257**	—	1,413,571	1,413,571
Unsecured debt	**—**	**3,284,160**	**3,284,160**	—	4,044,737	4,044,737
Revolving operating facilities	**—**	**297,625**	**297,625**	—	—	—
Units classified as liabilities	**254,223**	**—**	**254,223**	48,479	—	48,479
Deferred unit plan	**50,660**	**—**	**50,660**	28,051	—	28,051
LTIP	**697**	**—**	**697**	1,540	—	1,540
EIP	**10,377**	**—**	**10,377**	—	—	—
Currency swap agreements	**2,374**	—	**2,374**	—	—	—
Interest rate swap agreements	**7,754**	**—**	**7,754**	8,658	—	8,658

Fair value hierarchy

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

As at	**December 31, 2021**			December 31, 2020		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Recurring measurements:						
Financial asset						
Fair value of total return swap agreements	**—**	**46,869**	**—**	—	—	—
Financial liabilities						
Units classified as liabilities	**—**	**254,223**	**—**	—	48,479	—
Deferred unit plan	**—**	**50,660**	**—**	—	28,051	—
LTIP	**—**	**697**	**—**	—	1,540	—
EIP	**—**	**10,377**	**—**	—	—	—
Fair value of currency swap agreements	**—**	**2,374**	**—**	—	—	—
Fair value of interest rate swap agreements	**—**	**7,754**	**—**	—	8,658	—

Refer to Note 13, "Other financial liabilities", for a reconciliation of fair value measurements.

16. Unit equity

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

		Number of Units Issued and Outstanding (#)			Carrying Value ($)		
	Note	Trust Units	Smart LP Units	Total Units	Trust Units	Smart LP Units	Total
Balance – January 1, 2020		144,038,363	25,148,180	169,186,543	3,072,821	633,358	3,706,179
Options exercised	4(d), 13(b)	—	353,905	353,905	—	6,848	6,848
Deferred Units exchanged for Trust Units	13(c)	1,550	—	1,550	32	—	32
Distribution reinvestment plan	16(b), 17	578,744	—	578,744	17,354	—	17,354
Unit issuance costs		—	—	—	(19)	—	(19)
Balance – December 31, 2020		144,618,657	25,502,085	170,120,742	3,090,188	640,206	3,730,394
Balance – January 1, 2021		**144,618,657**	**25,502,085**	**170,120,742**	**3,090,188**	**640,206**	**3,730,394**
Options exercised	4(d), 13(b)	**—**	**66,603**	**66,603**	**—**	**1,738**	**1,738**
Deferred Units exchanged for Trust Units	13(c)	**6,665**	**—**	**6,665**	**198**	**—**	**198**
Unit issuance costs		**—**	**—**	**—**	**(18)**	**—**	**(18)**
Balance – December 31, 2021		**144,625,322**	**25,568,688**	**170,194,010**	**3,090,368**	**641,944**	**3,732,312**

Table A: Number of LP Units issued and outstanding

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

LP Class B Unit Type	Class and Series	Balance – January 1, 2021	Options Exercised (Note 13(b))	Balance – December 31, 2021
Smart Limited Partnership	**Class B Series 1**	**14,746,176**	**—**	**14,746,176**
Smart Limited Partnership	**Class B Series 2**	**950,059**	**7,763**	**957,822**
Smart Limited Partnership	**Class B Series 3**	**720,432**	**—**	**720,432**
Smart Limited Partnership II	**Class B**	**756,525**	**—**	**756,525**
Smart Limited Partnership III	**Class B Series 4**	**705,420**	**1,171**	**706,591**
Smart Limited Partnership III	**Class B Series 5**	**572,337**	**—**	**572,337**
Smart Limited Partnership III	**Class B Series 6**	**596,288**	**31,352**	**627,640**
Smart Limited Partnership III	**Class B Series 7**	**434,598**	**—**	**434,598**
Smart Limited Partnership III	**Class B Series 8**	**1,698,018**	**—**	**1,698,018**
Smart Limited Partnership IV	**Class B Series 1**	**3,067,593**	**26,317**	**3,093,910**
Smart Oshawa South Limited Partnership	**Class B Series 1**	**710,416**	**—**	**710,416**
Smart Oshawa Taunton Limited Partnership	**Class B Series 1**	**374,223**	**—**	**374,223**
Smart Boxgrove Limited Partnership	**Class B Series 1**	**170,000**	**—**	**170,000**
		25,502,085	**66,603**	**25,568,688**

LP Class B Unit Type	Class and Series	Balance – January 1, 2020	Options Exercised (Note 13(b))	Balance – December 31, 2020
Smart Limited Partnership	Class B Series 1	14,746,176	—	14,746,176
Smart Limited Partnership	Class B Series 2	950,059	—	950,059
Smart Limited Partnership	Class B Series 3	720,432	—	720,432
Smart Limited Partnership II	Class B	756,525	—	756,525
Smart Limited Partnership III	Class B Series 4	668,428	36,992	705,420
Smart Limited Partnership III	Class B Series 5	572,337	—	572,337
Smart Limited Partnership III	Class B Series 6	449,375	146,913	596,288
Smart Limited Partnership III	Class B Series 7	434,598	—	434,598
Smart Limited Partnership III	Class B Series 8	1,698,018	—	1,698,018
Smart Limited Partnership IV	Class B Series 1	3,067,593	—	3,067,593
Smart Oshawa South Limited Partnership	Class B Series 1	710,416	—	710,416
Smart Oshawa Taunton Limited Partnership	Class B Series 1	374,223	—	374,223
Smart Boxgrove Limited Partnership		—	170,000	170,000
		25,148,180	353,905	25,502,085

Table B: Carrying value of LP Units

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

LP Class B Unit Type	**Class and Series**	**Balance – January 1, 2021**	**Value From Options Exercised (Note 13(b))**	**Balance – December 31, 2021**
Smart Limited Partnership	**Class B Series 1**	**347,675**	**—**	**347,675**
Smart Limited Partnership	**Class B Series 2**	**27,587**	**229**	**27,816**
Smart Limited Partnership	**Class B Series 3**	**16,836**	**—**	**16,836**
Smart Limited Partnership II	**Class B**	**17,680**	**—**	**17,680**
Smart Limited Partnership III	**Class B Series 4**	**17,183**	**34**	**17,217**
Smart Limited Partnership III	**Class B Series 5**	**15,356**	**—**	**15,356**
Smart Limited Partnership III	**Class B Series 6**	**14,344**	**780**	**15,124**
Smart Limited Partnership III	**Class B Series 7**	**11,668**	**—**	**11,668**
Smart Limited Partnership III	**Class B Series 8**	**48,732**	**—**	**48,732**
Smart Limited Partnership IV	**Class B Series 1**	**88,162**	**695**	**88,857**
Smart Oshawa South Limited Partnership	**Class B Series 1**	**20,441**	**—**	**20,441**
Smart Oshawa Taunton Limited Partnership	**Class B Series 1**	**11,033**	**—**	**11,033**
Smart Boxgrove Limited Partnership	**Class B Series 1**	**3,509**	**—**	**3,509**
		640,206	**1,738**	**641,944**

LP Class B Unit Type	Class and Series	Balance – January 1, 2020	Value From Options Exercised (Note 13(b))	Balance – December 31, 2020
Smart Limited Partnership	Class B Series 1	347,675	—	347,675
Smart Limited Partnership	Class B Series 2	27,587	—	27,587
Smart Limited Partnership	Class B Series 3	16,836	—	16,836
Smart Limited Partnership II	Class B	17,680	—	17,680
Smart Limited Partnership III	Class B Series 4	16,468	715	17,183
Smart Limited Partnership III	Class B Series 5	15,356	—	15,356
Smart Limited Partnership III	Class B Series 6	11,720	2,624	14,344
Smart Limited Partnership III	Class B Series 7	11,668	—	11,668
Smart Limited Partnership III	Class B Series 8	48,732	—	48,732
Smart Limited Partnership IV	Class B Series 1	88,162	—	88,162
Smart Oshawa South Limited Partnership	Class B Series 1	20,441	—	20,441
Smart Oshawa Taunton Limited Partnership	Class B Series 1	11,033	—	11,033
Smart Boxgrove Limited Partnership	Class B Series 1	—	3,509	3,509
		633,358	6,848	640,206

a) Authorized Units

i) Trust Units (authorized – unlimited)

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

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

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

As at December 31, 2021, there were 33,457,551 (December 31, 2020 – 27,593,847) Special Voting Units outstanding, which are associated with those LP Units that have voting rights. There is no value assigned to the Special Voting Units. These Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust; nor are they convertible into any Trust securities.

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

ii) Limited Partnership Units (authorized – unlimited)

The following tables summarize the Class A and Class B Limited Partnership Units:

Class A(1)(2)	**December 31, 2021**	December 31, 2020
Smart Limited Partnership	**75,062,169**	75,062,169
Smart Limited Partnership II	**281,892**	263,303
Smart Limited Partnership III	**12,556,688**	12,556,688
Smart Limited Partnership IV	**6,469,215**	4,902,569
Smart Oshawa South Limited Partnership	**3,168,190**	2,168,190
Smart Oshawa Taunton Limited Partnership	**637,895**	637,895
SmartVMC West Limited Partnership	**860,095**	—
Smart Boxgrove Limited Partnership	**397,438**	397,438
ONR Limited Partnership	**3,912,943,532**	3,912,943,532
ONR Limited Partnership I	**38,000,010**	38,000,010

Class B(3)(4)	**December 31, 2021**	December 31, 2020
Classified as Equity		
Limited Partnership Units(5)	**25,568,688**	25,502,085
Classified as Liabilities		
ONR Limited Partnership Class B(6)	**1,248,140**	1,248,140
ONR Limited Partnership I Class B Series 1(6)	**132,881**	132,881
ONR Limited Partnership I Class B Series 2(6)	**139,302**	139,302

(1) Entitled to all distributable cash of the LP after the required distributions on the other classes of Units have been paid; owned directly by the Trust and eliminated on consolidation.
(2) At the meetings of the respective LP, Class A partners have 20 votes for each Class A Unit held with exception to Smart LP II, in which a Class A LP II partner has five votes for each Class A Unit held.
(3) Non-transferable, except under certain limited circumstances; exchangeable into an equal number of Trust Units at the holder's option; entitled to receive distributions equivalent to the distributions on Trust Units; entitled to one Special Voting Unit, which will entitle the holder to receive notice of, attend and vote at all meetings of the Trust; considered to be economically equivalent to Trust Units.
(4) Class B partners have one vote for each Class B Unit held at the meetings of the respective LPs.
(5) Units have been presented as non-controlling interest. See further details in Table A above.
(6) Units have been presented as liabilities.

The following table summarizes the Class C Limited Partnership Units:

Class C(1)(2)	**Series**	**December 31, 2021**	December 31, 2020
Smart Limited Partnership	Series 1(3)	**3,445,341**	3,445,341
Smart Limited Partnership	Series 2(3)	**3,019,186**	3,026,949
Smart Limited Partnership	Series 3(3)	**674,437**	674,437
Smart Limited Partnership III	Series 4(4)	**562,819**	565,782
Smart Limited Partnership III	Series 5(4)	**596,219**	596,219
Smart Limited Partnership III	Series 6(4)	**427,730**	458,054
Smart Limited Partnership III	Series 7(4)	**259,704**	259,704
Smart Limited Partnership IV	Series 1(4)	**422,059**	422,059
Smart Oshawa South Limited Partnership	Series 1(4)	**21,082**	21,082
Smart Oshawa Taunton Limited Partnership	Series 1(4)	**132,711**	132,711
Smart Boxgrove Limited Partnership	Series 1(4)(5)	**267,179**	267,179
ONR Limited Partnership I	Series 2(4)	**482,086**	482,086

(1) Entitled to receive 0.01% of any distributions of the LP and have nominal value assigned in the consolidated financial statements.
(2) Class C partners have no votes at the meetings of the respective LPs.
(3) At the holder's option, and on the completion and rental of additional space on specific properties and payment of a specific predetermined amount per Unit, Units are exchangeable into Class B Units of the respective LP, except for Class C Series 3 LP Units, which are exchangeable into Class F Series 3 LP Units.
(4) At the holder's option, and on the completion and rental of additional space on specific properties and payment of a specific formula amount per Unit based on the market price of Trust Units, and exchangeable into Class B Units of the respective LP.
(5) In August 2020, pursuant to the updated limited partnership agreement, there was a 3-for-1 Unit split of Class C Series 1 Smart Boxgrove LP Units, which resulted in 510,000 Class C Smart Boxgrove LP Units outstanding after the Unit split. Subsequent to the 3-for-1 Unit split and at the holder's option, 122,258 Class C Series 1 Smart Boxgrove LP Units were cancelled in exchange of 170,000 Class B Series 1 Smart Boxgrove LP Units, and 120,563 Class C Series 1 Smart Boxgrove LP Units were cancelled in exchange of 120,563 Class G Series 1 Units (see further details below in footnote 8).

The following table summarizes the Class D, Class E, Class F and Class G Limited Partnership Units:

Unit type	Class and Series	December 31, 2021	December 31, 2020
Smart Limited Partnership	Class D Series 1(1)(5)(6)	**311,022**	311,022
Smart Limited Partnership	Class E Series 1(2)(3)(7)	**16,704**	16,704
Smart Limited Partnership	Class E Series 2(2)(3)(7)	**800,000**	800,000
Smart Limited Partnership	Class F Series 3(4)(5)(7)	**8,708**	8,708
Smart Oshawa South Limited Partnership	Class D Series 1(1)(5)(6)	**260,417**	260,417
Smart Oshawa South Limited Partnership	Class E Series 1(2)(3)(7)	**5,503**	5,503
Smart Oshawa Taunton Limited Partnership	Class E Series 1(2)(3)(7)	**132,711**	132,711
SmartVMC West Limited Partnership	Class D Series 1(1)(5)	**3,623,188**	—
SmartVMC West Limited Partnership	Class D Series 2(1)(5)	**2,173,913**	—
Smart Boxgrove Limited Partnership	Class G Series 1(3)(7)(8)	**120,563**	120,563

(1) Non-transferable, except under certain limited circumstances; exchangeable into an equal number of Trust Units at the holder's option; entitled to receive distributions equivalent to the distributions on Trust Units; entitled to one Special Voting Unit, which will entitle the holder to receive notice of, attend, and vote at all meetings of the Trust; considered to be economically equivalent to Trust Units; Units owned by outside parties have been presented as liabilities.
(2) At the holder's option, and on the completion and rental of additional space on specific properties and payment of a specific formula amount per Unit based on the market price of Trust Units, and exchangeable into Class D Units of the respective LP.
(3) Entitled to receive 0.01% of any distributions of the LP and have nominal value assigned in the consolidated financial statements.
(4) Entitled to 65.5% of the distribution on Trust Units and exchangeable for $20.10 in cash per Unit or on the completion and rental of additional space on specific properties.
(5) Units have been presented as liabilities.
(6) Class D partners have one vote for each Class D Unit held at the meetings of the respective LPs.
(7) Class E, F and G partners have no votes at the meetings of the respective LPs.
(8) Class G Series 1 Smart Boxgrove LP Units represent a new class of units that were issued in August 2020 as part of the 120,563 Class C Series 1 Smart Boxgrove LP Units exchange discussed in Class C table above (see footnote 5). Concurrent with this issuance, Smart Boxgrove LP issued a loan receivable to the holders of Class G Series 1 Smart Boxgrove LP Units (as discussed in Note 6(b)). The holders of Class G Series 1 Smart Boxgrove LP Units have the right to receive a distribution equal to the loan amount and, as such, the Trust has recorded a distributions payable presently reflected in Other payables in the consolidated financial statements (see also, Note 14 "Accounts and other payables"). Subsequent to this distribution, Smart Boxgrove LP is entitled to redeem all Class G Series 1 Units outstanding for an amount equal to the nominal value assigned to them.

b) Distribution reinvestment plan

The Trust enables holders of Trust Units to reinvest their cash distributions in additional Trust Units at 97% of the volume weighted average Unit price over the ten trading days prior to the distribution. The 3% bonus amount is recorded as an additional issuance of Trust Units.

Effective April 13, 2020, the Trust suspended its Distribution Reinvestment Plan (the "DRIP"). Beginning with the April 2020 distribution, plan participants have received distributions in cash.

c) Trust Units issued for cash

During the year ended December 31, 2021, no Trust Units were issued for cash (Trust Units issued for cash for the year ended December 31, 2020 – nil).

d) Normal Course Issuer Bid

The Trust renewed a normal course issuer bid ("NCIB") program on March 31, 2021 with acceptance by the TSX. The NCIB program will terminate on March 30, 2022, or on such earlier date as the Trust may complete its purchases pursuant to a Notice of Intention filed with the TSX. Under the NCIB program, the Trust is authorized to purchase up to 12,935,063 (previously 6,500,835) of its Trust Units representing approximately 10% (previously 5%) of the public float as at March 21, 2021 (previously March 23, 2020) by way of normal course purchases effected through the facilities of the TSX and/or alternative Canadian trading systems. All Trust Units purchased by the Trust will be cancelled.

During the year ended December 31, 2021, the Trust did not purchase for cancellation any Trust Units under the NCIB (Trust Units purchased for cancellation for the year ended December 31, 2020 – nil).

17. Unit distributions

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

		Year Ended December 31	
Unit Type Subject to Distributions	**Class and Series**	**2021**	2020
Distributions on Units classified as equity:			
Trust Units	N/A	**267,552**	267,976
Distributions on Limited Partnership Units			
Smart Limited Partnership	Class B Series 1	**27,281**	27,284
Smart Limited Partnership	Class B Series 2	**1,765**	1,758
Smart Limited Partnership	Class B Series 3	**1,333**	1,333
Smart Limited Partnership II	Class B	**1,400**	1,400
Smart Limited Partnership III	Class B Series 4	**1,306**	1,275
Smart Limited Partnership III	Class B Series 5	**1,059**	1,059
Smart Limited Partnership III	Class B Series 6	**1,156**	1,035
Smart Limited Partnership III	Class B Series 7	**804**	804
Smart Limited Partnership III	Class B Series 8	**3,141**	3,141
Smart Limited Partnership IV	Class B Series 1	**5,716**	5,675
Smart Boxgrove Limited Partnership	Class B Series 1	**315**	131
Smart Oshawa South Limited Partnership	Class B Series 1	**1,314**	1,314
Smart Oshawa Taunton Limited Partnership	Class B Series 1	**692**	692
Total distributions on Limited Partnership Units		**47,282**	46,901
Distributions on other non-controlling interest	N/A	**420**	—
Distributions on Units classified as equity		**315,254**	314,877
Distributions on Units classified as liabilities:			
Smart Limited Partnership	Class D Series 1	**575**	575
Smart Limited Partnership	Class F Series 3	**11**	11
Smart Oshawa South Limited Partnership	Class D Series 1	**482**	482
ONR Limited Partnership	Class B	**2,309**	2,309
ONR Limited Partnership I	Class B Series 1	**246**	246
ONR Limited Partnership I	Class B Series 2	**258**	258
Smart VMC West Limited Partnership	Class D Series 1 and 2	**38**	—
Distributions on Units classified as liabilities		**3,919**	3,881
Total Unit distributions		**319,173**	318,758
Distributions paid through DRIP[(1)]	N/A	**—**	17,335

(1) Effective April 13, 2020, the Trust suspended its DRIP. Beginning with the April 2020 distribution, plan participants have received distributions in cash.

On January 24, 2022, the Trust declared a distribution for the month of January 2022 of $0.15417 per Unit, representing $1.85 per Unit on an annualized basis, to Unitholders of record on January 31, 2022.

18. Rentals from investment properties and other

The following table presents rentals from investment properties and other:

	Year Ended December 31	
	2021	2020
Gross base rent	**502,504**	503,061
Less: Amortization of tenant incentives	**(7,512)**	(6,926)
Net base rent	**494,992**	496,135
Property tax and insurance recoveries	**169,180**	180,181
Property operating cost recoveries	**83,852**	83,621
	253,032	263,802
Miscellaneous revenue	**17,891**	11,182
Rentals from investment properties	**765,915**	771,119
Service and other revenues(1)	**14,843**	10,134
Rentals from investment properties and other	**780,758**	781,253

(1) For the year ended December 31, 2021, service and other revenues included $12,872 relating to the recovery of costs and billed as fees associated with the Development and Services Agreement with Penguin (year ended December 31, 2020 – $8,552). See also Note 19, "Property operating costs and other" and Note 22, "Related party transactions".

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

As at	**December 31, 2021**	December 31, 2020
2021	**—**	479,825
2022	**485,283**	436,475
2023	**427,676**	363,707
2024	**355,231**	291,336
2025	**287,942**	229,658
2026	**224,936**	174,995
Thereafter	**522,909**	428,585

19. Property operating costs and other

The following table summarizes property operating costs and other:

	Year Ended December 31	
	2021	2020
Recoverable property operating costs(1)	**267,707**	274,187
Property management fees and costs(2)	**1,469**	1,340
Bad debt expenses/ECL	**3,652**	30,564
Non-recoverable costs	**7,246**	4,313
Property operating costs	**280,074**	310,404
Other expenses(3)	**14,882**	10,138
Property operating costs and other	**294,956**	320,542

(1) Include recoverable property tax and insurance costs.
(2) For the year ended December 31, 2020, includes an adjustment for the Canada Emergency Wage Subsidy of $850.
(3) Other expenses relate to service and other revenues as disclosed in Note 18, "Rentals from investment properties and other".

20. General and administrative expense, net

The following table summarizes the general and administrative expense, net:

	Note	Year Ended December 31 2021	2020
Salaries and benefits		**66,345**	53,449
Services fee – by Penguin	22	**7,062**	6,880
Professional fees		**6,338**	6,093
Public company costs		**1,681**	2,505
Amortization of intangible assets	9	**1,331**	1,331
Other costs including office rent, information technology, marketing, communications, and other employee expenses		**12,248**	10,141
Subtotal		**95,005**	80,399
Previously capitalized general and administrative expenses on completed developments		**1,050**	1,842
Previously capitalized general and administrative expenses on sale of real estate assets		**946**	—
Total general and administrative expense before allocation		**97,001**	82,241
Less:			
Capitalized to properties under development and other assets		**(36,465)**	(29,476)
Allocated to property operating costs		**(15,434)**	(13,949)
Recoverable costs billed to Penguin and others		**(13,180)**	(10,134)
Total amounts capitalized, allocated and charged		**(65,079)**	(53,559)
General and administrative expense, net		**31,922**	28,682

21. Supplemental cash flow information

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

	Note	Year Ended December 31 2021	2020
Fair value adjustments	26	**(457,301)**	257,329
Gain on sale of investment properties		**(27)**	(418)
Earnings from equity accounted investments	5	**(211,420)**	(61,972)
Acquisition-related costs		**—**	2,347
Interest expense	12(d)	**144,540**	160,044
Other financing costs		**(1,146)**	(1,231)
Interest income		**(12,341)**	(15,241)
Amortization of other assets and intangible assets		**12,464**	14,467
Lease obligation interest		**565**	553
Deferred unit compensation expense, net of redemptions	13	**2,971**	1,433
LTIP and EIP amortization, net of payment	13	**1,894**	895
		(519,801)	358,206

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

		Year Ended December 31	
	Note	**2021**	2020
Amounts receivable and other	11	**9,102**	(21,965)
Deferred financing costs	11	**(96)**	304
Prepaid expenses and deposits	11	**(3,751)**	(2,022)
Accounts payable	14	**1,175**	(8,844)
Realty taxes payable	14	**(1,771)**	1,521
Tenant prepaid rent, deposits and other payables	14	**31,313**	17,683
Other working capital changes		**3,268**	(2,907)
		39,240	(16,230)

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

		Year Ended December 31	
Non-cash investing and financing activities	Note	**2021**	2020
Mortgage assumed on acquisition	3	**13,076**	—
Unit issued under DUP	13(c)	**198**	32
Unit issued on acquisition	3	**182,974**	6,925
Distribution payable at year end	14	**26,600**	30,011
Liabilities assumed on acquisition, net of other assets	3	**12,315**	3,460

22. Related party transactions

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

The following table presents Units owned by Penguin (the Trust's largest Unitholder) as at December 31, 2021, which in total represent approximately 20.8% of the issued and outstanding Units (December 31, 2020 – 21.4%) of the Trust:

		Units owned by Penguin	
Type	**Class and Series**	**December 31, 2021**	December 31, 2020
Trust Units	N/A	**15,032,063**	15,032,063
Smart Limited Partnership	Class B Series 1	**12,488,816**	12,488,816
Smart Limited Partnership	Class B Series 2	**375,313**	367,550
Smart Limited Partnership	Class B Series 3	**720,432**	720,432
Smart Limited Partnership	Class F Series 3	**8,708**	8,708
Smart Limited Partnership III	Class B Series 4	**706,591**	705,420
Smart Limited Partnership III	Class B Series 5	**572,337**	572,337
Smart Limited Partnership III	Class B Series 6	**627,640**	596,288
Smart Limited Partnership III	Class B Series 7	**434,598**	434,598
Smart Limited Partnership III	Class B Series 8	**1,698,018**	1,698,018
Smart Limited Partnership IV	Class B Series 1	**2,858,950**	2,838,954
Smart Oshawa South Limited Partnership	Class B Series 1	**630,880**	630,880
Smart Oshawa Taunton Limited Partnership	Class B Series 1	**374,223**	374,223
Smart Boxgrove Limited Partnership	Class B Series 1	**170,000**	170,000
ONR Limited Partnership I	Class B Series 1	**132,881**	132,881
ONR Limited Partnership I	Class B Series 2	**139,302**	139,302
Units owned by Penguin		**36,970,752**	36,910,470

	Year Ended December 31	
	2021	2020
Distributions declared to Penguin (in thousands of dollars)	**68,372**	66,799

Pursuant to the Declaration of Trust, provided certain ownership thresholds are met, the Trust is required to issue or cancel such number of additional Special Voting Units to Penguin that will entitle Penguin to cast 25.0% of the aggregate votes eligible to be cast at a meeting of the Unitholders and Special Voting Unitholders ("Voting Top-Up Right"). As at December 31, 2021, there were 8,163,976 additional Special Voting Units outstanding (December 31, 2020 – 8,241,544). These Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust, nor are they convertible into any Trust securities. There is no value assigned to the Special Voting Units. A five-year extension of the Voting Top-Up Right was approved by Unitholders at the Trust's annual general and special meeting held on December 9, 2020. For further details, see the Trust's management information circular dated November 6, 2020, filed on the System for Electronic Document Analysis and Retrieval ("SEDAR").

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

Type	**Class and Series**	**December 31, 2021**	December 31, 2020
Trust Units	N/A	**1,286,833**	1,286,833
Smart Limited Partnership	Class B Series 1	**1,337,449**	1,337,449
Smart Limited Partnership	Class B Series 2	**3,019,186**	3,026,949
Smart Limited Partnership	Class B Series 3	**674,437**	674,437
Smart Limited Partnership III	Class B Series 4	**562,819**	565,782
Smart Limited Partnership III	Class B Series 5	**596,219**	596,219
Smart Limited Partnership III	Class B Series 6	**427,730**	458,054
Smart Limited Partnership III	Class B Series 7	**259,704**	259,704
Smart Limited Partnership IV	Class B Series 1	**369,472**	387,859
Smart Oshawa South Limited Partnership	Class B Series 1	**16,082**	16,082
Smart Oshawa Taunton Limited Partnership	Class B Series 1	**132,711**	132,711
Smart Boxgrove Limited Partnership	Class B Series 1	**267,179**	267,179
ONR Limited Partnership I	Class B Series 2	**429,599**	482,086
		9,379,420	9,491,344

At December 31, 2021, Penguin's ownership would increase to 24.6% (December 31, 2020 – 25.4%) if Penguin were to exercise all remaining Earnout options.

Pursuant to its rights under the Declaration of Trust, at December 31, 2021, Penguin has appointed two Trustees out of eight.

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

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

Supplement to Development Services Agreement between the Trust and its affiliates and Penguin
The following represent the key elements of this agreement which is effective from July 1, 2020 until December 31, 2025:

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

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

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

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

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

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

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

Equity Incentive Plan
In January 2021, the Trust granted 900,000 performance units to Mitchell Goldhar pursuant to the EIP adopted by Unitholders effective December 9, 2020, which are subject to the achievement of Unit price thresholds. The performance period for this award granted under the EIP is from January 1, 2021 to December 31, 2027. The vesting period for these performance units will commence on the date that the applicable performance measure is achieved, and will end on the earlier of the third anniversary of the date that the applicable performance period is achieved and the end of the performance period. Distributions on these performance units will accumulate from January 1, 2021. Provided the various performance measures are achieved, the performance units will be exchanged for Trust Units or paid out in cash. See also Note 13, "Other financial liabilities".

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

- Note 3(c) referring to the purchase of Earnouts
- Note 4(c) referring to Leasehold property interests
- Note 6 referring to Mortgages, loans and notes receivable
- Note 5(a)(ii) referring to a Supplemental development fee agreement
- Note 7 referring to Other assets
- Note 11 referring to Amounts receivable and other
- Note 13 referring to Other financial liabilities
- Note 14 referring to Accounts payable and other payables (including future land obligations)
- Note 18 referring to Rentals from investment properties and other
- Note 19 referring to Property operating costs and other, and
- Note 20 relating to General and administrative expenses.

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

	Note	Year Ended December 31 2021	2020
Related party transactions with Penguin			
Acquisitions and Earnouts:			
Earnouts		**16,274**	13,907
Revenues:			
Service and other revenues:			
Transition services fee revenue		**—**	833
Management fee and other services revenue pursuant to the Development and Services Agreement		**6,309**	4,935
Supplement to the Development Service Agreement fees – time billings		**5,097**	2,021
Support services		**1,466**	763
	18	**12,872**	8,552
Interest income from mortgages and loans receivable	6	**6,209**	7,626
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of $271 (year ended December 31, 2020 – $245))		**828**	1,078
		19,909	17,256
Expenses and other payments:			
Fees paid – capitalized to properties under development	20	**7,062**	6,831
EIP – capitalized to properties under development		**5,198**	—
Development fees and interest expense (capitalized to investment properties)		**115**	10
Opportunity fees capitalized to properties under development(1)		**1,839**	3,006
Marketing, time billings and other administrative costs (included in general and administrative expense and property operating costs)		**84**	112
Disposition fees (included in general and administration expenses)		**979**	49
Expenditures on tenant inducement		**77**	72
		15,354	10,080
Related party transactions with PCVP			
Revenues:			
Interest income from mortgages and loans receivable	6	**1,935**	2,580
Expenses and other payments:			
Rent and operating costs (included in general and administrative expense and property operating costs)	19, 20	**2,625**	2,634

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

As at	Note	**December 31, 2021**	December 31, 2020
Related party balances with Penguin disclosed elsewhere in the financial statements			
Receivables:			
Amounts receivable and other(1)	11	**14,953**	5,767
Mortgages receivable	6(a)	**139,589**	144,205
Loans receivable	6(b)	**116,966**	104,143
Notes receivable	6(c)	**2,924**	2,924
Total receivables		**274,432**	257,039
Payables and other accruals:			
Accounts payable and accrued liabilities	14	**3,370**	6,406
Future land development obligations	14	**18,931**	18,410
Total payables and other accruals		**22,301**	24,816

(1) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of $9,321 and other of $5,179.

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

As at	Note	**December 31, 2021**	December 31, 2020
Related party balances disclosed elsewhere in the financial statements			
Amounts receivable(1)	11	**581**	—
Loans receivable(2)	6(b)	**139,152**	134,690
Other unsecured debt(3)	12(b)(iii)	**195,562**	211,434

(1) Amounts receivable includes Penguin's portion, which represents $4 (December 31, 2020 – $nil) relating to Penguin's 50% investment in the PCVP and 25% investment in Residences LP.
(2) Loans receivable includes Penguin's portion, which represents $23,607 (December 31, 2020 – $47,504) relating to Penguin's 50% investment in the PCVP.
(3) Other unsecured debt includes Penguin's portion, which represents $6,243 (December 31, 2020 – $13,369) relating to Penguin's 25% investment in the Residences LP.

Other related party transactions

The following table summarizes other related party transactions:

	Year Ended December 31	
	2021	2020
Legal fees incurred from a law firm in which a partner is a Trustee:		
Capitalized to investment properties	**2,628**	2,214
Included in general and administrative expense	**2,129**	1,887
	4,757	4,101

23. Key management and Trustee compensation

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

The following table presents the compensation relating to key management:

	Year Ended December 31	
	2021	2020
Salaries and other short-term employee benefits	**3,278**	3,601
Deferred unit plan	**3,706**	2,916
EIP	**10,157**	—
LTIP	**160**	895
	17,301	7,412

The following table presents the compensation relating to Trustees:

	Year Ended December 31	
	2021	2020
Trustee fees	**748**	797
Deferred unit plan	**748**	797
	1,496	1,594

24. Co-owned property interests

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

As at	**December 31, 2021**		December 31, 2020	
	Number of Co-owned Properties(1)	**Ownership Interest (%)**	Number of Co-owned Properties(1)	Ownership Interest (%)
Income properties	**18**	**40 – 60**	18	40 – 60
Properties under development	**4**	**25 – 67**	4	25 – 67
Mixed-use	**1**	**67**	—	N/A
Residential development	**2**	**50**	2	50
Total	**25**		24	

(1) Penguin is a co-owner of eight investment properties, consisting of four properties under development, three income properties and one mixed-use property (December 31, 2020 – seven investment properties, consisting of four properties under development and three income properties) (see also Note 22, "Related party transactions").

The following amounts presented in the table below, included in these consolidated financial statements, represent the Trust's proportionate share of the assets and liabilities of the 25 co-owned property interests as at December 31, 2021 (24 co-ownership property interests at December 31, 2020).

As at	**December 31, 2021**	December 31, 2020
Assets(1)	**2,119,018**	1,455,466
Liabilities	**351,725**	349,739

(1) Includes cash and cash equivalents of $30,713 (December 31, 2020 – $28,527).

Subsequent to the year ended December 31, 2021, the Trust purchased an additional 50% interest in three co-owned income properties. (See also Note 29, "Subsequent events.")

The following table summarizes the results of operations and cash flows of the Trust's co-owned property interests:

	Year Ended December 31	
	2021	2020
Revenues	**96,225**	95,498
Expenses	**45,732**	52,847
Net income before fair value adjustment	**50,493**	42,651
Fair value adjustment on revaluation of investment properties	**149,171**	42,617
Net income and comprehensive income	**199,664**	85,268
Cash flows provided by operating activities	**54,136**	39,617
Cash flows used in financing activities	**(66,226)**	(18,830)
Cash flows provided by (used in) investing activities	**14,276**	(12,085)

Management believes the assets of the co-owned property interests are sufficient for the purpose of satisfying the associated obligations of the co-owned property interests.

25. Segmented information

As at December 31, 2021, the Trust has one reportable segment, which comprises the development, ownership, management and operation of investment properties located in Canada. In measuring performance, the Trust does not distinguish or group its operations on a geographical or any other basis and, accordingly, has a single reportable segment for disclosure purposes.

The Trust's major tenant is Walmart, accounting for 25.2% of the Trust's annualized rentals from investment properties for the year ended December 31, 2021 (year ended December 31, 2020 – 25.6%).

26. Fair value adjustments

The following table summarizes the fair value adjustments:

		Year Ended December 31	
	Note	**2021**	2020
Investment properties			
Income properties	4	**107,416**	(201,219)
Properties under development	4	**384,112**	(73,832)
Fair value adjustment on revaluation of investment properties		**491,528**	(275,051)
Financial instruments			
Total return swap receivable	8	**5,642**	—
Loans receivable		**—**	138
Units classified as liabilities	13(a)	**(24,508)**	17,034
Earnout options	13(b)	**—**	52
Deferred unit plan	13(c)	**(13,824)**	9,156
Long term incentive plan	13(d)	**808**	—
Equity incentive plan	13(e)	**(3,250)**	—
Interest rate swap agreements	13	**905**	(8,658)
Fair value adjustment on financial instruments		**(34,227)**	17,722
Total fair value adjustments		**457,301**	(257,329)

27. Risk management

a) Financial risks

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

i) Interest Rate Risk

A significant proportion of the Trust's debt is financed at fixed rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risks. At December 31, 2021, approximately 8.59% (December 31, 2020 – 1.12%) of the Trust's debt is financed at variable rates, which reflects minor exposure to changes in interest rates on such debt.

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

Change in interest rate of:	**+1.00%**	**-1.00%**
Net income increase (decrease) from variable-rate debt	4,271	(4,271)

From time to time, the Trust may enter into interest rate swaps as part of its strategy for managing certain interest rate risks. The Trust recognizes any change in fair value associated with interest rate swap agreements in the consolidated statements of income and comprehensive income. The sensitivity analysis in the table below reflects the fair value gain (loss) on interest rate swap agreements from possible changes in interest rates.

Change in interest rate of:	**+1.00%**	**-1.00%**
Fair value gain (loss) on interest rate swap agreements	24,546	(26,247)

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

ii) *Credit risk*

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

The ECL model requires an entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition or at an amount equal to 12-month expected credit losses if the credit risk on that financial instrument has not increased significantly since initial recognition. The Trust uses a provision matrix based on historical credit loss experiences to estimate 12-month expected credit losses as the Trust has deemed the risk of credit loss has not increased significantly for both mortgages and loans receivable (see also Note 6, "Mortgages, loans and notes receivable") and tenant receivables (see also Note 11, "Amounts receivable and other, deferred financing costs, and prepaid expenses and deposits"). Credit risks for both have been mitigated by various measures including ensuring adequate security has been provided in support of mortgages and loans receivable and reviewing tenant's covenants, ensuring its tenant mix is diversified and by limiting its exposure to any one tenant except Walmart for tenant receivables. However, the assumptions and estimates underlying the manner in which ECLs have been implemented historically may not be appropriate in the current COVID-19 pandemic environment. Accordingly, the Trust has not applied its existing ECL methodology mechanically. Instead, during the current COVID-19 pandemic environment, the Trust has been in discussions with tenants on a case-by-case basis to determine optimal rent payment solutions and has incorporated this available, reasonable and supportable information when estimating ECL on tenant receivables.

iii) *Liquidity risk*

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to lease out vacant units. In the next 12 months, $931,484 of liabilities (including $678,406 of secured and unsecured debt and $253,078 of accounts and other payable amounts) will mature and will need to be settled by means of renewal or payment.

The Trust aims to maintain flexibility and opportunities in funding by keeping committed credit lines available, obtaining additional mortgages as the value of investment properties increases, issuing equity or unsecured debentures.

The key assumptions used in the Trust's estimates of future cash flows when assessing liquidity risk are: the renewal or replacement of the maturing revolving operating facilities, secured debt and unsecured debentures, at reasonable terms and conditions in the normal course of business and no major bankruptcies of principal tenants. Management believes that it has considered all reasonable facts and circumstances in forming appropriate assumptions. However, as always, there is a risk that significant changes in market conditions could alter the assumptions used, particularly in light of the current conditions caused by COVID-19.

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

The impact of COVID-19

While it is not possible for management to reasonably estimate the duration, complexity or severity of this pandemic, which could have a material adverse impact on the Trust's business, results of operations, financial position and cash flows, as at December 31, 2021, the Trust had: a) cash and cash equivalents of $62,235; b) the remaining funds available to be drawn from its $650,000 in operating facilities and its $250,000 accordion feature; c) project-specific financing arrangements; and d) approximately $6,640,600 in unencumbered assets that could be used to obtain additional secured financing to assist with its liquidity requirements.

iv) Currency risk

The Trust has drawn funds in U.S. dollars, and is exposed to currency risk in the fluctuation of the Canadian dollar to U.S. dollar exchange rate when the liabilities are repaid. At December 31, 2021, approximately 3.05% (December 31, 2020 – nil) of the Trust's debt is financed in U.S. dollar borrowings.

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

As currency gains or losses on the Trust's debt are offset by fair value gains or losses in the currency swap agreements, the Trust is not exposed to significant currency risk on a net basis.

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

b) Capital risk management

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

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

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

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

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

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

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

These covenants are required to be calculated based on Canadian generally accepted accounting principles ("GAAP") at the time of debt issuance. If the Trust does not meet all externally imposed financial covenants, then the related debt will become immediately due and payable unless the Trust is able to remedy the default or obtain a waiver from lenders. For the year ended December 31, 2021, the Trust was in compliance with all financial covenants.

28. Commitments and contingencies

The Trust has certain obligations and commitments pursuant to development management agreements to complete the purchase of Earnouts totalling approximately 131,000 square feet (December 31, 2020 – 154,000 square feet) of development space from Penguin and others, based on a pre-negotiated formula, as more fully described in Note 4, “Investment properties”. As at December 31, 2021, the carrying value of these obligations and commitments included in properties under development was $60,700 (December 31, 2020 – $61,811). The timing of completion of the purchase of the Earnouts, and the final prices, cannot be readily determined because they are a function of future tenant leasing.

The Trust has also entered into various other development construction contracts totalling $14,934 (December 31, 2020 – $23,103) and commitments relating to equity accounted investments that total $293,688 (December 31, 2020 – $157,769), of which the Trust’s share is $123,584 (December 31, 2020 – $51,113) – see Note 5, “Equity accounted investments”, that will be incurred in future periods.

The Trust entered into agreements with Penguin in which the Trust will lend funds in the form of mortgages receivable, as disclosed in Note 6(a). The maximum amount that may be provided under the agreements totals $300,796 (December 31, 2020 – $312,778) (see also Note 6, “Mortgages, loans and notes receivable”), of which $139,589 has been provided as at December 31, 2021 (December 31, 2020 – $144,205).

As at December 31, 2021, letters of credit totalling $34,783 (December 31, 2020 – $29,189) – including letters of credit drawn down under the revolving operating facilities described in Note 12(c) – have been issued on behalf of the Trust by financial institutions as security for debt and for maintenance and development obligations to municipal authorities.

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

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

29. Subsequent events

In January 2022, the Trust acquired, from its unrelated partner, a 50% interest in each of three co-owned properties located in Ottawa (Laurentian), Ontario, Edmonton Capilano, Alberta, and Lachenaie, Quebec. The $100,000 acquisition was funded with the Trust’s existing operating facilities. Upon completion of the acquisition, the Trust became the 100% owner of these properties.

In January 2022, the Trust entered into a $300,000 unsecured credit facility agreement with a syndicate of Canadian financial institutions, from which $285,000 was drawn. This facility matures in January 2027 and bears an interest rate of Canadian Banker's Acceptance rate plus 120 basis points.

CORPORATE INFORMATION

1 Audit Committee
2 Investment Committee
3 Corporate Governance and Compensation Committee

EXECUTIVE OFFICERS

Mitchell Goldhar
Executive Chairman and CEO

Peter Sweeney
Chief Financial Officer

Mauro Pambianchi
Chief Development Officer

Rudy Gobin
Executive Vice President
Portfolio Management & Investments

Paula Bustard
Executive Vice President of Development

Allan Scully
Executive Vice President of Development

BANKERS

BMO Capital Markets
Canaccord Genuity Corp.
CIBC World Markets
Desjardins Securities Inc.
HSBC Bank Canada
Mizuho Bank, Ltd.
National Bank of Canada
RBC Capital Markets
Scotia Capital
TD Bank Financial Group

AUDITORS

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