SMARTCENTRES®
REAL ESTATE INVESTMENT TRUST

SMARTLIVING

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

ANNUAL REPORT 2022

MESSAGE FROM THE EXECUTIVE CHAIRMAN AND CEO

Mitchell Goldhar
Executive Chairman and CEO

DEAR FELLOW UNITHOLDERS,

Our commitment to helping Canadians save money on their weekly needs, such as food and general merchandise, remains our greatest priority. From coast to coast, our network of 185 conveniently located SmartCentres shopping centres is the largest value-focused network of retail properties in the country.

SmartCentres was created by Canadians, for Canadians. We offer Canadian households a wide selection of retailers that offer among the lowest prices in the country; and, we believe that value-focused goods and services are especially important now as consumers get back to basics. This long-standing dedication to Canadian communities is now augmented by our on-site intensification program, and our diversification of asset classes delivered additional growth and solid results across the entire business in 2022. This sets the stage for an even stronger 2023.

Here are a few more of our differentiating factors:

- Occupancy: An industry-leading 98% occupancy level.
- Walmart: No Walmart store has ever relocated from or closed in a SmartCentres shopping centre.
- Stability: Cash collections of 99% driven by a tenant base that is 95% comprised of the strongest national and regional retailers in Canada.
- Access: 185 properties at key intersections in every province in Canada.
- Developer Expertise: In addition to being a large owner-operator, SmartCentres is a premier developer in Canada, having developed in-house more than 60 million square feet over the past 30 years.
- Development Pipeline: 97 of our 185 properties have mixed-use intensification opportunities encompassing apartments, condominiums, townhomes, seniors' residences, office buildings and self-storage facilities.
- Strength of Balance Sheet: With $8.4 billion of unencumbered assets, less than 45% of debt to total assets and $750 million in liquidity, SmartCentres maintains a strong financial position.

Looking back at 2022, we saw a resurgence in both customer traffic and retailer interest, driving demand across our value-oriented portfolio. We are once again welcoming new retailers to our centres in various segments – a potent form of internal growth – allowing us to provide a more compelling and diverse offering to every community we serve across Canada. Additionally, over the past five years, our tenants have adapted their product mix, complemented by strong e-commerce platforms, delivery and/or pickup channels, to seamlessly meet the ever-evolving needs of Canadian consumers.

We achieved a significant 6.1 million square feet of additional mixed-use permissions in 2022, a source of great long-term strategic value creation, stemming from the REIT's original real estate development DNA. We are tirelessly committed to unlocking the tremendous value embedded in our existing owned lands, located in highly populated communities in nearly every major market across Canada. We are confident that 2023 will see the completion of new projects in all major asset classes. Our residential initiatives, in particular, will deliver completed projects, including: condos at the SmartVMC, townhomes in Vaughan, and rental projects in Mascouche and Laval. SmartLiving, our internal residential brand, will deliver The Millway, an exciting purpose-built rental apartment project in the SmartVMC.

Over 45 projects are scheduled to commence construction in the next two to five years, maximizing the huge opportunity that lies within our underutilized owned lands. Our ability to unlock this value was recently strengthened by the hiring of an experienced team of 18 high-rise and mid-rise construction professionals, providing SmartCentres with its own in-house general contracting resources to deliver our program on the most competitive and timely basis.

Environmental, social and governance (ESG) principles have been part of our DNA since our inception, and these elements have been applied throughout our portfolio, for example, in our approach to building design, energy utilization, climate change, efficiencies, and social interaction with tenants and their customers (especially evident during the pandemic). ESG is embedded into our actions, guiding our vision over the past 30 years and continuing to drive our vision into the future.

Moving into 2023 and beyond, we believe that our commitment to Canadians, the long-term quality of our real estate, and our strategic vision, position us on the leading edge in the evolving Canadian retail, commercial, residential and industrial markets.

Yours truly,

Mitchell Goldhar,

Mitchell Goldhar
Executive Chairman and CEO
SmartCentres REIT

FROM SHOPPING CENTRES

SmartCentres was founded over 30 years ago, because we believed that Canadians deserved convenient and affordable access to the goods they need everyday. Starting from a single property we have since grown to:

185 **properties** in all Canadian provinces

34.7
million income producing square feet

98.0%
industry leading occupancy rate

$11.7
billion in total assets

TO
CITY CENTRES

Canadians now need transit-connected homes with urban amenities. So, SmartCentres is evolving and SmartLiving has emerged with a $14.9B transformation plan to enhance Canadian Communities.

$14.9 billion intensification program[1]

274

development projects identified

56.1

million incremental square feet[2]

[1] REIT share $10 billion
[2] REIT share 41.2 million

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, management's outlook and the risks facing the business.

This MD&A should be read in conjunction with the Trust's audited consolidated financial statements for the years ended December 31, 2022 and 2021, and the 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 for the year ended December 31, 2022 and 2021.

This MD&A is dated February 8, 2023, which is the date of the press release announcing the Trust's results for the year ended December 31, 2022. 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 include non-GAAP measures and other terms. The following terms are non-GAAP measures used in this MD&A: Adjusted Cashflow From Operations ("ACFO"), ACFO with adjustments, ACFO excluding impact of SmartVMC West, ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition, Adjusted Debt, Adjusted Debt (excluding TRS 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 – non-GAAP, Debt to Aggregate Assets, Debt to Aggregate Assets excluding TRS debt and receivable, Debt to Gross Book Value, Fixed Charge Coverage Ratio, Fixed Rate to Variable Rate Debt Ratio, Forecasted Annualized NOI, Funds From Operations ("FFO"), FFO with adjustments, FFO with adjustments and Transactional FFO, FFO excluding condominium profits, FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition, FFO per Unit, FFO with adjustments per Unit, FFO with adjustments and Transactional FFO per Unit, Interest Coverage Ratio, Net Operating Income ("NOI"), Investment Properties – non-GAAP, Payout Ratio to ACFO, Proportionate Share Reconciliation, Recovery Ratio, Same Properties NOI ("SPNOI"), Same Properties NOI excluding ECL, Total Proportionate Share, Transactional FFO, Unencumbered Assets, Unencumbered Assets to Unsecured Debt, and Unsecured to Secured Debt Ratio. These non-GAAP measures are defined in this MD&A and non-GAAP financial measures have been reconciled to the closest IFRS measure in the consolidated financial statements of the Trust for the year ended December 31, 2022 in "Non-GAAP Measures". Readers should refer to "Non-GAAP Measures" for definitions and reconciliations of the Trust's non-GAAP financial measures.

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

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

Non-GAAP Measures

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

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Adjusted Cashflow From Operations ("ACFO") and **ACFO with adjustments** and **ACFO excluding impact of SmartVMC West LP** and **ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition**	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 published 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 excluding impact of SmartVMC West LP is defined as ACFO less earnings from SmartVMC West. 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 Measures of Performance"
Debt – non-GAAP and **Adjusted Debt** and **Adjusted Debt (excluding TRS debt)** and **Net Debt** and **Net Debt (excluding TRS debt)**	Debt – non-GAAP is defined as the Trust's total proportionate share of debt, inclusive of the Trust's share of debt in equity accounted investments. Adjusted Debt is defined as Debt – non-GAAP net of mortgages and loans receivable and cash-on-hand. Adjusted Debt (excluding TRS debt) is defined as Adjusted Debt net of debt borrowed concurrent with entering the TRS agreement. Net Debt is defined as Debt – non-GAAP net of cash-on-hand. Net Debt (excluding TRS debt) is defined as Net Debt less debt borrowed concurrent with entering the TRS agreement. Debt – non-GAAP, Adjusted Debt, Adjusted Debt (excluding TRS debt), Net Debt and Net Debt (excluding TRS 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, Adjusted Debt (excluding TRS debt), Net Debt and Net Debt (excluding TRS debt) to calculate certain covenant ratios, and to assess the Trust's level of indebtedness.	Section VII — Financing and Capital Resources, "Debt", "Financial Covenants"
Adjusted Debt to Adjusted EBITDA and **Adjusted Debt to Adjusted EBITDA (excluding TRS debt)**	Adjusted Debt to Adjusted EBITDA is defined as Adjusted Debt divided by Adjusted EBITDA. Adjusted Debt to Adjusted EBITDA (excluding TRS debt) is defined as Adjusted Debt (excluding TRS debt) divided by Adjusted EBITDA. The ratios are intended to be used by investors as a measure of the level of the Trust's debt versus the Trust's ability to service that debt. Management uses the ratios to assess the Trust's level of leverage and its capacity to borrow.	Section VII — Financing and Capital Resources, "Financial Covenants"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
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"
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 **Aggregate Assets (excluding TRS receivable)** and **Gross Book Value**	Aggregate Assets is defined as the Trust's total proportionate share of assets, less cash-on-hand. Aggregate Assets (excluding TRS receivable) is defined as Aggregate Assets less TRS receivable. 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, Aggregate Assets (excluding TRS receivable) 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, Aggregate Assets (excluding TRS receivable) and Gross Book Value to calculate certain covenant ratios, and to assess the Trust's ability to continue to grow.	Section VII — Financing and Capital Resources, "Financial Covenants"

Non-GAAP Measures (Continued)

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

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Funds From Operations ("FFO") and **FFO with adjustments** and **FFO with adjustments and Transactional FFO** and **FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition** 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 January 2022. 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, yield maintenance costs on repayment of debt and related write-off of unamortized financing costs, ECL, TRS gain (loss), FFO sourced from condominium and townhome closings, and FFO sourced from SmartVMC West acquisition. 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. FFO per Unit, FFO with adjustments per Unit, and FFO with adjustments and Transactional FFO per Unit are defined as FFO, FFO with adjustments, and FFO with adjustments and Transactional FFO divided by weighted average number of Units.	Section IV — Business Operations and Performance, "Other Measures of Performance"
Interest Coverage Ratio	Interest Coverage Ratio is defined as Adjusted EBITDA divided by Adjusted Interest Expense including Capitalized Interest. The ratio is intended to be used by investors to measure the Trust's ability to make interest payments on its existing debt. Management uses this ratio to measure an acceptable level of interest expense relative to available earnings.	Section VII — Financing and Capital Resources, "Financial Covenants"
Investment Properties – non-GAAP	Investment Properties – non-GAAP is defined as the Trust's total proportionate share of investment properties, inclusive of the Trust's share of investment properties in equity accounted investments. The measure is intended to be used by investors to measure the amount of the Trust's entire portfolio.	Section VI — Asset Profile, "Investment Properties"
Net Operating Income ("NOI")	NOI from continuing operations is defined as: i) rentals from investment properties and other less property operating costs and other, and ii) net profit from condominium sales. In the consolidated statements of income and comprehensive income, NOI is presented as "net rental income and other". The measure is intended to be used by investors to assess the Trust's profitability. Management uses NOI as a meaningful measure of economic performance and profitability from continuing operations, as it excludes changes in fair value of investment properties and financial instruments.	Section IV — Business Operations and Performance, "Results of Operations"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Payout Ratio to 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 Measures of Performance"
Proportionate Share Reconciliation and **Total Proportionate Share**	References made to a "total proportionate share" or "the Trust's proportionate share of EAI" represent the Trust's proportionate interest in the financial position and operating activities of its entire portfolio, which reflect the difference in accounting treatment between joint ventures using proportionate consolidation and equity accounting. The presentation is intended to be used by investors to assess the Trust's financial position and performance on a consolidated basis because it represents how the Trust and its partners manage the net assets and operating performance for each of the Trust's co-owned properties. The Trust accounts for its investments in both associates and joint ventures using the equity method of accounting.	Section IV — Business Operations and Performance, "Results of Operations"
Recovery Ratio	The Recovery Ratio is defined as property operating cost recoveries divided by recoverable costs. The measure is intended to be used by investors and management to assess the Trust's ability to manage recoverable operating expenses for its investment properties.	Section IV — Business Operations and Performance, "Results of Operations"
Same Properties NOI ("SPNOI") and **Same Properties NOI excluding ECL**	To facilitate a more meaningful comparison of NOI between periods, SPNOI amounts are defined as the NOI attributable to those income properties that were owned by the Trust during the current period and the same period in the prior year. Any NOI from properties either acquired, Earnouts, developed or disposed of, outside of the periods mentioned above, are excluded from Same Properties NOI. Same Properties NOI excluding ECL is defined as SPNOI excluding the impact of provision and/or reversal of ECL. Same Properties NOI and SPNOI excluding ECL are intended to be used by investors and management as profitability growth indicators on the Trust's existing investment property portfolio.	Section IV — Business Operations and Performance, "Results of Operations"
Transactional FFO	Transactional FFO represents the net financial/economic gain resulting from a partial sale of an investment property. Transactional FFO is calculated as the difference between the actual selling price and actual costs incurred for the subject investment property. Because the Trust intends to establish numerous joint ventures with partners in which it plans to co-develop mixed-use development initiatives, the Trust expects such gains to be recurring and therefore represent part of the Trust's overall distributable earnings. The measure is intended to be used by investors to assist in assessing the profitability of the Trust. Management uses this measure to calculate FFO with adjustments and Transactional FFO, a profitability measure.	Section IV — Business Operations and Performance, "Other Measures of Performance"

Non-GAAP Measures (Continued)

Measure	Definition and Intended Use	Reference to Reconciliation and/or Additional Information
Unencumbered Assets	Unencumbered Assets is defined as the Trust's assets that are free and clear of any encumbrances. The measure is intended to be used by investors and management to assess the Trust's ability to secure additional financing. Management uses this measure to calculate Unencumbered Assets to Unsecured Debt Ratio.	Section VII — Financing and Capital Resources, "Debt"
Unencumbered Assets to Unsecured Debt Ratio	Unencumbered Assets to Unsecured Debt Ratio is defined as the Trust's Unencumbered Assets divided by the Trust's unsecured Debt. The ratio is intended to be used by investors to assess the Trust's ability to use investment properties to satisfy unsecured debt obligations. This ratio is a significant financial covenant pursuant to the terms of the Trust's revolving operating facilities and other credit facilities.	Section VII — Financing and Capital Resources, "Financial Covenants"
Unsecured to Secured Debt Ratio	Unsecured to Secured Debt Ratio is defined as the Trust's unsecured debt (including on equity accounted investments) divided by the Trust's secured debt (including on equity accounted investments). The ratio is intended to be used by investors to assess the Trust's composition of debt. Management uses this ratio to determine the Trust's ability to borrow additional unsecured debt.	Section VII — Financing and Capital Resources, "Financial Covenants"

Forward-Looking Statements

Certain statements in this MD&A are "forward-looking statements" that reflect management's expectations regarding the Trust's future growth, results of operations, performance, business prospects and opportunities, including those statements outlined under the headings, "Business Overview, Outlook and Strategic Direction", "Outlook", "Key Business Development, Financial and Operational Highlights for the Year ended December 31, 2022", "Mixed-Use Development Initiatives", "Residential Development Inventory", "Properties Under Development", "Completed and Future Earnouts and Developments on Existing Properties", "Results of Operations", "Other Measures of Performance", "Leasing Activities and Lease Expiries", "Investment Properties", "Equity Accounted Investments", "Amounts Receivable and Other, Deferred Financing Costs, and Prepaid Expenses and Deposits", "Mortgages, Loans and Notes Receivable", "Capital Resources and Liquidity", "Maintenance Capital Requirements", "Debt" (which includes "Unencumbered Assets"), and "Risks and Uncertainties".

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

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

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: that government restrictions, due to COVID-19, on the ability of tenants to operate their businesses at the Trust's properties will not be re-imposed in any material respects; that 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; a rising interest rate environment; a continuing trend toward land use intensification, including residential development in urban and suburban markets; access to equity and debt capital markets 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; the timing and ability of the Trust and its joint venture partners to pre-sell and close on the sale of condominium and townhome units as well as lease available residential rental units; and the valuations to be realized on property sales relative to current IFRS values. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable Canadian securities laws and, as such, the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement and readers should not place undue reliance on such forward-looking statements. These forward-looking statements are made as at the date of this MD&A and the Trust assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by applicable securities legislation.

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

Section II — Business Overview, Outlook and Strategic Direction

Creating Exceptional Places to Shop, Live and Work in Canada

The Trust's Beginnings

From the Trust's inception in 2001 to 2015, its growth was principally a result of the acquisition and Earnout of completed and fully leased open-format retail shopping centres, predominately with the Anchor or Shadow Anchor tenant (i.e., located within the shopping complex but not owned by the Trust) being Walmart. Even through the COVID-19 pandemic, the Trust's national open-format shopping centre portfolio continued to perform well. The occupancy rate (including committed deals) was 98.0% at December 31, 2022.

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

The Trust has Evolved into a Growth-Oriented Diversified REIT

In May of 2015, a major transformative event occurred: the Trust acquired the SmartCentres platform of development expertise and the "SmartCentres" brand from Penguin. This brand has historically represented a family and value-oriented shopping experience. More significantly, this acquisition resulted in the Trust acquiring a large team of experienced professionals working in the areas of land acquisition, planning, development, leasing, construction and other complementary services. The Trust now employs a team that, over the last 25 years, was responsible for the development, leasing and construction of more than 60 million square feet of real estate development. Today, this team is focused on the development of the Trust's large and growing mixed-use development initiatives as outlined below.

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

The Trust, together with Penguin, has designed and commenced the development of over 100 acres in its flagship Vaughan Metropolitan Centre in Vaughan, Ontario ("SmartVMC"). SmartVMC serves as a model for other city centre projects that are now in the Trust's development pipeline. SmartVMC is an approximate 105-acre master-planned community that, once completed, is expected to have over 20 million square feet of mixed-use space. The Trust has a 50% interest in the easterly approximately 52 acres, and in December 2021, the Trust acquired a two-thirds interest from unrelated parties in approximately 53 acres of development lands in the western part of SmartVMC. By virtue of this transaction, the Trust has become the largest landowner in SmartVMC, Vaughan's rapidly growing downtown.

SmartVMC aims to serve as an example of how to better serve urban residents with a thoughtfully designed and integrated living space amidst a major transportation hub. With the completion of two AAA class office buildings, a new YMCA and community centre, and the closings of the 1,763 condo and townhome units, these projects have already delivered significant FFO with future phases expected to continue to contribute to FFO, including the Transit City 4 and 5 units which are expected to close in March 2023. The Trust is now working on planning for similar city centre developments in Oakville, Scarborough, Pickering and Cambridge, and Laval Quebec, with more to come.

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

An Illustration of SmartCentres' Investment Strengths

The Trust has a formidable array of investment strengths for investors to consider. First and foremost, the Trust has evolved into a diversified Real Estate Investment Trust ("REIT") with recurring revenue from two major sources: i) core rental income from retail, office, apartments, and self-storage, and ii) development income from condominium and townhome sales. The Trust's established national shopping centre portfolio continues to provide reliable and recurring core rental income from national well-known retailers such as Walmart, Canadian Tire, Home Depot, Costco and Loblaws. The Trust has continued to introduce new services to help ensure its open-format retail shopping centres remain vital and connected to shoppers. This includes implementing curbside pick-up services, re-purposing space for logistics, providing for expanding or contracting premises, electric vehicle charging stations and digital signage. Professional management of the Trust's investment property portfolio is an important strength that continues to enhance the quality of shopping, working and living at its properties. As of December 31, 2022, the Trust had an occupancy rate (including committed deals) of 98.0% at its shopping centres.

As SmartCentres expands its major mixed-use real estate development, it has partnered with experienced industry experts in many real estate categories, including: rental apartments, condominiums, self-storage centres, seniors' housing, office buildings, and recently industrial and warehouse space. The completed development of Transit City 1, 2 and 3 condominiums provided additional FFO of approximately $45 million in 2020 and $18.8 million in 2021; and additional net profit of approximately $46.2 million of additional net profit in 2020 and approximately $19.5 million in 2021. Creating entire city centres has become a major new growth avenue for SmartCentres. Workers around the world have discovered they can work productively and live away from the downtown core of major cities in suburban environments where they enjoy the convenience of nearby retail shopping centres, restaurants, recreational facilities, properly planned parkland and excellent transportation services.

Executing on a Strategic Growth Plan

The Trust's retail portfolio has been well-managed through the pandemic and is continually being upgraded to meet the in-person and online shopping requirements of its tenants and their customers. Management believes the Trust continues to be well-positioned to provide reliable recurring income. But more significant to the growth of the REIT is the size and growth of the Trust's mixed-use development initiatives. See details in "Mixed-Use Development Initiatives" section.

Outlook

SmartCentres delivered solid results in 2022. Notable achievements during the year include: a) an industry-leading committed occupancy rate of 98.0%, which was primarily due to the Trust's portfolio of predominately Walmart-anchored shopping centres that has continued to create strong traffic to the Trust's properties; b) six newly completed self-storage projects that were delivered on time and on budget, including the Aurora South facility that opened in December 2022; and c) significant progress on the pipeline of mixed-use development initiatives, with planning and zoning entitlements advancing, including several projects that were under construction over the course of 2022, all in the midst of the current inflationary cycle that has created financial pressures on tenants and consumers alike.

The Trust expects that 2023 will be a similar year, with continued stability through its retail portfolio and continued strength in occupancy across all of the Trust's shopping centres. The Trust expects to continue to fortify its balance sheet and selectively utilize its significant pool of unencumbered assets for certain funding ($8.4 billion at December 31, 2022) required to advance the Trust's development initiatives, particularly those where construction is expected to commence in 2023.

With the Canadian economy continuing to experience heightened levels of inflation and rising interest rates, the Trust remains confident in its ability to manage through these challenges. While the Trust's retail portfolio continues to act as the anchor to cashflow, 82% of the Trust's debt is fixed, with a staggered ladder of manageable maturities and strong relationships with Canada's lending community that should assure strong levels of liquidity for the future. New development initiatives will only commence when market conditions permit and when appropriate financing has been arranged.

Leasing

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

Mixed-Use Development on SmartVMC

Since the commencement of the Trust's SmartVMC development, a total of 1,763 condominium and townhome units have closed. As a result, SmartVMC has become a community, with approximately 3,000 new residents in occupancy. In addition, the 22 pre-sold townhomes built as part of Transit City 1 and 2 were completed and closed during 2022 with the Trust's share of proceeds and earnings being $4.3 million and $1.4 million, and construction of the sold out 1,026 units of Transit City 4 and 5 is nearing completion, with closings expected to begin in the first half of 2023. The Millway, the Trust's first purpose-built 458-unit residential rental building, is also expected to commence occupancy in early 2023. Upon their completion, these phases are expected to provide accommodation for over 2,000 additional residents at SmartVMC. These residents will all benefit from, among other things, the world-class YMCA, municipal library and community centre at SmartVMC which opened in Q2 2022. The Trust is now also actively designing a future phase of office development at SmartVMC which is expected to be built in conjunction with two new residential towers across from the SmartVMC Bus Terminal.

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

Mixed-Use Development on Other Initiatives

Construction is progressing on the next SmartStop project in Brampton (Kingspoint), with completion expected later in 2023. When complete, the Trust expects approximately 464,000 square feet (at its share) of self-storage space to be available. These multi-level self-storage facilities range in size up to 140,000 square feet and will each have approximately 1,000 units. Additional self-storage facilities have been approved by the Trust's Board of Trustees for development on its existing properties, including locations at Whitby, Markham and Stoney Creek, Ontario. In each case, existing lands have been or will be transferred to the Trust's partnership with SmartStop when municipal approvals are received. In addition, together with SmartStop, the Trust has purchased three properties in Toronto, on Jane Street, Gilbert Avenue and Eglinton Avenue East, and one property in Burnaby, British Columbia, on which, once zoning approvals are in place, it intends to build additional self-storage facilities.

During the second quarter of 2022, the Trust completed the purchase of approximately 38 acres of industrial lands in Pickering, Ontario adjacent to Hwy 407. The Trust received approval to build 241,000 square feet of industrial space for the 16-acre Phase 1 development on these lands, of which 53% has already been pre-leased and construction is well underway. Upon completion in 2023, yields from this initial phase of the project are expected to be in the range of 6.0%–6.5%.

The Trust, together with its partner, Penguin, have also commenced preliminary siteworks for a 215,000 square foot retail project on Laird Avenue in Toronto. This project is expected to feature a flagship 190,000 square foot Canadian Tire store, together with 25,000 square feet of additional retail space. Canadian Tire is expected to take possession in 2024.

Investment Properties – Valuation

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

No further changes were made in Q4 2022 to the Trust's assumptions around capitalization rates used in determining the value of the retail property portfolio at December 31, 2022. This reflects the Trust's conservative assumptions as it relates to valuations and was consistent with the assumptions used in external appraisals that the Trust regularly commissions from independent and reputable appraisal firms. Nevertheless, the Trust will continue to monitor market trends and changes in capitalization rates and other macro-assumptions, while working closely with the external appraisal community, to assess whether any changes to valuation assumptions may be appropriate in 2023.

Financing

Current economic pressures, principally caused by the COVID-19 pandemic, have resulted in unparalleled global supply chain constraints and an inflationary environment not experienced in almost 30 years. To combat inflation, the Bank of Canada has been active in increasing its overnight interest rate. From January 1, 2022 up to February 8, 2023, the Bank of Canada has increased its overnight rate eight times for a total of 425 bps to 4.50%. As a result of this unparalleled period of interest rate hikes, short- and long-term borrowing costs have experienced significant increases over the past several months. Accordingly, as at December 31, 2022, the Trust's overall weighted average interest rate increased to 3.86% from 3.11% at December 31, 2021. Approximately 18% of the Trust's debt is at variable rates, a significant portion of which is linked to development projects.

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

The Trust has continued to focus on its long-term mixed-use development initiatives, of which 11 projects are under construction and 48 projects are expected to commence construction within the next two years. Each of these projects is subject to arranging appropriate financing, market conditions and completing zoning entitlements. As Canadians continue to return to a new level of "normalcy", the Trust will continue to follow its credo of "focus on change". Over the coming years, this continued evolution is expected to result in additional mixed-use development opportunities, which in turn are expected to contribute to substantive future growth in both FFO and NAV.

Key Business Development, Financial and Operational Highlights for the Year Ended December 31, 2022

Mixed-Use Development and New Growth at SmartVMC

- Park Place condo pre-development is underway on the 53.0 acre SmartVMC West lands strategically acquired in December 2021. Pre-sales for this development have commenced. The Trust's acquisition in December 2021 of a two-thirds interest in the SmartVMC West lands more than doubled the Trust's holdings in the 105 acre SmartVMC city centre development.

- Construction nears completion on the 100% pre-sold Transit City 4 (45 storeys) and 5 (50 storeys) condo towers, representing 1,026 residential units. Concrete, formwork and building envelope have been completed for both towers, with interior finishes ongoing. First closings are expected to commence in March 2023.

- Construction of the purpose-built rental project, The Millway (36 storeys), nears completion at SmartVMC. Formwork, concrete and building envelope have been completed, with interior finishes underway. Initial occupancy is expected to commence in February 2023.

- ArtWalk condominium sales of 320 released units in Phase 1 are sold out with construction expected to begin in the second half of 2023.

Other Business Development

- Occupancy in the completed first phase of the two-phase, purpose-built residential rental project in Laval, Quebec, ended the year with 98% of the 171 units leased. Pre-leasing has commenced on the next phase and construction continues, with a target completion date of Q2 2023.

- Initial occupancy in the two purpose-built residential rental towers (238 units) in Mascouche, Quebec began in July 2022, with the final floor opened in November. More than 147 units have been leased and current lease-up activity is in line with initial expectations.

- All of the five developed and operating self-storage facilities (Toronto (Leaside), Vaughan NW, Brampton, Oshawa South and Scarborough East) have been very well-received by their local communities, with current occupancy levels ahead of expectations. A sixth facility, Aurora, opened in December 2022.

- Three self-storage facilities in Whitby, Markham and Brampton (Kingspoint) are currently under construction, with Brampton (Kingspoint) expected to be completed in early 2023. Additional self-storage facilities have been approved by the Board of Trustees and the Trust is in the process of obtaining municipal approvals in Stoney Creek and two locations in Toronto (Gilbert Ave. and Jane St.). In addition, the municipal approval process is underway in New Westminster and Burnaby, British Columbia.

- Construction continues on a new retirement residence and a seniors' apartment project, totalling 402 units, at the Trust's Laurentian Place in Ottawa, with completion expected in Q1 2024.

- By way of a Minister's Zoning Order, the Trust has permissions that would allow for the redevelopment of the 73-acre Cambridge retail property (which is subject to a leasehold interest with Penguin) including various forms of residential, retail, office, institutional and commercial uses providing for the creation of a vibrant urban community with the potential for over 12 million square feet of development.

- The Trust, together with its partner, Penguin, has also commenced preliminary siteworks for the 215,000 square foot retail project on Laird Drive in Toronto, that is expected to feature a flagship 190,000 square foot Canadian Tire store together with 25,000 square feet of additional retail space. Canadian Tire is expected to take possession in 2024.

Financial

- Net income and comprehensive income(1) was $636.0 million in 2022 compared to $987.7 million in 2021, representing a decrease of $351.7 million. This decrease was primarily attributed to: i) $476.8 million decrease in fair value adjustment on revaluation of investment properties; and ii) $20.2 million decrease in net profit on condo and townhome unit closings; and was partially offset by i) $125.5 million increase in fair value adjustments on financial instruments; and ii) $20.6 million increase in net rental income and other mainly due to higher base rent in 2022.

- Net income and comprehensive income per Unit(1) in 2022 decreased by $2.14 or 37.7% to $3.54 as compared to the same period in 2021, primarily due to the reasons as noted above.

- As at December 31, 2022, the Trust increased its unsecured/secured debt ratio(2)(3) to 74%/26% (December 31, 2021 – 71%/29%).

- The Trust continues to add to its unencumbered pool of high-quality assets. As at December 31, 2022, this unencumbered portfolio consisted of investment properties was valued at $8.4 billion (December 31, 2021 – $6.6 billion).

- The Trust's fixed rate/variable rate debt ratio(2)(3) was 82%/18% as at December 31, 2022 (December 31, 2021 – 89%/11%).

- FFO per Unit with adjustments excluding the impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition(2) was $2.14 (year ended December 31, 2021 – $2.09).

- During the quarter, 693,900 additional notional TRS Units were added at a weighted average price of $26.37 per Unit.

- For the year ended December 31, 2022, there was a surplus of cash flows provided by operating activities(1) over distributions declared of $41.2 million (year ended December 31, 2021 – surplus of $52.9 million).

- The Payout Ratio relating to cash flows provided by operating activities for the year ended December 31, 2022 was 88.9%, as compared to 85.8% for the year ended December 31, 2021.

- For the year ended December 31, 2022, there was a surplus of ACFO(2) over distributions declared of $10.5 million (year ended December 31, 2021 – surplus of $34.3 million).

- The Payout Ratio to ACFO(2) for the year ended December 31, 2022 was 96.9%, as compared to 90.3% for the year ended December 31, 2021. Excluding the impact of TRS, condominium and townhome closings, and SmartVMC West acquisition, the Payout Ratio to ACFO(2) for the year ended December 31, 2022 was 92.6%, as compared to 96.5% for the year ended December 31, 2021.

Operational

- Rentals from investment properties and other(1) was $804.6 million, as compared to $780.8 million in 2021, representing an increase of $23.8 million or 3.0%, primarily due to: (i) the acquisition of an additional interest in investment properties in Q1 2022; (ii) higher rental income from Premium Outlets locations in both Toronto and Montreal; and (iii) additional self-storage facility and parking rental revenue.

- Same Properties NOI inclusive of ECL(2) increased by $16.5 million or 3.3% in 2022 as compared to 2021. Same Properties NOI excluding ECL(2) increased by $9.5 million or 1.9% in 2022 as compared to the prior year.

- In-place occupancy rate and occupancy rate with committed deals were 97.6% and 98.0%, respectively, as at December 31, 2022 (December 31, 2021 – 97.4% and 97.6%, respectively).

Subsequent Event

- The Trust together with an entity, PCVP, which is classified as investment in associates, entered into an agreement to dispose approximately 6.4 acres of land located in Vaughan, Ontario (VMC) to an unrelated party, which closed in February 2023, for gross proceeds of $95.6 million that was satisfied with cash. The Trust's share of such proceeds was $58.4 million, comprised of $42.3 million relating to the Trust's two-thirds share of the 4.3 acres of land on western part of SmartVMC which were previously consolidated in the Trust's consolidated financial statements and presented as assets held for sale at December 31, 2022, and $16.1 million relating to the Trust's 50% share of 2.1 acres of land on eastern part of SmartVMC which were previously recorded in equity accounted investments. Proceeds from the sale were primarily used by the Trust to reduce indebtedness.

(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 $33.4 million as at December 31, 2022 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, 2022**	December 31, 2021	December 31, 2020
Portfolio Information			
Number of retail properties	**155**	155	156
Number of office properties	**4**	4	4
Number of self-storage properties	**6**	6	4
Number of residential properties	**1**	1	1
Number of properties under development	**19**	17	14
Total number of properties with an ownership interest	**185**	183	179
Leasing and Operational Information[1]			
Gross leasable retail and office area (in thousands of sq. ft.)	**34,750**	34,119	34,056
Occupied retail and office area (in thousands of sq. ft.)	**33,925**	33,219	33,039
Vacant retail and office area (in thousands of sq. ft.)	**826**	900	1,017
In-place occupancy rate (%)	**97.6**	97.4	97.0
In-place and committed occupancy rate (%)	**98.0**	97.6	97.3
Average lease term to maturity (in years)	**4.2**	4.4	4.6
Net annualized retail rental rate (per occupied sq. ft.) ($)	**15.53**	15.44	15.37
Net annualized retail rental rate excluding Anchors (per occupied sq. ft.) ($)	**22.20**	22.07	21.89
Mixed-Use Development Information			
Trust's share of future development area (in thousands of sq. ft.)	**41,200**	40,600	32,500
Trust's share of estimated costs of future projects currently under construction, or for which construction is expected to commence within the next five years (in millions of dollars)	**10,000**	9,800	7,900
Total number of residential rental projects	**110**	104	96
Total number of seniors' housing projects	**25**	27	40
Total number of self-storage projects	**33**	36	50
Total number of office buildings / industrial projects	**8**	8	7
Total number of hotel projects	**3**	3	4
Total number of condominium developments	**88**	95	72
Total number of townhome developments	**7**	10	15
Total number of estimated future projects currently in development planning stage	**274**	283	284

(in thousands of dollars, except per Unit and other non-financial data)	**December 31, 2022**	December 31, 2021	December 31, 2020
Financial Information			
Total assets – GAAP(2)	**11,702,153**	11,293,248	10,724,492
Total assets – non-GAAP(3)(4)	**12,083,941**	11,494,377	10,874,900
Investment properties – GAAP(2)	**10,250,392**	9,847,078	8,850,390
Investment properties – non-GAAP(3)(4)	**11,223,796**	10,684,529	9,400,584
Total unencumbered assets(3)	**8,415,900**	6,640,600	5,835,600
Debt – GAAP(2)	**4,983,265**	4,854,527	5,210,123
Debt – non-GAAP(3)(4)	**5,260,053**	4,983,078	5,261,360
Debt to Aggregate Assets (%)(3)(4)(5)	**43.6**	42.9	44.6
Debt to Gross Book Value (%)(3)(4)(5)	**52.0**	50.8	50.1
Unsecured to Secured Debt Ratio(3)(4)(5)	**74%/26%**	71%/29%	68%/32%
Unencumbered assets to unsecured debt(3)(4)(5)	**2.2X**	1.9X	1.9X
Weighted average interest rate (%)(3)(4)	**3.86**	3.11	3.28
Weighted average term of debt (in years)	**4.0**	4.8	5.0
Interest coverage ratio(3)(4)(5)	**3.1X**	3.4X	3.2X
Equity (book value)(2)	**6,163,101**	5,841,315	5,166,975
Weighted average number of units outstanding – diluted	**179,657,455**	173,748,819	172,971,603

(1) Excluding residential and self-storage area.
(2) Represents a GAAP measure.
(3) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".
(4) Includes the Trust's assets held for sale and the Trust's proportionate share of equity accounted investments.
(5) As at December 31, 2022, cash-on-hand of $33.4 million was excluded for the purposes of calculating the applicable ratios (December 31, 2021 – $80.0 million, December 31, 2020 – $754.4 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, 2022 and December 31, 2021:

(in thousands of dollars, except per Unit information)	2022	2021	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other[1]	**804,598**	780,796	23,802
Net base rent[1]	**508,023**	494,992	13,031
Total recoveries[1]	**265,281**	253,032	12,249
Miscellaneous revenue[1]	**15,393**	17,891	(2,498)
Service and other revenues[1]	**14,652**	14,843	(191)
Earnings from other[1]	**1,249**	38	1,211
Net income and comprehensive income[1]	**635,965**	987,676	(351,711)
Net income and comprehensive income excluding fair value adjustments[2][3]	**342,261**	342,609	(348)
Cash flows provided by operating activities[1]	**370,762**	371,624	(862)
Net rental income and other[1]	**502,604**	485,840	16,764
NOI from condominium and townhome closings and other adjustments[2]	**305**	20,471	(20,166)
NOI[2]	**518,520**	518,122	398
Change in net rental income and other[2]	**3.5 %**	5.4 %	(1.9)%
Change in SPNOI[2]	**3.3 %**	3.5 %	(0.2)%
Change in SPNOI excluding ECL[2]	**1.9 %**	(2.0)%	3.9 %
FFO[2][3][4][5]	**371,572**	380,070	(8,498)
Other adjustments	**656**	3,226	(2,570)
FFO with adjustments[2][3][4]	**372,228**	383,296	(11,068)
Adjusted for:			
ECL	**(3,257)**	3,706	(6,963)
Loss (gain) on derivative – TRS	**4,918**	(5,642)	10,560
FFO sourced from condominium and townhome closings	**(680)**	(18,747)	18,067
FFO sourced from SmartVMC West acquisition	**(984)**	—	(984)
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition[2][3][4]	**372,225**	362,613	9,612
FFO with adjustments and Transactional FFO[2][3][4]	**379,890**	385,219	(5,329)
ACFO[2][3][4][5]	**340,075**	353,055	(12,980)
Other adjustments	**656**	3,226	(2,570)
ACFO with adjustments[2][3][4]	**340,731**	356,281	(15,550)
Adjusted for:			
Loss (gain) on derivative – TRS	**4,918**	(5,642)	10,560
ACFO sourced from condominium and townhome closings	**(305)**	(20,471)	20,166
ACFO sourced from SmartVMC West acquisition	**(984)**	—	(984)
ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition[2][3][4]	**344,360**	330,168	14,192
Distributions declared	**329,531**	318,753	10,778
Surplus of cash flows provided by operating activities over distributions declared[2]	**41,231**	52,871	(11,640)
Surplus of ACFO over distributions declared[2]	**10,544**	34,302	(23,758)
Surplus of ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition over distributions declared[2]	**14,829**	11,415	3,414
Units outstanding[6]	**178,133,853**	178,091,581	42,272
Weighted average – basic	**178,121,149**	172,447,334	5,673,815
Weighted average – diluted[7]	**179,657,455**	173,748,819	5,908,636

(in thousands of dollars, except per Unit information)	2022	2021	Variance
	(A)	(B)	(A–B)
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income[1]	**$3.57/$3.54**	$5.73/$5.68	$-2.16/$-2.14
Net income and comprehensive income excluding fair value adjustments[2][3]	**$1.92/$1.91**	$1.99/$1.97	$-0.07/$-0.06
FFO[2][3][4][5]	**$2.09/$2.07**	$2.20/$2.19	$-0.11/$-0.12
Other non-recurring adjustments	**$0.00/$0.00**	$0.02/$0.02	$-0.02/$-0.02
FFO with adjustments[2][3][4]	**$2.09/$2.07**	$2.22/$2.21	$-0.13/$-0.14
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition[2][3][4]	**$2.16/$2.14**	$2.10/$2.09	$0.06/$0.05
FFO with adjustments and Transactional FFO[2][3][4]	**$2.13/$2.11**	$2.23/$2.22	$-0.10/$-0.11
Distributions declared	**$1.850**	$1.850	$—
Payout Ratio Information			
Payout Ratio to cash flows provided by operating activities	**88.9 %**	85.8 %	3.1 %
Payout Ratio to ACFO[2][3][4][5]	**96.9 %**	90.3 %	6.6 %
Payout Ratio to ACFO with adjustments[2][3][4]	**96.7 %**	89.5 %	7.2 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome sales, and SmartVMC West acquisition[2][3][4]	**92.6 %**	96.5 %	(3.9)%

(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 REALpac White Paper on FFO issued in January 2022 and REALpac White Paper on ACFO issued in February 2019, 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 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Results of operations								
Net income and comprehensive income	**100,310**	3,548	161,997	370,110	652,081	178,051	96,985	60,559
Per Unit								
Basic	**$0.56**	$0.02	$0.91	$2.08	$3.77	$1.03	$0.56	$0.35
Diluted(3)	**$0.56**	$0.02	$0.90	$2.06	$3.74	$1.03	$0.56	$0.35
Net base rent(1)(2)	**133,201**	132,303	131,543	129,354	128,571	128,487	126,658	124,374
Rentals from investment properties(1)(2)	**210,117**	199,220	202,785	206,467	195,180	195,749	195,532	200,984
Rentals from investment properties and other	**206,223**	196,678	198,296	202,523	192,812	195,171	193,937	198,838
NOI(1)(2)	**133,632**	130,986	130,034	123,868	129,679	133,333	136,091	118,981
Other measures of performance								
FFO(2)	**102,471**	88,403	88,464	92,235	97,452	97,887	100,457	84,275
Per Unit								
Basic(2)	**$0.58**	$0.50	$0.50	$0.52	$0.56	$0.57	$0.58	$0.49
Diluted(2)(3)	**$0.57**	$0.49	$0.49	$0.51	$0.56	$0.56	$0.58	$0.49
FFO with adjustments and Transactional FFO(2)	**108,223**	89,072	89,446	93,150	98,448	99,593	101,082	86,098
Per Unit								
Basic(2)	**$0.61**	$0.50	$0.50	$0.52	$0.57	$0.58	$0.59	$0.50
Diluted(2)(3)	**$0.60**	$0.50	$0.50	$0.52	$0.56	$0.57	$0.58	$0.50
Cash flows provided by operating activities	**134,668**	97,011	43,970	102,819	133,673	96,298	62,168	79,485
ACFO(2)	**92,991**	81,060	80,871	85,154	83,313	90,342	94,248	85,153
ACFO with adjustments(2)	**91,081**	81,729	81,853	86,069	83,973	92,048	94,873	85,389
Distributions declared	**82,386**	82,382	82,422	82,339	79,725	79,683	79,685	79,660
Payout ratio to ACFO with adjustments	**90.5 %**	100.8 %	100.7 %	95.7 %	94.9 %	86.6 %	84.0 %	93.3 %
Units outstanding(4)	**178,133,853**	178,126,285	178,122,655	178,122,655	178,091,581	172,287,950	172,280,187	172,267,483
Weighted average Units outstanding								
Basic	**178,129,000**	178,123,918	178,122,655	178,108,771	172,983,636	172,285,503	172,275,798	172,237,982
Diluted(3)	**179,696,944**	179,678,009	179,662,689	179,590,588	174,380,800	173,644,091	173,543,923	173,417,020
Total assets	**11,702,153**	11,862,633	11,905,066	11,721,953	11,293,248	10,191,592	10,036,672	10,321,117
Total unencumbered assets(2)	**8,415,900**	8,383,900	8,413,000	8,364,500	6,640,600	6,002,800	5,937,900	5,910,900
Debt	**4,983,265**	5,159,860	5,128,604	4,951,171	4,854,527	4,539,594	4,492,948	4,810,106
Total leasable area (sq. ft.)	**34,750,379**	34,685,033	34,660,693	34,663,687	34,118,613	34,225,087	34,185,729	34,036,704
In-place occupancy rate (%)	**97.6**	97.6	97.2	97.0	97.4	97.3	97.1	97.0
Occupancy rate with committed deals (%)	**98.0**	98.1	97.6	97.2	97.6	97.6	97.3	97.3

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

Results of Operations

Net income and comprehensive income, net base rent, rentals from investment properties, NOI, FFO, and related financial and operational metrics noted above are typically not materially impacted by seasonal factors. However, macroeconomic and market trends, as described under "Outlook" in this MD&A, acquisition, Earnout, development and disposition activities do have an impact on the demand for space, occupancy and collection levels and, consequently, impact net base rent, common area maintenance ("CAM") and realty tax recoveries, property valuations and ultimately operating performance. Overall, the Trust's income producing property portfolio is quite stable. Quarterly fluctuations in revenue and operating results are mainly attributable to ECL provisions, occupancy levels, Same Properties NOI growth, acquisitions, Earnouts, developments and dispositions. In addition, the COVID-19 pandemic has had an adverse effect on results of operations for Q1 of 2021 through Q4 of 2022.

Sequentially, net income and comprehensive income increased by $96.8 million in Q4 2022 from Q3 2022. This increase was mainly attributable to the $105.5 million higher investment property revaluation adjustments, and partially offset by $11.8 million lower fair value gains on revaluation of financial instruments during Q4 2022. Year-over-year, net income and comprehensive income decreased by $551.8 million in Q4 2022 compared to Q4 2021, primarily attributable to the fair value adjustments (gains) of certain properties under development in Q4 2021 as a result of changes in the market and the progress made on planning entitlement.

Other Measures of Performance

FFO increased by $14.1 million in Q4 2022 from Q3 2022, mainly attributable to the higher TRS gain in Q4. Year-over-year, FFO increased by $5.0 million in Q4 2022 compared to Q4 2021, primarily due to increase in interest income and NOI, and partially offset by increase in interest expense.

Units Outstanding

The increase in Units outstanding in Q4 2022 from Q3 2022 and compared to Q4 2021 was mainly due to the options exercised in connection with Earnout transactions.

Total Assets and Debt

Total assets decreased by $160.5 million in Q4 2022 from Q3 2022, which was mainly due to: (i) a decrease in other financial assets of $117.7 million mainly attributable to cash held as collateral for the TRS which was released and used to reduce indebtedness; and (ii) a decrease of loans receivable of $100.9 million due to repayment; and partially offset by the increase of investment properties of $39.0 million which was driven by development activities and fair value gains over the quarter. Total debt decreased by $176.6 million in Q4 2022 from Q3 2022 as a result of repayment.

Total assets increased by $408.9 million in Q4 2022 compared to Q4 2021, principally attributable to acquisitions and capital expenditures in investment properties, and fair value adjustments (gains) on revaluation of investment properties. Total debt increased by $128.7 million in Q4 2022 compared to Q4 2021, mainly due to new unsecured credit facilities borrowed and partially offset by repayment.

Leasing

The Trust's occupancy rate (inclusive of committed deals) was 98.0% at the end of Q4 2022, representing a 10 basis point decrease as compared to Q3 2022, mainly resulting from minor vacancies during the current quarter. The Trust's occupancy rate (inclusive of committed deals) was 98.1% and 97.6% at the end of Q3 2022 and Q2 2022, representing a 50 basis point increase and a 40 basis point increase as compared to prior quarters, respectively, mainly resulting from increased demand for high traffic shopping centres. The Trust's occupancy rate (inclusive of committed deals) was 97.6% in Q4 2021. Strengthening retail leasing is being experienced across all provinces with improved NOI and occupancy expected throughout 2023.

Section III — Development Activities

Mixed-Use Development Initiatives

The following table summarizes the 274 identified mixed-use, recurring rental income and development income initiatives, which are included in the Trust's large development pipeline:

	Under construction		Construction expected to commence within next 2 years		Active (Construction expected to commence within next 3–5 years)		Future (Construction expected to commence after 5 years)		Total	
Description	**Q4 2022**	**Q3 2022**	**Q4 2022**	**Q3 2022**	**Q4 2022**	**Q3 2022**	**Q4 2022**	**Q3 2022**	**Q4 2022**	**Q3 2022**
Section A										
Number of projects in which the Trust has an ownership interest										
Residential Rental	**3**	5	**22**	24	**24**	20	**61**	58	**110**	107
Seniors' Housing	**1**	1	**3**	3	**7**	8	**14**	13	**25**	25
Self-storage	**3**	3	**7**	9	**8**	7	**15**	16	**33**	35
Office Buildings / Industrial	**1**	1	**—**	—	**1**	1	**6**	7	**8**	9
Hotels	**—**	—	**—**	—	**—**	—	**3**	3	**3**	3
Subtotal – Recurring rental income initiatives	**8**	10	**32**	36	**40**	36	**99**	97	**179**	179
Condominium developments	**2**	2	**15**	21	**25**	20	**46**	46	**88**	89
Townhome developments	**1**	1	**1**	1	**2**	1	**3**	5	**7**	8
Subtotal – Development income initiatives	**3**	3	**16**	22	**27**	21	**49**	51	**95**	97
Total	**11**	13	**48**	58	**67**	57	**148**	148	**274**	276
Section B										
Planning entitlements (#)[1]	**11**	13	**38**	45	**47**	39	**86**	85	**182**	182
Section C										
Project area (in thousands of sq. ft.) – at 100%[2]										
Recurring rental income initiatives	**1,750**	2,000	**6,050**	6,590	**6,600**	6,350	**17,900**	17,600	**32,300**	32,540
Development income initiatives	**1,200**	1,200	**4,200**	5,800	**7,400**	6,100	**11,000**	11,600	**23,800**	24,700
Total project area (in thousands of sq. ft.) – at 100%	**2,950**	3,200	**10,250**	12,390	**14,000**	12,450	**28,900**	29,200	**56,100**	57,240
Trust's share of project area (in thousands of sq. ft.)										
Recurring rental income initiatives	**1,000**	1,200	**4,450**	4,600	**4,300**	3,900	**12,500**	11,900	**22,250**	21,600
Development income initiatives	**400**	400	**3,650**	4,700	**4,700**	3,500	**10,200**	9,500	**18,950**	18,100
Total Trust's share of project area (in thousands of sq. ft.)	**1,400**	1,600	**8,100**	9,300	**9,000**	7,400	**22,700**	21,400	**41,200**	39,700
Section D										
Total estimated costs (in millions of dollars) – at 100% based on current planning budgets[2]	**1,200**	1,250	**5,700**	6,900	**8,000**	7,100	**–** [3]	– [3]	**14,900**	15,250
Trust's share of such estimated costs (in millions of dollars)	**550**	550	**4,450**	5,250	**5,000**	4,050	**–** [3]	– [3]	**10,000**	9,850

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

Status of Current Development Initiatives

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

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

The following table provides additional details on the Trust's 11 development initiatives that are currently under construction (in order of estimated initial occupancy/closing date):

Projects under construction (Location/Project Name)	Type	Trust's Share (%)	Estimated initial occupancy / closing date	% of completion	GFA[2] (sq. ft.)	No. of units
Vaughan / Transit City 4 Vaughan / Transit City 5	Condo	25	Q1 2023	87 %	—	1,026
Vaughan / The Millway	Apartment	50	Q1 2023	73 %	—	458
Brampton / Kingspoint Plaza	Self Storage	50	Q1 2023	91 %	133,000	969
Pickering (Seaton Lands)	Industrial	100	Q1 2023	79 %	241,000	—
Laval Centre	Apartment	50	Q2 2023	58 %	—	211
Markham East / Boxgrove	Self Storage	50	Q1 2024	38 %	133,332	910
Whitby	Self Storage	50	Q1 2024	16 %	126,135	811
Ottawa SW [1] Ottawa SW [1]	Retirement Residence Senior Apartments	50	Q1 2024	26 %	—	402
Vaughan NW	Townhouse	50	Q3 2024	14 %	—	174

	In millions of dollars
Total Capital Spend To Date at 100% [3]	**755.2**
Estimated Cost to Complete at 100%	**487.8**
Total Expected Capital Spend by Completion at 100% [3]	**1,243.0**
Total Capital Spend To Date at Trust's share [3]	**304.1**
Estimated Cost to Complete at Trust's share	**234.9**
Total Expected Capital Spend by Completion at Trust's share [3]	**539.0**

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

SmartVMC Development Initiatives

In December 2021, the Trust acquired a two-thirds interest in approximately 53.0 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 foot KPMG tower, with 98% of the office space leased;
ii) the 225,000 square foot PwC-YMCA office and community-use complex, with fully occupied office space and community-use space, including a new world-class YMCA facility and municipal library, both of which opened in 2022;
iii) the new 140,000 square foot Walmart store which opened in 2020; and
iv) the development of high-rise residential, with details of each previously announced residential phase discussed below.

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

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

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

Project	Storeys	Type	Estimated Total Building Area (sq. ft./units)	Expected Completion Year	Trust's Share (%)
KPMG Tower	15	Office	330,000 sq. ft.	Completed	50
KPMG Tower	N/A	Retail	30,000 sq. ft.	Completed	50
PwC-YMCA Complex/Tower	9	Office	225,000 sq. ft. (1)	Completed	50
Office Tower #3 – Proposed	TBD(2)	Office	500,000 sq. ft.	2028	50
Office Tower #4 – Proposed	TBD(2)	Office	500,000 sq. ft.	2029	50
			1,585,000 sq. ft.		
The Millway	36	Apartments	458 units (3)	2023	50
Transit City 1	55	Condo	551 units	Completed (2020)	25
Transit City 2	55	Condo	559 units	Completed (2020)	25
Transit City 1 and 2 Townhomes	N/A	Townhomes	22 units	Completed (2022)	25
Transit City 3	55	Condo	631 units	Completed (2021)	25
Transit City 4 and 5	45 and 50	Condo	1,026 units (3)	2023	25
ArtWalk	38,18 and 6	Condo/ Apartments	627 units	2026–2027	50
Park Place	48 and 56	Condo	1,094 units	2027	67
Apple Mill Road and Jane Street	64	Condo	798 units	TBD	50
			5,766 units		

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

Residential and Other Mixed-Use Development Initiatives

In addition to the Trust's 11 development initiatives that are currently under construction, the following table shows the mixed-use development initiatives which have been completed during the last three years:

Project	Type	Estimated Total Building Area (sq. ft./units)	Year of Construction Completion(1)	Trust's Share (%)
Laval Phase 1 (QC)	Residential rental	171 units	2020	50
Mascouche N Phase 1 (QC)	Residential rental	238 units	2022	80
Leaside SmartStop (ON)	Self-storage facility	133,714 sq. ft. (998 units)	2020	50
Vaughan NW SmartStop (ON)	Self-storage facility	118,067 sq. ft. (875 units)	2021	50
Brampton SmartStop (ON)	Self-storage facility	134,687 sq. ft. (1,052 units)	2021	50
Oshawa S SmartStop (ON)	Self-storage facility	132,812 sq. ft. (948 units)	2021	50
Scarborough E SmartStop (ON)	Self-storage facility	136,969 sq. ft. (974 units)	2021	50
Aurora SmartStop (ON)	Self-storage facility	140,000 sq. ft. (926 units)	2022	50

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

In addition, the Trust is currently working on initiatives for the development of many properties for which final municipal approvals have been obtained or are being actively pursued. Completion, milestone or occupancy dates of each of the projects described below may be delayed or adversely impacted.

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

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

iii. the development of up to 5.5 million square feet of predominately residential space, in various forms, at Oakville North in Oakville, Ontario, with the official plan and zoning amendment applications for an initial two-tower 587-unit residential phase submitted in 2021, and a supporting site plan application submitted in March 2022;

iv. the development of up to 2.6 million square feet of predominately residential space, in various forms, at the Westside Mall in Toronto, Ontario, with a zoning application for the first 35-storey mixed-use tower submitted in 2021 and work continuing collaboratively with the City. The by-law is anticipated to be presented at Council in spring/summer 2023 for approval. A site plan application is being concurrently processed;

v. the development of up to 1.5 million square feet of residential space in various forms on the Trust's undeveloped lands at the Vaughan NW property in Vaughan, Ontario. Approximately 60% of the 174 draft plan approved townhomes have been pre-sold, lot servicing has been completed, and new home construction is soon expected to commence. Official Plan and Zoning Approval was obtained in June 2022 for five mid-rise buildings, of which Site Plan Approval was obtained for the Phase I development of a seniors' apartment building and a separate retirement residence, both of which are to be developed in partnership with Revera;

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

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

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

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

x. the development of a 35-storey high-rise purpose-built residential rental tower containing 442 units, on Balliol Street in midtown Toronto, Ontario, with zoning and site plan applications submitted in September 2020. A second submission of these applications was made in July 2021. A third submission of these applications was made in March 2022. Zoning approval was received in July 2022 and site plan approval is expected in Q2 2023;

xi. the development of up to 1,600 residential units, in various forms, in Mascouche, Quebec, with the first phase consisting of 238 units in two 10-storey rental towers approved by municipal council in August 2020. Construction began in April 2021 and the first four floors opened in July 2022, with the remaining six floors opened in sequence until the last and 10th floor was made available on November 1, 2022. Construction of a second phase is expected to commence in Q2 2023;

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

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

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

xv. 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 2023. Master plan of development for the site is subject to approval;

xvi. the development of a new residential block consisting of three phases totalling 500 units at Laval Centre in Quebec. The application for architecture approval for Phase 1 (155 units) and Phase 2 (155 units) was submitted in Q4 2021 and approved in Q3 2022. The application for the construction permit was made in Q4 2022. Issuance of the construction permit is expected in Q2 2023;

xvii. the Trust is planning the redevelopment of a portion of its 73-acre Cambridge retail property (subject to a leasehold interest with Penguin) which now allows various forms of residential, retail, office, institutional and commercial uses, providing for the creation of a vibrant urban community with the potential for over 12.0 million square feet of development on the overall property once completed. Work is underway to start the site plan approval process for an initial phase for a high-rise condominium and a mid-rise apartment. Discussions with City staff continue as a site plan application submission is anticipated in 2023;

xviii. 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 nine-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;

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

xx. the development of up to 900,000 square feet of predominately residential space on Yonge St. in Aurora, Ontario, with rezoning applications for the entire site and site plan submitted for Phase 1 in July 2021 and resubmitted in April 2022;

xxi. the Q4 2020 acquisition of a 50% interest in a property in downtown Markham for the development of a 243,000 square foot retirement residence with Revera. The rezoning application was submitted in December 2020, and an appeal was filed in July 2022 for the initial Official Plan Amendment & Zoning By-law Amendment submission;

xxii. the development of approximately 900,000 square feet of residential density on the Trust's Parkway Plaza Centre in Stoney Creek, Ontario, with a rezoning application underway that includes a Phase 1 development of a two-tower (each 20 storeys), approximately 400,000 square foot, 494-unit condo project. The proposal was presented at the Hamilton Design Review Panel in March 2022 and a public information meeting was held in May 2022. Design changes were incorporated, and the rezoning application was resubmitted in Q4 2022; and

xxiii. during the second quarter of 2022, the Trust completed the purchase of approximately 38 acres of industrial lands in Pickering, adjacent to Hwy 407, on which the Trust received approval to build 241,000 square feet of space for the 16-acre Phase 1 development, of which 53% has already been pre-leased, and completion is currently scheduled for Q1 2023.

Residential Development Inventory

Vaughan NW Residential Development
As reflected in the Trust's consolidated financial statements for the year ended December 31, 2022, 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 December 31, 2022, approximately 60% of the planned 174 townhomes have been pre-sold within the initial three phases of the sales program and closings are now expected in 2024.

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

(in thousands of dollars)	**Year Ended December 31, 2022**	Year Ended December 31, 2021
Balance – beginning of year	**27,399**	25,795
Development costs	**11,931**	646
Capitalized interest for the period	**1,043**	958
Balance – end of year	**40,373**	27,399

Properties Under Development

As at December 31, 2022, the fair value of properties under development including properties under development recorded in equity accounted investments totalled $2,337.4 million as compared to $1,970.4 million at December 31, 2021, resulting in a net increase of $367.0 million presented in the following table. The net increase of $367.0 million was primarily due to the $237.7 million adjustment attributed to changes in the market and the progress made on planning entitlements recorded in Q1 2022, and the $161.9 million development expenditures incurred during the year ended December 31, 2022. For additional details on the factors influencing this change, see "Investment Properties".

(in thousands of dollars)	**December 31, 2022**	December 31, 2021	Variance ($)
Developments	**1,698,652**	1,391,301	307,351
Earnouts subject to option agreements(1)	**54,847**	60,700	(5,853)
Total	**1,753,499**	1,452,001	301,498
Equity accounted investments	**583,898**	518,427	65,471
Total including equity accounted investments(2)	**2,337,397**	1,970,428	366,969
Less: properties under development classified as held for sale	**(58,371)**	—	(58,371)
Total including equity accounted investments (excluding properties classified as held for sale)(2)	**2,279,026**	1,970,428	308,598

(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, 2022. 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 2.2 million square feet. With respect to the future pipeline, commitments have been negotiated on 0.3 million square feet. The Trust continues to revise its estimates and adjust its plans towards mixed-use developments.

The following table summarizes the expected potential future retail pipeline in properties under development as at December 31, 2022:

(in thousands of square feet)	**Committed**	**Years 0–2**	**Years 3–5**	**Beyond Year 5**	**Total(1)**
Developments	242	576	620	124	**1,562**
Earnouts	18	26	77	—	**121**
	260	602	697	124	**1,683**
Mezzanine Financing	—	—	—	488	**488**
	260	602	697	612	**2,171**

(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, 2022, the future retail properties under development pipeline increased by 0.1 million square feet to a total of 1.7 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, 2022	1,540
Add:	
Net adjustment to project densities	654
Less:	
Completion of Earnouts and Developments	(511)
Net change	143
Future retail properties under development pipeline – December 31, 2022	**1,683**

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	240,556	59,429	470,449	770,434	315,862	454,572
Earnouts	25,099	—	31,624	56,723	23,515	33,208
	265,655	**59,429**	**502,073**	**827,157**	**339,377**	**487,780**

Approximately 6.9% of the retail properties under development, representing a proportion of gross investment cost (committed and uncommitted) relating to Earnouts ($65.7 million, divided by total estimated costs of $946.8 million), representing 121,000 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 1.6 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, 2022, $87.5 million of Earnouts and Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, as compared to $9.1 million in the same period in 2021.

	Three Months Ended December 31, 2022		Three Months Ended December 31, 2021	
	Area (sq. ft.)	**Investment ($ millions)**	Area (sq. ft.)	Investment ($ millions)
Earnouts	**26,450**	**1.1**	—	—
Retail Developments	**7,439**	**4.0**	—	—
Redevelopment – transfers from properties under development to income properties	**47,189**	**1.1**	9,840	1.2
Developments – equity accounted investments	**165,348**	**56.4**	—	—
Self-storage facilities – equity accounted investments	**140,268**	**24.9**	45,220	7.9
	386,694	**87.5**	55,060	9.1

For the year ended December 31, 2022, $131.6 million of Earnouts and Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, as compared to $94.6 million in the same period in 2021.

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Area (sq. ft.)	**Investment ($ millions)**	Area (sq. ft.)	Investment ($ millions)
Earnouts[1]	**32,341**	**2.7**	47,631	14.7
Retail Developments	**11,278**	**8.3**	5,379	3.1
Redevelopment – transfers from properties under development to income properties	**161,869**	**39.3**	142,217	30.4
Developments – equity accounted investments	**165,348**	**56.4**	12,032	13.0
Self-storage facilities – equity accounted investments	**140,268**	**24.9**	182,752	33.4
	511,104	**131.6**	390,011	94.6

(1) The Earnouts for the year ended December 31, 2022 excluded one land parcel sale totalling $5.6 million of investment and the area for this parcel sale is not reflected in the table above (for the year ended December 31, 2021: one land parcel sale totalling $4.7 million of investment was excluded).

The following table summarizes future retail Developments, Earnouts and Mezzanine Financing as at December 31, 2022:

	Area (sq. ft.)	**Total Area (%)**	**Income ($000s)**	**Gross Commitment ($000s)**	**Invested To Date ($000s)**	**Net Commitment ($000s)**	**Yield / Cap Rate (%)**
Developments							
Committed Developments							
2023	71,952	4.3	1,073	23,270 (2)	11,118 (2)	12,152	4.6 (3)
2024 and beyond	170,347	10.1	4,889	87,329 (2)	29,711 (2)	57,617	5.6 (3)
Total Committed Developments	**242,299**	**14.4**	**5,962**	**110,599**	**40,829**	**69,769**	**5.4**
Uncommitted Developments							
2023	159,919	9.5	2,063	51,287 (2)	33,793 (2)	17,494	4.0 (3)
2024 and beyond	1,159,682	68.9	24,758	419,162 (2)	120,794 (2)	298,368	5.9 (3)
Total Uncommitted Developments	**1,319,601**	**78.4**	**26,821**	**470,449**	**154,587**	**315,862**	**5.7**
Total Developments	**1,561,900**	**92.8**	**32,783**	**581,048**	**195,416** (1)	**385,631**	**5.6**
Earnouts							
Committed Earnouts							
2022	17,205	1.1	524	8,656	4,718	3,938	6.1
2023 and beyond	747	—	23	357	1,096	(739)	6.5
Total Committed Earnouts	**17,952**	**1.1**	**547**	**9,013**	**5,814**	**3,199**	**6.1**
Uncommitted Earnouts							
2022	9,181	0.5	138	2,079	421	1,658	6.7
2023 and beyond	93,823	5.6	2,045	29,544	7,687	21,858	6.9
Total Uncommitted Earnouts	**103,004**	**6.1**	**2,183**	**31,623**	**8,108**	**23,516**	**6.9**
Total Earnouts	**120,956**	**7.2**	**2,730**	**40,636**	**13,922** (1)	**26,715**	**6.7**
Total Before Non-cash Development Cost	**1,682,856**	**100.0**	**35,513**	**621,684**	**209,338**	**412,346**	**5.7**
Non-cash development cost (4)					16,388 (1)		
Land / Intensification projects					1,527,773 (1)		
Equity accounted investments					582,875 (1)		
Total	**1,682,856**	**100.0**	**35,513**	**621,684**	**2,336,374** (1)	**412,346**	**5.7**
Options through Mezzanine Financing	**488,440**						
Total Potential Pipeline	**2,171,296**						

(1) Under "Completed and Future Earnouts and Developments on Existing Properties" in the MD&A for the year ended December 31, 2022, Earnouts of $54.8 million, Developments of $1,698.7 million and Equity Accounted Investments of $582.9 million comprise the total amount of $2,336.4 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 4.5%, 5.4%, 3.5%, and 5.3%, 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, 2022. This information should be read in conjunction with the Trust's consolidated financial statements for the year ended December 31, 2022.

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)	Year Ended December 31, 2022			Year Ended December 31, 2021		
	GAAP Basis	**Proportionate Share Reconciliation** (1)	**Total Proportionate Share** (2)	GAAP Basis	Proportionate Share Reconciliation (1)	Total Proportionate Share (2)
Assets						
Non-current assets						
Investment properties	**10,208,071**	**957,354**	**11,165,425**	9,847,078	837,451	10,684,529
Equity accounted investments	**680,999**	**(680,999)**	**—**	654,442	(654,442)	—
Mortgages, loans and notes receivable	**238,099**	**(76,994)**	**161,105**	345,089	(69,576)	275,513
Other financial assets	**171,807**	**—**	**171,807**	97,148	—	97,148
Other assets	**83,230**	**8,977**	**92,207**	80,940	7,465	88,405
Intangible assets	**43,807**	**—**	**43,807**	45,139	—	45,139
	11,426,013	**208,338**	**11,634,351**	11,069,836	120,898	11,190,734
Current assets						
Assets held for sale	**42,321**	**16,050**	**58,371**	—	—	—
Residential development inventory	**40,373**	**113,207**	**153,580**	27,399	67,828	95,227
Current portion of mortgages, loans and notes receivable	**86,593**	**—**	**86,593**	71,947	—	71,947
Amounts receivable and other	**57,124**	**(7,033)**	**50,091**	49,542	(8,637)	40,905
Prepaid expenses, deposits and deferred financing costs	**14,474**	**15,807**	**30,281**	12,289	13,118	25,407
Cash and cash equivalents	**35,255**	**35,419**	**70,674**	62,235	7,922	70,157
	276,140	**173,450**	**449,590**	223,412	80,231	303,643
Total assets	**11,702,153**	**381,788**	**12,083,941**	11,293,248	201,129	11,494,377
Liabilities						
Non-current liabilities						
Debt	**4,523,987**	**212,928**	**4,736,915**	4,176,121	93,465	4,269,586
Other financial liabilities	**277,400**	**—**	**277,400**	326,085	—	326,085
Other payables	**17,265**	**—**	**17,265**	18,243	—	18,243
	4,818,652	**212,928**	**5,031,580**	4,520,449	93,465	4,613,914
Current liabilities						
Current portion of debt	**459,278**	**63,860**	**523,138**	678,406	35,086	713,492
Accounts payable and current portion of other payables	**261,122**	**105,000**	**366,122**	253,078	72,578	325,656
	720,400	**168,860**	**889,260**	931,484	107,664	1,039,148
Total liabilities	**5,539,052**	**381,788**	**5,920,840**	5,451,933	201,129	5,653,062
Equity						
Trust Unit equity	**5,126,197**	**—**	**5,126,197**	4,877,961	—	4,877,961
Non-controlling interests	**1,036,904**	**—**	**1,036,904**	963,354	—	963,354
	6,163,101	**—**	**6,163,101**	5,841,315	—	5,841,315
Total liabilities and equity	**11,702,153**	**381,788**	**12,083,941**	11,293,248	201,129	11,494,377

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

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

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

Quarterly Comparison to Prior Year

(in thousands of dollars)	**Three Months Ended December 31, 2022**			Three Months Ended December 31, 2021			
	GAAP Basis	**Proportionate Share Reconciliation**	**Total Proportionate Share[1]**	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share[1]	Variance of Total Proportionate Share[1]
Net rental income and other							
Rentals from investment properties and other	**206,223**	**8,441**	**214,664**	192,850	5,974	198,824	15,840
Property operating costs and other	**(77,062)**	**(3,779)**	**(80,841)**	(65,896)	(3,144)	(69,040)	(11,801)
	129,161	**4,662**	**133,823**	126,954	2,830	129,784	4,039
Condo and townhome closings revenue and other[2]	**—**	**—**	**—**	—	—	—	—
Condo and townhome cost of sales and other	**(10)**	**(181)**	**(191)**	—	(67)	(67)	(124)
	(10)	**(181)**	**(191)**	—	(67)	(67)	(124)
NOI	**129,151**	**4,481**	**133,632**	126,954	2,763	129,717	3,915
Other income and expenses							
General and administrative expense, net	**(7,790)**	**—**	**(7,790)**	(8,703)	(534)	(9,237)	1,447
Earnings from equity accounted investments	**(113)**	**113**	**—**	160,049	(160,049)	—	—
Fair value adjustment on revaluation of investment properties	**13,377**	**(1,418)**	**11,959**	420,418	160,289	580,707	(568,748)
Gain (loss) on sale of investment properties	**531**	**—**	**531**	(64)	—	(64)	595
Interest expense	**(40,342)**	**(3,846)**	**(44,188)**	(35,654)	(1,355)	(37,009)	(7,179)
Interest income	**5,496**	**1,408**	**6,904**	2,745	11	2,756	4,148
Supplemental costs	**—**	**(738)**	**(738)**	—	(1,125)	(1,125)	387
Fair value adjustment on financial instruments	**—**	**—**	**—**	(10,873)	—	(10,873)	10,873
Acquisition-related costs	**—**	**—**	**—**	(2,791)	—	(2,791)	2,791
Net income and comprehensive income	**100,310**	**—**	**100,310**	652,081	—	652,081	(551,771)

(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, 2022, net income and comprehensive income (as noted in the table above) decreased by $551.8 million as compared to the same period in 2021. This decrease was primarily attributed to the following:

- $568.7 million decrease in fair value adjustments on revaluation of investment properties, including adjustments relating to assets held for sale, primarily due to increase in fair value of certain properties under development in Q4 2021 as a result of changes in the market and the progress made on planning entitlements (see details in the "Investment Property" section); and
- $7.2 million increase in interest expense (see further details in the "Interest Income and Interest Expense" subsection);

Partially offset by the following:

- $10.9 million increase in fair value adjustment on financial instruments primarily due to fluctuations in the Trust's Unit price;
- $4.1 million increase in interest income mainly due to higher interest rates;
- $3.9 million increase in NOI (see further details in the "Net Operating Income" subsection);
- $2.8 million decrease in acquisition-related costs related to the SmartVMC West acquisition in 2021; and
- $1.4 million decrease in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section).

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Year Ended December 31, 2022**			Year Ended December 31, 2021			
	GAAP Basis	**Proportionate Share Reconciliation**	**Total Proportionate Share[(1)]**	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share[(1)]	Variance of Total Proportionate Share[(1)]
Net rental income and other							
Rentals from investment properties and other	**804,598**	**28,643**	**833,241**	780,796	21,530	802,326	30,915
Property operating costs and other	**(301,559)**	**(13,467)**	**(315,026)**	(294,956)	(9,719)	(304,675)	(10,351)
	503,039	**15,176**	**518,215**	485,840	11,811	497,651	20,564
Condo and townhome closings revenue and other[(2)]	**—**	**4,524**	**4,524**	—	76,837	76,837	(72,313)
Condo and townhome cost of sales and other	**(435)**	**(3,784)**	**(4,219)**	—	(56,366)	(56,366)	52,147
	(435)	**740**	**305**	—	20,471	20,471	(20,166)
NOI	**502,604**	**15,916**	**518,520**	485,840	32,282	518,122	398
Other income and expenses							
General and administrative expense, net	**(33,269)**	**(107)**	**(33,376)**	(31,922)	(610)	(32,532)	(844)
Earnings from equity accounted investments	**4,199**	**(4,199)**	**—**	211,420	(211,420)	—	—
Fair value adjustment on revaluation of investment properties	**201,834**	**624**	**202,458**	491,528	187,728	679,256	(476,798)
Gain (loss) on sale of investment properties	**315**	**(241)**	**74**	27	—	27	47
Interest expense	**(148,702)**	**(7,798)**	**(156,500)**	(144,540)	(5,437)	(149,977)	(6,523)
Interest income	**18,036**	**453**	**18,489**	12,341	75	12,416	6,073
Supplemental costs	**—**	**(4,648)**	**(4,648)**	—	(2,618)	(2,618)	(2,030)
Fair value adjustment on financial instruments	**91,246**	**—**	**91,246**	(34,227)	—	(34,227)	125,473
Acquisition-related costs	**(298)**	**—**	**(298)**	(2,791)	—	(2,791)	2,493
Net income and comprehensive income	**635,965**	**—**	**635,965**	987,676	—	987,676	(351,711)

(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, 2022, net income and comprehensive income (as noted in the table above) decreased by $351.7 million as compared to the same period in 2021. This decrease was primarily attributed to the following:

- $476.8 million decrease in fair value adjustments on revaluation of investment properties primarily due to increase in fair value of certain properties under development in Q4 2021 as a result of changes in the market and the progress made on planning entitlements (see details in the "Investment Property" section);
- $6.5 million increase in interest expense (see further details in the "Interest Income and Interest Expense"); and
- $2.8 million increase in supplemental costs and in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section);

Partially offset by the following:

- $125.5 million increase in fair value adjustment on financial instruments primarily due to fluctuations in the Trust's Unit price and increase in fair value adjustments pertaining to interest rate swap agreements due to fluctuation in the interest rate (see further details in the "Debt" subsection);
- $6.1 million increase in interest income mainly due to higher interest rates; and
- $2.5 million decrease in acquisition-related costs related to the SmartVMC West acquisition in 2021.

Net Operating Income

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

Quarterly Comparison to Prior Year

(in thousands of dollars)	**Three Months Ended December 31, 2022**			Three Months Ended December 31, 2021			
	Trust portion excluding EAI	**Equity Accounted Investments**	**Total Proportionate Share[(1)]**	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share[(1)]	Variance of Total Proportionate Share[(1)]
			(A)			(B)	(A–B)
Net base rent	**127,941**	**5,260**	**133,201**	125,037	3,534	128,571	4,630
Property tax and insurance recoveries	**42,833**	**807**	**43,640**	35,020	507	35,527	8,113
Property operating cost recoveries	**25,552**	**1,574**	**27,126**	21,670	960	22,630	4,496
Miscellaneous revenue	**4,979**	**1,171**	**6,150**	7,479	973	8,452	(2,302)
Rentals from investment properties	**201,305**	**8,812**	**210,117**	189,206	5,974	195,180	14,937
Service and other revenues	**4,547**	**—**	**4,547**	3,606	—	3,606	941
Earnings from other	**371**	**(371)**	**—**	38	—	38	(38)
Rentals from investment properties and other[(2)]	**206,223**	**8,441**	**214,664**	192,850	5,974	198,824	15,840
Recoverable tax and insurance costs	**(43,818)**	**(755)**	**(44,573)**	(36,015)	(547)	(36,562)	(8,011)
Recoverable CAM costs	**(28,662)**	**(1,311)**	**(29,973)**	(25,165)	(1,051)	(26,216)	(3,757)
Property management fees and costs	**(1,090)**	**(314)**	**(1,404)**	(586)	(215)	(801)	(603)
Non-recoverable operating costs	**266**	**(1,317)**	**(1,051)**	(2,094)	(1,273)	(3,367)	2,316
ECL	**792**	**(82)**	**710**	1,603	(58)	1,545	(835)
Property operating costs	**(72,512)**	**(3,779)**	**(76,291)**	(62,257)	(3,144)	(65,401)	(10,890)
Other expenses	**(4,550)**	**—**	**(4,550)**	(3,639)	—	(3,639)	(911)
Property operating costs and other[(2)]	**(77,062)**	**(3,779)**	**(80,841)**	(65,896)	(3,144)	(69,040)	(11,801)
Net rental income and other	**129,161**	**4,662**	**133,823**	126,954	2,830	129,784	4,039
Condo and townhome closings revenue	**—**	**—**	**—**	—	—	—	—
Condo and townhome cost of sales	**—**	**(181)**	**(181)**	—	—	—	(181)
Marketing and selling costs	**(10)**	**—**	**(10)**	—	(67)	(67)	57
Net profit on condo and townhome closings	**(10)**	**(181)**	**(191)**	—	(67)	(67)	(124)
NOI[(3)]	**129,151**	**4,481**	**133,632**	126,954	2,763	129,717	3,915
Net rental income and other as a percentage of net base rent (%)	**101.0**	**88.6**	**100.5**	101.5	80.1	100.9	(0.4)
Net rental income and other as a percentage of rentals from investment properties (%)	**64.2**	**52.9**	**63.7**	67.1	47.4	66.5	(2.8)
Net rental income and other as a percentage of rentals from investment properties and other (%)	**62.6**	**55.2**	**62.3**	65.8	47.4	65.3	(3.0)
Recovery Ratio (including prior year adjustments) (%)	**94.4**	**115.2**	**94.9**	92.7	91.8	92.6	2.3
Recovery Ratio (excluding prior year adjustments) (%)	**91.5**	**132.8**	**92.7**	92.6	114.9	93.0	(0.3)

(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, 2022 and December 31, 2021. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(2) As reflected under the column "Trust portion excluding EAI" in the table above, this amount represents a GAAP measure.

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

NOI for the three months ended December 31, 2022 increased by $3.9 million or 3.0% as compared to the same period in 2021. This increase was primarily attributed to the following:

- $4.6 million net increase in base rent, of which: i) $1.8 million relates to the acquisition of an additional interest in investment properties in Q1 2022, ii) $1.3 million relates to self-storage facility and apartment rentals, iii) $0.4 million relates to the Premium Outlet locations in both Toronto and Montreal, and iv) $1.1 million relates to other properties with lease-up, higher short-term and parking revenue; and
- $2.3 million decrease in non-recoverable operating costs mainly due to vaccination centre expenses;

Partially offset by the following:

- $2.3 million decrease in miscellaneous revenue mainly due to lower lease termination revenue.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	Year Ended December 31, 2022			Year Ended December 31, 2021			
	Trust portion excluding EAI	**Equity Accounted Investments**	**Total Proportionate Share(1)**	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share(1)	Variance of Total Proportionate Share(1)
			(A)			(B)	(A–B)
Net base rent	**508,023**	**18,378**	**526,401**	494,992	13,098	508,090	18,311
Property tax and insurance recoveries	**171,874**	**3,029**	**174,903**	169,180	2,354	171,534	3,369
Property operating cost recoveries	**93,407**	**4,681**	**98,088**	83,852	3,389	87,241	10,847
Miscellaneous revenue	**15,393**	**3,804**	**19,197**	17,891	2,689	20,580	(1,383)
Rentals from investment properties	**788,697**	**29,892**	**818,589**	765,915	21,530	787,445	31,144
Service and other revenues	**14,652**	**—**	**14,652**	14,843	—	14,843	(191)
Earnings from other	**1,249**	**(1,249)**	**—**	38	—	38	(38)
Rentals from investment properties and other(2)	**804,598**	**28,643**	**833,241**	780,796	21,530	802,326	30,915
Recoverable tax and insurance costs	**(176,876)**	**(3,042)**	**(179,918)**	(176,239)	(2,360)	(178,599)	(1,319)
Recoverable CAM costs	**(102,721)**	**(4,535)**	**(107,256)**	(91,468)	(3,364)	(94,832)	(12,424)
Property management fees and costs	**(4,288)**	**(1,004)**	**(5,292)**	(1,469)	(688)	(2,157)	(3,135)
Non-recoverable operating costs	**(6,465)**	**(4,695)**	**(11,160)**	(7,246)	(3,253)	(10,499)	(661)
ECL	**3,448**	**(191)**	**3,257**	(3,652)	(54)	(3,706)	6,963
Property operating costs	**(286,902)**	**(13,467)**	**(300,369)**	(280,074)	(9,719)	(289,793)	(10,576)
Other expenses	**(14,657)**	**—**	**(14,657)**	(14,882)	—	(14,882)	225
Property operating costs and other(2)	**(301,559)**	**(13,467)**	**(315,026)**	(294,956)	(9,719)	(304,675)	(10,351)
Net rental income and other	**503,039**	**15,176**	**518,215**	485,840	11,811	497,651	20,564
Condo and townhome closings revenue	**—**	**4,524**	**4,524**	—	76,837	76,837	(72,313)
Condo and townhome cost of sales	**—**	**(3,295)**	**(3,295)**	—	(56,102)	(56,102)	52,807
Marketing and selling costs	**(435)**	**(489)**	**(924)**	—	(264)	(264)	(660)
Net profit on condo and townhome closings	**(435)**	**740**	**305**	—	20,471	20,471	(20,166)
NOI(3)	**502,604**	**15,916**	**518,520**	485,840	32,282	518,122	398
Net rental income and other as a percentage of net base rent (%)	**99.0**	**82.6**	**98.4**	98.1	90.2	97.9	0.5
Net rental income and other as a percentage of rentals from investment properties (%)	**63.8**	**50.8**	**63.3**	63.4	54.9	63.2	0.1
Net rental income and other as a percentage of rentals from investment properties and other (%)	**62.5**	**53.0**	**62.2**	62.2	54.9	62.0	0.2
Recovery Ratio (including prior year adjustments) (%)	**94.9**	**101.8**	**95.1**	94.5	100.3	94.6	0.5
Recovery Ratio (excluding prior year adjustments) (%)	**94.2**	**100.9**	**94.4**	94.6	103.3	94.8	(0.4)

(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, 2022 and December 31, 2021. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and, accordingly, may not be comparable. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures".

(2) As reflected under the column "Trust portion excluding EAI" in the table above, this amount represents a GAAP measure.

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

NOI for the year ended December 31, 2022 increased by $0.4 million or 0.1% as compared to the same period in 2021. This increase was primarily attributed to the following:

- $18.3 million net increase in base rent, of which: i) $6.0 million relates to the acquisition of an additional interest in investment properties in Q1 2022, ii) $3.9 million relates to self-storage facility and apartment rentals, iii) $2.1 million relates to the Premium Outlet locations in both Toronto and Montreal, and iv) $6.3 million relates to other properties with lease-up, higher short-term and parking revenue, and lower rent abatements provided in the comparable period; and
- $7.0 million decrease in expected credit losses principally due to settlement of certain tenant receivables; and

Partially offset by the following:

- $20.1 million decrease in net profit on condo and townhome unit closings;
- $3.1 million increase in property management fees and costs; and
- $1.4 million decrease in miscellaneous revenue mainly due to lower lease termination revenue.

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, 2022**	Three Months Ended December 31, 2021	Variance ($)	Variance (%)
Net rental income	**129,154**	126,987	2,167	1.7
Service and other revenues	**4,547**	3,606	941	26.1
Other expenses	**(4,550)**	(3,639)	(911)	25.0
NOI(1)	**129,151**	126,954	2,197	1.7
NOI from equity accounted investments(1)	**4,481**	2,763	1,718	62.2
Total portfolio NOI before adjustments(1)	**133,632**	129,717	3,915	3.0
Adjustments:				
Royalties	**299**	285	14	4.9
Straight-line rent	**(34)**	(154)	120	(77.9)
Lease termination and other adjustments	**(82)**	(3,476)	3,394	N/R(2)
Net profit on condo and townhome closings(3)	**190**	108	82	75.9
Amortization of tenant incentives	**2,026**	1,725	301	17.4
Total portfolio NOI after adjustments(1)	**136,031**	128,205	7,826	6.1
NOI sourced from:				
Acquisitions	**(2,161)**	451	(2,612)	N/R(2)
Dispositions	**3**	(280)	283	(101.1)
Earnouts and Developments	**(384)**	—	(384)	N/R(2)
Same Properties NOI(1)	**133,489**	128,376	5,113	4.0
Add back: ECL	**(710)**	(1,545)	835	(54.0)
Same Properties NOI excluding ECL(1)	**132,779**	126,831	5,948	4.7

(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) Includes marketing costs.

"Same Properties" in the table above refers to those income properties that were owned by the Trust from October 1, 2021 to December 31, 2021 and from October 1, 2022 to December 31, 2022.

The Same Properties NOI for the three months ended December 31, 2022 increased by $5.1 million or 4.0% as compared to the same period in 2021, which was primarily due to the following:

- $3.5 million increase in rental revenue mainly attributable to: i) $0.9 million higher retail rental revenue and percentage rent principally due to the Premium Outlet locations in both Toronto and Montreal, ii) $2.2 million increase in other properties due to lease-up, higher short-term and parking revenue, and iii) $0.4 million higher self-storage facility rental revenue; and
- $1.7 million decrease in non-recoverable operating costs primarily due to lower vaccination centre expenses.

Excluding the impact of ECL, Same Properties NOI would have been $132.8 million representing an increase of $5.9 million or 4.7% as compared to the same period in 2021.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Year Ended December 31, 2022**	Year Ended December 31, 2021	Variance ($)	Variance (%)
Net rental income	**502,609**	485,879	16,730	3.4
Service and other revenues	**14,652**	14,843	(191)	(1.3)
Other expenses	**(14,657)**	(14,882)	225	1.5
NOI(1)	**502,604**	485,840	16,764	3.5
NOI from equity accounted investments(1)	**15,916**	32,282	(16,366)	(50.7)
Total portfolio NOI before adjustments(1)	**518,520**	518,122	398	0.1
Adjustments:				
Royalties	**1,115**	960	155	16.1
Straight-line rent	**(437)**	(883)	446	(50.5)
Lease termination and other adjustments	**(214)**	(5,240)	5,026	(95.9)
Net profit on condo and townhome closings(3)	**(242)**	(20,425)	20,183	(98.8)
Amortization of tenant incentives	**7,646**	7,614	32	0.4
Total portfolio NOI after adjustments(1)	**526,388**	500,148	26,240	5.2
Less NOI sourced from:				
Acquisitions	**(7,835)**	524	(8,359)	N/R(2)
Dispositions	**(9)**	(1,744)	1,735	(99.5)
Earnouts and Developments	**(4,300)**	(1,142)	(3,158)	N/R(2)
Same Properties NOI(1)	**514,244**	497,786	16,458	3.3
Add back: ECL	**(3,257)**	3,706	(6,963)	N/R(2)
Same Properties NOI excluding ECL(1)	**510,987**	501,492	9,495	1.9

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

"Same Properties" in the table above refers to those income properties that were owned by the Trust from January 1, 2021 to December 31, 2021 and from January 1, 2022 to December 31, 2022.

The Same Properties NOI for the year ended December 31, 2022 increased by $16.5 million or 3.3% as compared to the same period in 2021, which was primarily due to the following:

- $11.4 million increase in rental revenue mainly attributable to: i) $4.7 million higher retail rental revenue and percentage rent due principally to the Premium Outlet locations in both Toronto and Montreal, ii) $5.5 million increase in other properties due to lease-up, higher short-term and parking revenue, and iii) $1.2 million higher self-storage facility rental revenue; and
- $7.0 million decrease in expected credit losses, which was higher in the comparative period to reflect the continued impact of the COVID-19 pandemic;

Partially offset by the following:

- $1.9 million increase in non-recoverable operating costs primarily due to management fees, costs related to marketing and non-retail expenses from self-storage properties and apartments.

Excluding the impact of ECL, Same Properties NOI would have been $511.0 million representing an increase of $9.5 million or 1.9% as compared to the same period in 2021.

Due to the various uncertainties pertaining to the COVID-19 pandemic, management is unable to reliably and accurately predict 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, 2022**	12 Months Ended December 31, 2021	Variance ($)
Net income and comprehensive income	**635,965**	987,676	(351,711)
Add (deduct) the following items:			
Interest expense	**156,500**	149,977	6,523
Interest income	**(18,036)**	(12,341)	(5,695)
Amortization of equipment and intangible assets	**3,604**	3,778	(174)
Amortization of tenant improvements	**7,474**	7,872	(398)
Fair value adjustments on revaluation of investment properties	**(202,458)**	(679,256)	476,798
Fair value adjustments on revaluation of financial instruments	**(91,246)**	34,227	(125,473)
Fair value adjustment on TRS	**(4,918)**	5,642	(10,560)
Adjustment for supplemental costs	**4,648**	2,618	2,030
Gain on sale of investment properties	**(74)**	(27)	(47)
Gain on sale of land to co-owners (Transactional FFO)	**—**	1,923	(1,923)
Acquisition-related costs	**298**	2,791	(2,493)
Adjusted EBITDA(1)	**491,757**	504,880	(13,123)
Less: Condo and townhome closings	**(305)**	(20,471)	20,166
Add: ECL	**(3,257)**	3,706	(6,963)
Adjusted EBITDA excluding condo and townhome closings and ECL(1)	**488,195**	488,115	80

(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, 2022 and December 31, 2021, unless otherwise stated, do not include any assumptions and 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 January 2022. It is the Trust's view that IFRS net income does not necessarily provide a complete measure of the Trust's recurring operating performance. This is primarily because IFRS net income includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations and gains and losses on the disposal of investment properties, including associated transaction costs and taxes, which management believes are not representative of a company's economic earnings. For these reasons, the Trust has adopted REALpac's definition of FFO, which was created by the real estate industry as a supplemental measure of operating performance. FFO is computed as IFRS consolidated net income and comprehensive income attributable to Unitholders adjusted for items such as, but not limited to, unrealized changes in the fair value of investment properties and financial instruments and transaction gains and losses on the acquisition or disposal of investment properties calculated on a basis consistent with IFRS.

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 following tables present FFO excluding anomalous transactions:

	Three Months Ended December 31			Year Ended December 31		
(in thousands of dollars)	**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
FFO with adjustments[1]	**100,561**	98,112	2,449	**372,228**	383,296	(11,068)
Adjusted for:						
ECL	**(710)**	(1,545)	835	**(3,257)**	3,706	(6,963)
Loss (gain) on derivative – TRS	**(6,221)**	(4,180)	(2,041)	**4,918**	(5,642)	10,560
FFO sourced from condominium and townhome closings	**180**	66	114	**(680)**	(18,747)	18,067
FFO sourced from SmartVMC West acquisition	**(371)**	—	(371)	**(984)**	—	(984)
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition[1]	**93,439**	92,453	986	**372,225**	362,613	9,612

(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".

	Three Months Ended December 31			Year Ended December 31		
Per Unit Information (Basic/Diluted)	**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
FFO with adjustments[1]	**$0.56/$0.56**	$0.57/$0.56	$-0.01/$0.00	**$2.09/$2.07**	$2.22/$2.21	$-0.13/$-0.14
FFO with adjustments and Transactional FFO[1]	**$0.61/$0.60**	$0.57/$0.56	0.04/0.04	**$2.13/$2.11**	$2.23/$2.22	-0.10/-0.11
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition[1]	**$0.54/$0.54**	$0.54/$0.53	$0.00/$0.01	**$2.16/$2.14**	$2.10/$2.09	$0.06/$0.05

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

The 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, 2022**	Three Months Ended December 31, 2021	Variance ($)	Variance (%)
Net income and comprehensive income	**100,310**	652,081	(551,771)	(84.6)
Add (deduct):				
Fair value adjustment on revaluation of investment properties(1)	**(13,377)**	(420,418)	407,041	(96.8)
Fair value adjustment on financial instruments(2)	**—**	10,873	(10,873)	N/R(7)
(Loss) gain on derivative – TRS	**6,221**	4,180	2,041	48.8
Loss (gain) on sale of investment properties	**(531)**	64	(595)	N/R(7)
Amortization of intangible assets	**333**	333	—	—
Amortization of tenant improvement allowance and other	**2,005**	1,608	397	24.7
Distributions on Units classified as liabilities recorded as interest expense	**1,083**	1,008	75	7.4
Distributions on vested deferred units recorded as interest expense	**724**	1,045	(321)	(30.7)
Salaries and related costs attributed to leasing activities(3)	**1,514**	1,063	451	42.4
Acquisition-related costs	**—**	2,791	(2,791)	N/R(7)
Adjustments relating to equity accounted investments:				
Rental revenue adjustment – tenant improvement amortization	**98**	62	36	58.1
Indirect interest with respect to the development portion(4)	**1,935**	1,926	9	0.5
Fair value adjustment on revaluation of investment properties	**1,418**	(160,289)	161,707	N/R(7)
Adjustment for supplemental costs	**738**	1,125	(387)	(34.4)
FFO(5)	**102,471**	97,452	5,019	5.2
Other non-recurring adjustments(6)	**(1,910)**	660	(2,570)	N/R(7)
FFO with adjustments(5)	**100,561**	98,112	2,449	2.5
Transactional FFO – gain on sale of land to co-owners	**7,662**	336	7,326	N/R(7)
FFO with adjustments and Transactional FFO(5)	**108,223**	98,448	9,775	9.9

(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, deferred unit plan ("DUP"), equity incentive plan ("EIP"), long term incentive plan ("LTIP"), TRS, interest rate swap agreement(s), and loans receivable and Earnout options recorded in the same period in 2021. 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, 2022. For details, please see discussion in "Results of Operations" above.
(3) Salaries and related costs attributed to leasing activities of $1.5 million were incurred in the three months ended December 31, 2022 (three months ended December 31, 2021 – $1.1 million) and were eligible to be added back to FFO based on the definition of FFO, in the REALpac White Paper published in January 2022, which provided for an adjustment to incremental leasing expenses for the cost of salaried staff. This adjustment to FFO results in more comparability between Canadian publicly traded real estate entities that expensed their internal leasing departments and those that capitalized external leasing expenses.
(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 $1.9 million of reversal of costs associated with COVID-19 vaccination centres (three months ended December 31, 2021 – $0.7 million of costs associated with COVID-19 vaccination centres).
(7) N/R – Not representative.

For the three months ended December 31, 2022, FFO increased by $5.0 million or 5.2% to $102.5 million. This increase was primarily attributed to: ;

- $4.1 million increase in interest income;
- $3.9 million increase in NOI (see details in the "Net Operating Income" subsection);
- $2.0 million decrease in net general and administrative expense; and
- $2.0 million increase in gain on TRS resulting from fluctuations in the Trust's Unit price;

Partially offset by:

- $7.2 million net increase in interest expense.

For the three months ended December 31, 2022, FFO with adjustments increased by $2.4 million or 2.5% to $100.6 million as compared to the same period in 2021, which was primarily due to the items previously identified plus the $2.6 million decrease in the other adjustments.

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

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Variance ($)	Variance (%)
Per Unit – basic/diluted[1]:				
FFO[2]	**$0.58/$0.57**	$0.56/$0.56	0.02/0.01	3.6/1.8
FFO excluding impact of TRS[2]	**$0.54/$0.54**	$0.54/$0.54	—/—	—/—
FFO with adjustments[2]	**$0.56/$0.56**	$0.57/$0.56	-0.01/—	-1.8/—
FFO with adjustments and Transactional FFO[2]	**$0.61/$0.60**	$0.57/$0.56	0.04/0.04	7.0/7.1
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition[2][3]	**$0.54/$0.54**	$0.54/$0.53	—/0.01	—/1.9

(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 three months ended December 31, 2022, 1,567,944 vested deferred units are added back to the weighted average Units outstanding (three months ended December 31, 2021 – 1,397,164 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".
(3) For the three months ended December 31, 2022, FFO with adjustments excludes the earnings from SmartVMC West of $0.4 million, and the per Unit calculation excludes the corresponding 5,797,101 SmartVMC West LP Class D Units (three months ended December 31, 2021 – 693,131 SmartVMC West LP Class D Units).

Year-to-Date Comparison to Prior Year

(in thousands of dollars, except per Unit amounts)	**Year Ended December 31, 2022**	Year Ended December 31, 2021	Variance ($)	Variance (%)
Net income and comprehensive income	**635,965**	987,676	(351,711)	(35.6)
Add (deduct):				
Fair value adjustment on revaluation of investment properties[1]	**(201,834)**	(491,528)	289,694	(58.9)
Fair value adjustment on financial instruments[2]	**(91,246)**	34,227	(125,473)	N/R[7]
(Loss) gain on derivative – TRS	**(4,918)**	5,642	(10,560)	N/R[7]
Loss (gain) on sale of investment properties	**(315)**	(271)	(44)	16.2
Amortization of intangible assets	**1,332**	1,331	1	0.1
Amortization of tenant improvement allowance and other	**7,203**	7,038	165	2.3
Distributions on Units classified as liabilities recorded as interest expense	**4,293**	3,919	374	9.5
Distributions on vested deferred units recorded as interest expense	**2,847**	2,424	423	17.5
Adjustment on debt modification	**(1,960)**	—	(1,960)	N/R[7]
Salaries and related costs attributed to leasing activities[3]	**7,508**	5,196	2,312	44.5
Acquisition-related costs	**298**	2,791	(2,493)	(89.3)
Adjustments relating to equity accounted investments:				
Rental revenue adjustment – tenant improvement amortization	**387**	360	27	7.5
Indirect interest with respect to the development portion[4]	**7,747**	7,050	697	9.9
Adjustment to capitalized interest with respect to Transit City condo closings[4]	**—**	(675)	675	N/R[7]
Fair value adjustment on revaluation of investment properties	**(624)**	(187,728)	187,104	(99.7)
Loss on sale of investment properties	**241**	—	241	N/R[7]
Adjustment for supplemental costs	**4,648**	2,618	2,030	77.5
FFO[5]	**371,572**	380,070	(8,498)	(2.2)
Other non-recurring adjustments[6]	**656**	3,226	(2,570)	(79.7)
FFO with adjustments[5]	**372,228**	383,296	(11,068)	(2.9)
Transactional FFO – gain on sale of land to co-owners	**7,662**	1,923	5,739	N/R[7]
FFO with adjustments and Transactional FFO[5]	**379,890**	385,219	(5,329)	(1.4)

(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 2021. 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, 2022. For details, please see discussion in "Results of Operations" above.
(3) Salaries and related costs attributed to leasing activities of $7.5 million were incurred in the year ended December 31, 2022 (year ended December 31, 2021 – $5.2 million) and were eligible to be added back to FFO based on the definition of FFO, in the REALpac White Paper published in January 2022, which provided for an adjustment to incremental leasing

expenses for the cost of salaried staff. This adjustment to FFO results in more comparability between Canadian publicly traded real estate entities that expensed their internal leasing departments and those that capitalized external leasing expenses.
(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 $0.7 million of costs associated with COVID-19 vaccination centres (year ended December 31, 2021 – $0.9 million of compensation costs relating to previous CEO and $2.3 million of costs associated with COVID-19 vaccination centres).
(7) N/R – Not representative.

For the year ended December 31, 2022, FFO decreased by $8.5 million or 2.2% to $371.6 million. This decrease was primarily attributed to:

- $10.6 million decrease in gain on TRS resulting from fluctuations in the Trust's Unit price; and
- $20.2 million decrease in Net Condo and townhome closing income;

Partially offset by:;

- $20.6 million increase in Net Rental Income from investment properties.

For the year ended December 31, 2022, FFO with adjustments decreased by $11.1 million or 2.9% to $372.2 million as compared to the same period in 2021, which was primarily due to the items previously identified.

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

	Year Ended December 31, 2022	Year Ended December 31, 2021	Variance ($)	Variance (%)
Per Unit – basic/diluted[1]:				
FFO[2]	**$2.09/$2.07**	$2.20/$2.19	-0.11/-0.12	-5.0/-5.5
FFO excluding impact of TRS[2]	**$2.11/$2.10**	$2.17/$2.16	-0.06/-0.06	-2.8/-2.8
FFO with adjustments[2]	**$2.09/$2.07**	$2.22/$2.21	-0.13/-0.14	-5.9/-6.3
FFO with adjustments and Transactional FFO[2]	**$2.13/$2.11**	$2.23/$2.22	-0.10/-0.11	-4.5/-5.0
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition[2][3]	**$2.16/$2.14**	$2.10/$2.09	0.06/0.05	2.9/2.4

(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, 2022, 1,536,306 vested deferred units are added back to the weighted average Units outstanding (year ended December 31, 2021 – 1,301,485 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".
(3) For the year ended December 31, 2022, FFO with adjustments excludes the earnings from SmartVMC West of $1.0 million, and the per Unit calculation excludes the corresponding 5,797,101 SmartVMC West LP Class D Units (year ended December 31, 2021 – 174,707 SmartVMC West LP Class D Units).

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, 2022 and December 31, 2021, 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 including and excluding SmartVMC West LP Class D Units 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)		**2022**	2021	Variance	**2022**	2021	Variance
Trust Units		**144,625,322**	144,621,347	3,975	**144,625,322**	144,619,385	5,937
Class B LP Units		**16,424,430**	16,424,430	—	**16,424,430**	16,419,964	4,466
Class D LP Units		**311,022**	311,022	—	**311,022**	311,022	—
Class F LP Units		**8,708**	8,708	—	**8,708**	8,708	—
Class B LP II Units		**756,525**	756,525	—	**756,525**	756,525	—
Class B LP III Units		**4,057,948**	4,039,184	18,764	**4,052,908**	4,034,079	18,829
Class B LP IV Units		**3,112,565**	3,093,910	18,655	**3,109,754**	3,087,565	22,189
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	**(A)**	**3,623,188**	433,207	3,189,981	**3,623,188**	109,192	3,513,996
Class D Series 2 VMC West LP Units	**(B)**	**2,173,913**	259,924	1,913,989	**2,173,913**	65,515	2,108,398
Class B Boxgrove LP Units		**170,000**	170,000	—	**170,000**	170,000	—
Class B Series ONR LP Units		**1,248,140**	1,248,140	—	**1,248,140**	1,248,140	—
Class B Series 1 ONR LP I Units		**132,881**	132,881	—	**132,881**	132,881	—
Class B Series 2 ONR LP I Units		**139,302**	139,302	—	**139,302**	139,302	—
Total Exchangeable LP Units		**33,503,678**	28,362,289	5,141,389	**33,495,827**	27,827,949	5,667,878
Total Units – Basic	**(C)**	**178,129,000**	172,983,636	5,145,364	**178,121,149**	172,447,334	5,673,815
Vested deferred units		**1,567,944**	1,397,164	170,780	**1,536,306**	1,301,485	234,821
Total Units and vested deferred units – Diluted	**(D)**	**179,696,944**	174,380,800	5,316,144	**179,657,455**	173,748,819	5,908,636
Total Units excluding SmartVMC West LP Class D Units – Basic	**(E = C - A - B)**	**172,331,899**	172,290,505	41,394	**172,324,048**	172,272,627	51,421
Total Units and vested deferred units excluding SmartVMC West LP Class D Units – Diluted	**(F = D - A - B)**	**173,899,843**	173,687,669	212,174	**173,860,354**	173,574,112	286,242

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 published 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 and 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 following table presents ACFO excluding anomalous transactions:

	Three Months Ended December 31			Year Ended December 31		
(in thousands of dollars)	**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
ACFO with adjustments[1]	**91,081**	83,973	7,108	**340,731**	356,281	(15,550)
Adjusted for:						
Loss (gain) on derivative – TRS	**(6,221)**	(4,180)	(2,041)	**4,918**	(5,642)	10,560
ACFO sourced from condominium and townhome closings	**191**	67	124	**(305)**	(20,471)	20,166
ACFO sourced from SmartVMC West acquisition	**(371)**	—	(371)	**(984)**	—	(984)
ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition[1]	**84,680**	79,860	4,820	**344,360**	330,168	14,192

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

The 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, 2022**	Three Months Ended December 31, 2021	Variance ($)/ (%)
Cash flows provided by operating activities	**134,668**	133,674	994
Adjustments to working capital items that are not indicative of sustainable cash available for distribution[1]	**(35,451)**	(48,678)	13,227
Distributions on Units classified as liabilities recorded as interest expense	**1,083**	1,008	75
Distributions on vested deferred units recorded as interest expense	**724**	1,045	(321)
Expenditures on direct leasing costs and tenant incentives	**3,108**	2,050	1,058
Expenditures on tenant incentives for properties under development	**(646)**	—	(646)
Actual sustaining capital expenditures	**(11,434)**	(10,323)	(1,111)
Actual sustaining leasing commissions	**(800)**	(742)	(58)
Actual sustaining tenant improvements	**(2,587)**	(1,217)	(1,370)
Non-cash interest expense, net of other financing costs	**10,238**	9,594	644
Non-cash interest income	**(29,571)**	(7,110)	(22,461)
Acquisition-related costs, net	**—**	2,791	(2,791)
Gain on sale of land to co-owners	**7,662**	336	7,326
Distributions from equity accounted investments	**12,406**	(732)	13,138
Adjustments relating to equity accounted investments:			
Cash flows from operating activities including working capital adjustments	**1,658**	(236)	1,894
Notional interest capitalization[2]	**1,935**	1,926	9
Actual sustaining capital and leasing expenditures	**1**	(103)	104
Non-cash interest expense	**(3)**	30	(33)
ACFO[3]	**92,991**	83,313	9,678
Other non-recurring adjustments[4]	**(1,910)**	660	(2,570)
ACFO with adjustments[3]	**91,081**	83,973	7,108
ACFO[3]	**92,991**	83,313	9,678
Distributions declared	**82,386**	79,725	2,661
Surplus of ACFO over distributions declared	**10,605**	3,588	7,017
Payout Ratio Information:			
Payout Ratio to ACFO[3]	**88.6 %**	95.7 %	(7.1)%
Payout Ratio to ACFO with adjustments[3]	**90.5 %**	94.9 %	(4.4)%
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition[3][5]	**94.1 %**	99.8 %	(5.7)%

(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" 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) Represents adjustments relating to $1.9 million of reversal of costs associated with COVID-19 vaccination centres (three months ended December 31, 2021 – $0.7 million of costs associated with COVID-19 vaccination centres).
(5) For the three months ended December 31, 2022, excludes $2.7 million of distributions declared in connection with SmartVMC West LP Class D Units (three months ended December 31, 2021 – $0.04 million).

For the three months ended December 31, 2022, ACFO with adjustments increased by $7.1 million, which was primarily due to the increase of FFO with adjustments and Transactional FFO, offset by increases in actual sustaining capital expenditures, leasing commissions and tenant improvements.

The Payout Ratio to ACFO for the three months ended December 31, 2022 decreased by 7.1% to 88.6% as compared to the same period in 2021, which was primarily due to the items previously identified. The Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and the SmartVMC West acquisition for the three months ended December 31, 2022 decreased by 5.7% to 94.1% as compared to the same period in 2021.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Year Ended December 31, 2022**	Year Ended December 31, 2021	Variance ($)/ (%)
Cash flows provided by operating activities	**370,762**	371,624	(862)
Adjustments to working capital items that are not indicative of sustainable cash available for distribution(1)	**(2,293)**	(40,796)	38,503
Distributions on Units classified as liabilities recorded as interest expense	**4,293**	3,919	374
Distributions on vested deferred units recorded as interest expense	**2,847**	2,424	423
Expenditures on direct leasing costs and tenant incentives	**9,860**	5,927	3,933
Expenditures on tenant incentives for properties under development	**1,897**	730	1,167
Actual sustaining capital expenditures	**(19,111)**	(17,331)	(1,780)
Actual sustaining leasing commissions	**(2,389)**	(3,071)	682
Actual sustaining tenant improvements	**(7,796)**	(2,903)	(4,893)
Non-cash interest expense, net of other financing costs	**(9,156)**	7,160	(16,316)
Non-cash interest income	**(26,083)**	(5,307)	(20,776)
Acquisition-related costs, net	**298**	2,791	(2,493)
Gain on sale of land to co-owners	**7,662**	1,923	5,739
Distributions from equity accounted investments	**(4,784)**	(4,072)	(712)
Adjustments relating to equity accounted investments:			
Cash flows from operating activities including working capital adjustments	**6,662**	23,819	(17,157)
Notional interest capitalization(2)	**7,747**	7,050	697
Adjustment to capitalized interest with respect to Transit City condo closings(2)	**—**	(675)	675
Actual sustaining capital and leasing expenditures	**(329)**	(207)	(122)
Non-cash interest expense	**(12)**	50	(62)
ACFO(3)	**340,075**	353,055	(12,980)
Other non-recurring adjustments(4)	**656**	3,226	(2,570)
ACFO with adjustments(3)	**340,731**	356,281	(15,550)
ACFO(3)	**340,075**	353,055	(12,980)
Distributions declared	**329,531**	318,753	10,778
Surplus of ACFO over distributions declared	**10,544**	34,302	(23,758)
Payout Ratio Information:			
Payout Ratio to ACFO(3)	**96.9 %**	90.3 %	6.6 %
Payout Ratio to ACFO with adjustments(3)	**96.7 %**	89.5 %	7.2 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition(3)(5)	**92.6 %**	96.5 %	(3.9)%

(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" 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) Represents adjustments relating to $0.7 million of costs associated with COVID-19 vaccination centres (year ended December 31, 2021 – $0.9 million of compensation costs relating to previous CEO, and $2.3 million of costs associated with COVID-19 vaccination centres).
(5) For the year ended December 31, 2022, excludes $10.7 million of distributions declared in connection with SmartVMC West LP Class D Units (year ended December 31, 2021 – $0.04 million).

For the year ended December 31, 2022, ACFO with adjustments decreased by $15.6 million, which was primarily due to the decrease of FFO with adjustments and Transactional FFO as well as increases in actual sustaining capital expenditures, leasing commissions and tenant improvements, and other.

The Payout Ratio to ACFO for the year ended December 31, 2022 increased by 6.6% to 96.9% as compared to the same period in 2021, which was primarily due to the items previously identified. The Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and the SmartVMC West acquisition for the year ended December 31, 2022 decreased by 3.9% to 92.6% as compared to the same period in 2021.

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, the Board of Trustees has indicated that barring any unexpected events, the Trust currently intends to maintain its monthly cash distribution levels.

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

Distributions and ACFO Highlights

	Three Months Ended December 31			Year Ended December 31		
(in thousands of dollars)	**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
Cash flows provided by operating activities	**134,668**	133,674	994	**370,762**	371,624	(862)
Distributions declared	**82,386**	79,725	2,661	**329,531**	318,753	10,778
ACFO[(1)]	**92,991**	83,313	9,678	**340,075**	353,055	(12,980)
Surplus of cash flows provided by operating activities over distributions declared	**52,282**	53,949	(1,667)	**41,231**	52,871	(11,640)
Surplus of ACFO over distributions declared	**10,605**	3,588	7,017	**10,544**	34,302	(23,758)
Cash flows provided by operating activities excluding impact of SmartVMC West LP	**134,297**	133,674	623	**369,778**	371,624	(1,846)
Distributions declared excluding impact of SmartVMC West LP Class D distributions	**79,705**	79,687	18	**318,806**	318,715	91
ACFO excluding impact of SmartVMC West LP[(1)]	**92,620**	83,313	9,307	**339,091**	353,055	(13,964)
Surplus of cash flows provided by operating activities over distributions declared excluding impact of SmartVMC West LP Class D distributions	**54,592**	53,987	605	**50,972**	52,909	(1,937)
Surplus of ACFO over distributions declared excluding impact of SmartVMC West LP Class D distributions	**12,915**	3,626	9,289	**20,285**	34,340	(14,055)

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

For the three months and year ended December 31, 2022, there was a surplus of cash flows provided by operating activities over distributions declared, and a surplus of ACFO over distributions declared.

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 rolling 24 months ended December 31, 2022 and December 31, 2021:

		Rolling 24 Months Ended	
(in thousands of dollars)		**December 31, 2022**	December 31, 2021
Cash flows provided by operating activities	**(A)**	**750,092**	667,606
Distributions declared	**(B)**	**648,282**	637,511
ACFO[1]	**(C)**	**693,132**	706,464
Surplus of cash provided by operating activities over distributions declared	**(A – B)**	**101,810**	30,095
Surplus of ACFO over distributions declared	**(C – B)**	**44,850**	68,953
Payout Ratio to Cash flows provided by operating activities		**86.4 %**	95.5 %
Payout Ratio to ACFO[1]		**93.5 %**	90.2 %
Cash flows provided by operating activities excluding impact of SmartVMC West LP	**(D)**	**749,108**	667,606
Distributions declared excluding impact of SmartVMC West LP Class D distributions	**(E)**	**637,557**	637,511
ACFO excluding impact of SmartVMC West LP[1]	**(F)**	**692,148**	706,464
Surplus of cash provided by operating activities over distributions declared excluding impact of SmartVMC West LP Class D distributions	**(D – E)**	**111,551**	30,095
Surplus of ACFO over distributions declared excluding impact of SmartVMC West LP Class D distributions	**(F – E)**	**54,591**	68,953
Payout Ratio to Cash flows provided by operating activities excluding impact of SmartVMC West LP Class D Units		**85.1 %**	95.5 %
Payout Ratio to ACFO excluding impact of SmartVMC West LP Class D Units[1]		**92.1 %**	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".

General and Administrative Expense

The following tables summarize general and administrative expense before allocation, and general and administrative expense, net (as presented in the consolidated statements of income and comprehensive income for the year ended December 31, 2022):

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	Note[1]		**Year Ended December 31, 2022**	Year Ended December 31, 2021	Variance ($)
Salaries and benefits			**61,833**	54,260	7,573
Performance compensation (EIP, LTIP)			**8,192**	8,095	97
DUP			**3,582**	3,990	(408)
Services fee – by Penguin	20		**7,416**	7,062	354
Professional fees			**6,172**	6,338	(166)
Public company costs			**1,343**	1,681	(338)
Amortization of intangible assets			**1,332**	1,331	1
Office rent, information technology, marketing, communications and other employee expenses			**10,655**	9,546	1,109
Other costs[2]			**479**	2,702	(2,223)
Subtotal			**101,004**	95,005	5,999
Previously capitalized general and administrative costs – Transit City phases			**60**	1,050	(990)
Previously capitalized general and administrative expenses on sale of real estate assets			**332**	946	(614)
Total general and administrative expense before allocation		**(A)**	**101,396**	97,001	4,395
Less:					
Allocated to property operating costs			**(18,558)**	(15,434)	(3,124)
Capitalized to properties under development and other assets			**(35,394)**	(36,465)	1,071
Total amounts allocated and capitalized		**(B)**	**(53,952)**	(51,899)	(2,053)
Time billings, leasing, management fees, development fees and other fees	20		**(12,982)**	(12,034)	(948)
Shared service costs charged to Penguin	20		**(1,193)**	(1,146)	(47)
Total amounts charged		**(C)**	**(14,175)**	(13,180)	(995)
Total amounts allocated, capitalized and charged		**(D = B + C)**	**(68,127)**	(65,079)	(3,048)
General and administrative expense, net		**(E = A + D)**	**33,269**	31,922	1,347

(1) The Note reference relates to the corresponding Note disclosure in the consolidated financial statements for the year ended December 31, 2022.
(2) Other costs represent previously capitalized general and administrative costs for development projects that have been discontinued.

Total general and administrative expense before allocation

For the year ended December 31, 2022, total general and administrative expense before allocation was $101.4 million, representing an increase of $4.4 million or 4.5% as compared to the same period in 2021. This increase can be attributed primarily to:

- $7.6 million increase in salaries and related costs; and
- $1.1 million increase in rent, information technology, marketing, communications and other employee expenses;

Partially offset by:

- $2.2 million decrease in costs previously capitalized for development projects which have been discontinued; and
- $1.6 million net decrease 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, 2022, total amounts allocated, capitalized and charged to Penguin and others was $68.1 million, representing an increase of $3.0 million or 4.7% as compared to the same period in 2021. This increase can be attributed primarily to $3.1 million higher general and administrative expense being allocated to property operating costs.

Section V — Leasing Activities and Lease Expiries

Leasing Activities

Occupancy

The Trust's value-oriented portfolio continued to provide an attractive place to shop as tenants witnessed customer traffic returning to pre-pandemic levels. With most if not all COVID-19-related measures now lifted, tenants have retained many of the strategic changes established during the pandemic including reconfigured store layouts and click and collect to enhance the customer shopping experience. Tenant confidence continued to grow with the improving customer traffic resulting in demand for new locations in all markets and for all store sizes. In addition to the regular staple of value-oriented tenants continuing to seek more space in Walmart-anchored sites, new uses are also enhancing each centre's offering with entertainment/experiential, pet supplies, furniture and specialty and takeout food all growing their store counts. U.S.-based tenants are also re-engaging their search for new store openings in Canada.

As at December 31, 2022, the Trust's occupancy levels inclusive of in-place and committed leases was 98.0% (versus 97.6% as at December 31, 2021). The increase in occupancy was principally driven by the higher demand for high traffic shopping centres, anchored by Walmart, Canadian Tire, TJX banners, grocery and home improvement anchors.

Occupancy

	December 31, 2022	December 31, 2021	Variance
Total leasable area (in sq. ft.)	**34,750,379**	34,118,613	631,766
In-place occupancy rate (%)	**97.6**	97.4	0.2
In-place and committed occupancy rate (%)	**98.0**	97.6	0.4

New Leasing Activity

During the three months ended December 31, 2022, the Trust completed new leases with a wide variety of tenants, with uses such as sporting goods and apparel, dollar stores and food service. Many of the Trust's existing tenants continued their growth plans with retailers in furniture, general merchandise and pet stores expanding their brick-and-mortar footprint nationally. During the fourth quarter of 2022, the Trust executed 94,256 square feet of new leasing.

The following table presents a continuity of the Trust's in-place occupancy rate for the three months ended December 31, 2022:

(in square feet)	**Vacant Area**	**Occupied Area**	**Leasable Area**	**In-place Occupancy Rate (%)**
Beginning balance – October 1, 2022	842,034	33,842,999	34,685,033	97.6
New vacancies	81,328	(81,328)	—	
New leases	(94,256)	94,256	—	
Subtotal	829,106	33,855,927	34,685,033	
Transferred from properties under development to income properties	—	65,785	65,785	
Other including unit area remeasurements	(3,575)	3,136	(439)	
Ending balance – December 31, 2022	**825,531**	**33,924,848**	**34,750,379**	**97.6**

The following table presents a continuity of the Trust's in-place occupancy rate for the year ended December 31, 2022:

(in square feet)	**Vacant Area**	**Occupied Area**	**Leasable Area**	**In-place Occupancy Rate (%)**
Beginning balance – January 1, 2022	899,989	33,218,624	34,118,613	97.4
New vacancies	536,049	(536,049)	—	
New leases	(612,531)	612,531	—	
Subtotal	823,507	33,295,106	34,118,613	
Acquisitions	22,300	442,534	464,834	
Transferred from properties under development to income properties	—	177,616	177,616	
Transferred from income properties to properties under development	(14,411)	—	(14,411)	
Other including unit area remeasurements	(5,865)	9,592	3,727	
Ending balance – December 31, 2022	**825,531**	**33,924,848**	**34,750,379**	**97.6**

Renewal Activity

For the year ended December 31, 2022, the Trust achieved a tenant renewal rate of 88.3% (December 31, 2021 – 85.4%) for tenants with expiring leases.

Renewal Summary

	December 31, 2022	December 31, 2021	Variance
Space expiring in calendar year (in sq. ft.)	**5,059,578**	4,330,499	729,079
Renewed (in sq. ft.)	**4,303,022**	3,586,309	716,713
Near completion (in sq. ft.)	**164,736**	113,122	51,614
Total renewed and near completion (in sq. ft.)	**4,467,758**	3,699,431	768,327
Renewal rate (including near completion) (%)	**88.3**	85.4	2.9
Renewed rental rate (in dollars per sq. ft.) – including Anchors	**13.19**	13.32	(0.13)
Renewed rental rate (in dollars per sq. ft.) – excluding Anchors	**19.51**	19.08	0.43
Renewed rent change (including Anchors, %)	**3.0**	0.9	2.1
Renewed rent change (excluding Anchors, %)	**3.6**	0.7	2.9

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 97.2% and 97.9%, respectively, and account for 88.4% of revenue and 89.8% of fair value, properties in the secondary markets reflect a higher in-place occupancy rate of 99.3%.

Portfolio Summary by Market Type

Market	**Number of Income Producing Properties**	**Area (000 sq. ft.)**	**Gross Revenue (%)**	**Income Property Fair Value (%)**	**In-place Occupancy (%)**
Greater-VECTOM	108	23,383	71.8	76.3	97.2
Primary	31	6,624	16.6	13.5	97.9
Secondary	27	4,743	11.6	10.2	99.3
Total	**166**	**34,750**	**100.0**	**100.0**	**97.6**

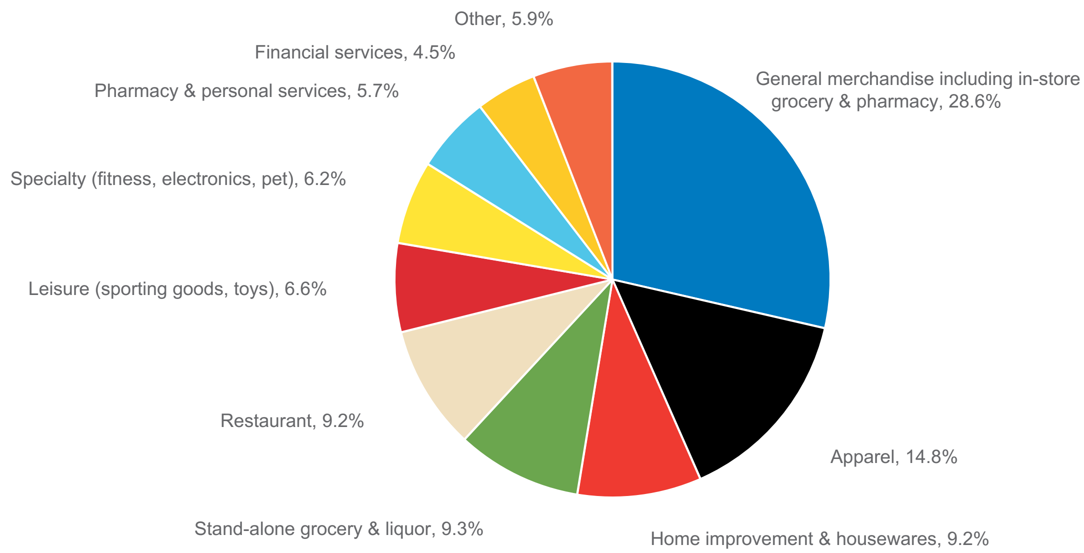
Tenant Categories

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, 2022

Category	**Total (%)**	**Greater-VECTOM (%)**	**Primary (%)**	**Secondary (%)**
General merchandise including in-store grocery & pharmacy	28.6	24.2	35.6	46.1
Apparel	14.8	15.3	13.6	13.4
Home improvement & housewares	9.2	9.7	8.7	6.8
Stand-alone grocery & liquor	9.3	9.8	8.4	8.1
Restaurant	9.2	10.3	6.6	5.8
Leisure (sporting goods, toys)	6.6	6.6	8.0	4.1
Specialty (fitness, electronics, pet)	6.2	6.0	6.7	6.9
Pharmacy & personal services	5.7	6.6	3.9	2.5
Financial services	4.5	5.0	4.0	2.5
Other	5.9	6.5	4.5	3.8
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, 2022.



Top 25 Tenants

The 25 largest tenants (by annualized gross rental revenue) accounted for 61.8% of portfolio revenue as at December 31, 2022 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	205.1	25.2	14,182,181	40.8
2	Canadian Tire, Mark's and FGL Sports	72	36.3	4.5	1,433,435	4.1
3	Winners, HomeSense, Marshalls	55	35.6	4.4	1,406,180	4.0
4	Loblaws, Shoppers Drug Mart	25	22.7	2.8	909,054	2.6
5	Sobeys	16	16.8	2.1	722,818	2.1
6	Dollarama	59	16.2	2.0	576,410	1.7
7	Lowes, RONA	8	15.2	1.9	870,545	2.5
8	LCBO	38	13.4	1.6	356,427	1.0
9	Michaels	24	12.4	1.5	478,041	1.4
10	Best Buy	18	12.0	1.5	437,074	1.3
11	Recipe Unlimited	56	11.8	1.4	278,785	0.8
12	Staples	21	10.3	1.3	449,599	1.3
13	Gap Inc.	26	9.1	1.1	269,742	0.8
14	Reitmans	59	8.7	1.1	309,446	0.9
15	Bulk Barn	52	8.3	1.0	245,545	0.7
16	Bonnie Togs	42	7.5	0.9	255,759	0.7
17	GoodLife Fitness Clubs	11	7.5	0.9	196,183	0.6
18	CIBC	27	7.5	0.9	149,560	0.4
19	Toys R Us	7	7.4	0.9	268,880	0.8
20	The Brick	9	7.1	0.9	258,244	0.7
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	16	6.5	0.8	209,678	0.6
25	Bank of Nova Scotia	23	5.9	0.7	123,002	0.4
		837	**503.4**	**61.8**	**25,100,884**	**72.2**

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

Lease Expiries

The following table presents total retail and office lease expiries for the portfolio as at December 31, 2022:

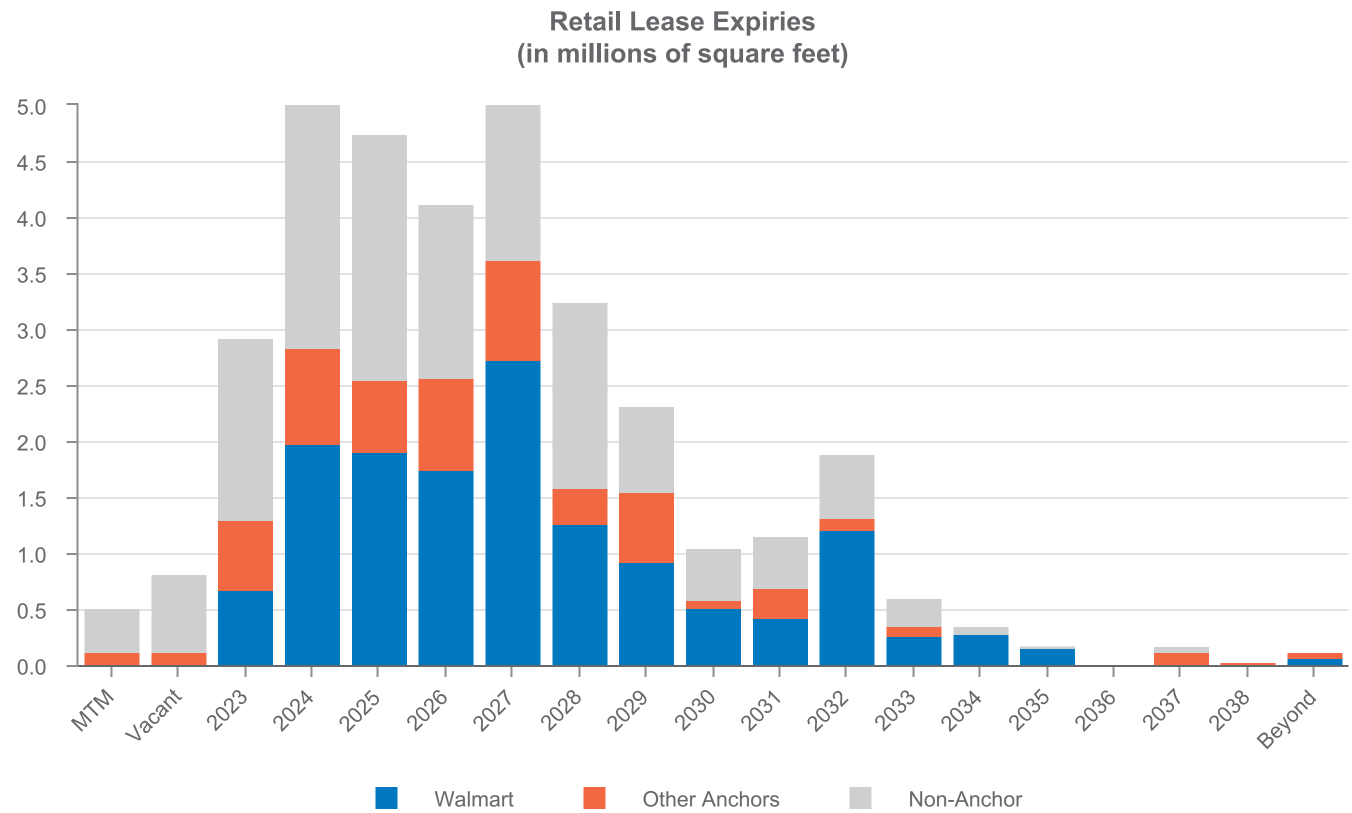
Year of Expiry	Total Area (sq. ft.)	Percentage of Total Area (%)	Annualized Base Rent ($000s)	Average Base Rent psf[1] ($)
Month-to-month and holdovers	513,786	1.5	11,222	21.77
2023	2,878,354	8.3	43,960	15.27
2024	5,226,031	15.0	80,748	15.45
2025	4,744,594	13.6	68,377	14.41
2026	4,105,895	11.8	60,643	14.77
2027	5,231,025	15.1	72,053	13.77
2028	3,205,829	9.2	55,408	17.28
2029	2,299,611	6.6	38,864	16.90
2030	1,005,519	2.9	20,208	20.10
2031	1,073,901	3.1	19,780	18.42
2032	1,859,577	5.3	30,027	16.15
2033	615,267	1.8	9,450	15.36
Beyond	817,710	2.4	10,699	13.08
Vacant	825,531	2.4	—	—
Total retail	**34,402,630**	**99.0**	**521,439**	**15.53**
Total office	347,749	1.0		
Total retail and office	**34,750,379**	**100.0**		

(1) The total average base rent per square foot excludes vacant space of 825,531 square feet.

The following table presents total retail and office lease expiries for the portfolio excluding Anchor tenants as at December 31, 2022:

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	395,538	1.1	2.7	9,397	23.65
2023	1,609,108	4.6	10.9	31,369	19.49
2024	2,395,262	6.9	16.2	51,509	21.50
2025	2,186,087	6.3	14.8	45,648	20.88
2026	1,527,891	4.4	10.4	34,835	22.80
2027	1,615,671	4.6	11.0	36,249	22.44
2028	1,633,255	4.7	11.1	36,674	22.45
2029	752,404	2.2	5.1	20,072	26.68
2030	442,322	1.3	3.0	11,551	26.12
2031	458,765	1.3	3.1	11,059	24.11
2032	540,916	1.6	3.7	13,110	24.24
2033	260,805	0.8	1.8	5,586	21.42
Beyond	93,420	0.3	0.6	1,763	18.87
Vacant	664,708	1.9	4.5	—	—
Total retail	**14,576,152**	**42.0**	**98.9**	**308,822**	**22.20**
Total office	161,902	0.5	1.1		
Total retail and office	**14,738,054**	**42.5**	**100.0**		

(1) The total average base rent per square foot excludes vacant space of 664,708 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
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
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 for the years ended December 31, 2022 and December 31, 2021:

	Year Ended December 31, 2022			Year Ended December 31, 2021		
(in thousands of dollars)	**Income Properties**	**Properties Under Development**	**Total Investment Properties**	Income Properties	Properties Under Development	Total Investment Properties
Investment properties						
Opening balance	**8,395,077**	**1,452,001**	**9,847,078**	8,267,429	582,960	8,850,389
Transfer from properties under development to income properties	**39,707**	**(39,707)**	**—**	40,555	(40,555)	—
Transfer from income properties to properties under development	**(7,887)**	**7,887**	**—**	(2,400)	2,400	—
Transfer from properties under development to equity accounted investments	**—**	**(25,000)**	**(25,000)**	—	(6,850)	(6,850)
Acquisitions, Earnouts, and related adjustments of investment properties	**101,993**	**28,679**	**130,672**	22,015	499,700	521,715
Dispositions	**(777)**	**(40,726)**	**(41,503)**	(62,865)	(37,285)	(100,150)
Fair value adjustment	**(54,122)**	**255,956**	**201,834**	107,416	384,112	491,528
Others	**22,902**	**114,409**	**137,311**	22,927	67,519	90,446
Ending balance	**8,496,893**	**1,753,499**	**10,250,392**	8,395,077	1,452,001	9,847,078
Investment properties classified as equity accounted investments						
Opening balance	**319,024**	**518,427**	**837,451**	234,566	315,628	550,194
Transfer from properties under development to income properties	**24,736**	**(24,736)**	**—**	46,579	(46,579)	—
Transfer from properties under development to equity accounted investments	**—**	**12,500**	**12,500**	—	4,505	4,505
Acquisitions, Earnouts, and related adjustments of investment properties	**—**	**5,325**	**5,325**	—	14,136	14,136
Dispositions	**(8)**	**(14,805)**	**(14,813)**	74	—	74
Fair value adjustment	**624**	**—**	**624**	37,666	150,062	187,728
Others	**45,130**	**87,187**	**132,317**	139	80,675	80,814
Ending balance	**389,506**	**583,898**	**973,404**	319,024	518,427	837,451
Total balance (including investment properties classified as equity accounted investments) – end of period (Investment Properties – non-GAAP)(1)	**8,886,399**	**2,337,397**	**11,223,796**	8,714,101	1,970,428	10,684,529
Investment properties(1)	**8,886,399**	**2,279,026**	**11,165,425**	8,714,101	1,970,428	10,684,529
Investment properties classified as held for sale(1)	**—**	**58,371**	**58,371**	—	—	—
	8,886,399	**2,337,397**	**11,223,796**	8,714,101	1,970,428	10,684,529

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

The gross leasable retail and office area consists of 34.8 million square feet. In addition, the Trust may acquire 1.7 million square feet of future potential gross leasable retail area and has the option to acquire an additional 50.0% interest in four investment properties and a 25.0% interest in another investment property (0.5 million square feet) on their completion pursuant to the terms of Mezzanine Financing. The portfolio is located across Canada, with assets in each of the ten provinces. By selecting well-located centres, the Trust seeks to attract high-quality tenants at market rental rates.

Valuation Methodology

From January 1, 2020 to December 31, 2022, the Trust has had approximately 67.0% (by value) or 53.4% (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, 2022 for further discussion).

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

Investment properties (including properties under development and properties classified as held for sale) as recorded in the Trust's consolidated financial statements for the year ended December 31, 2022, with a total carrying value of $1,454.9 million (December 31, 2021 – $2,195.9 million) were valued by external national appraisers, and investment properties with a total carrying value of $8,795.5 million (December 31, 2021 – $7,651.2 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, 2022 was 6.43% (December 31, 2021 – 6.34%).

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, 2022**			
		Terminal Capitalization Rate		**Discount Rate**	
Valuation Method	**Carrying Value**	**Weighted Average (%)**	**Range (%)**	**Weighted Average (%)**	**Range (%)**
Discounted cash flow	**8,496,893**	**5.92**	**4.18 – 7.53**	**6.43**	**4.58 – 8.03**

(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

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, 2022**				
		Terminal Capitalization Rate		**Discount Rate**	
Valuation Method	**Carrying Value**	**Weighted Average (%)**	**Range (%)**	**Weighted Average (%)**	**Range (%)**
Land, development and construction costs recorded at market value	**1,627,880**	**N/A**	**N/A**	**N/A**	**N/A**
Discounted cash flow	**125,619**	**6.06**	**5.53 – 7.40**	**6.66**	**6.03 – 7.90**
Total	**1,753,499**				

(in thousands of dollars)	December 31, 2021				
		Terminal Capitalization Rate		Discount Rate	
Valuation Method	Carrying Value	Weighted Average (%)	Range (%)	Weighted Average (%)	Range (%)
Land, development and construction costs recorded at market value	1,324,263	N/A	N/A	N/A	N/A
Discounted cash flow	127,738	5.92	4.89 – 7.30	6.53	5.64 – 7.80
Total	1,452,001				

During the year ended December 31, 2022, due to changes in the market and the progress made on planning entitlements, the Trust increased the fair value of certain properties under development by $237.7 million, which is in addition to the increase in fair value of $496.8 million realized in Q4 2021 (which includes the Trust's share of related fair value adjustments for equity accounted investments). 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.

Management's reassessment of the valuation of certain investment properties based on the Trust's continued ability to lease and generate NOI in the foreseeable future, has resulted in a net fair value adjustment (loss) on revaluation of investment properties of $35.9 million (excluding fair value adjustments on properties under development as noted above, and investment properties recorded in equity accounted investments) for the year ended December 31, 2022, which was primarily attributed to: i) In Q2 2022, the Trust applied an increase in cap rate of 50 bps for enclosed shopping malls, which resulted in a value decrease of $14.9 million for the properties; ii) In Q3 2022, the Trust applied an increase in cap rate of 10 bps across most retail properties in the portfolio, with certain exclusions relating to intensification projects, outlet centres and offices, which resulted in a fair value decrease of approximately $123.5 million; and iii) The loss was primarily offset by a fair value gain of $102.5 million due to leasing activities throughout the year (of which $41.7 million was attributed to the Premium Outlets in Toronto and Montreal emanating from robust leasing performance).

Acquisitions of Investment Properties

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, for a total purchase price of $100.0 million and adjusted for costs of acquisition and other working capital amounts, which was paid in cash and funded from 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 acquired a 25% interest in parcels of land from its unrelated partner located in Mirabel, Quebec, for a purchase price of $2.6 million, paid in cash and adjusted for costs of acquisition. Upon completion of the acquisition, the Trust's interest in these parcels of land increased to 50%.

In June 2022, the Trust acquired a parcel of land in Pickering, Ontario, for investment property development for gross proceeds of $16.6 million, paid in cash and adjusted for costs of acquisition and other working capital amounts.

See also Note 3, "Acquisitions and Earnouts", in the Trust's consolidated financial statements for the year ended December 31, 2022.

In addition, see "Equity Accounted Investments" below for acquisitions completed during the year ended December 31, 2022 that are recorded in investment in joint ventures.

Dispositions of Investment Properties
In January 2022, the Trust sold its 40% interest in a parcel of land totalling 1.39 acres located in Markham, Ontario, for gross proceeds of $0.8 million to a joint venture, Boxgrove Self Storage Limited Partnership, 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, 2022).

In March 2022, the Trust sold a parcel of land totalling 4.62 acres located in Laval East, Quebec, for gross proceeds of $5.6 million, which was satisfied by cash.

In April 2022, the Trust sold a parcel of land totalling 6.48 acres located in Stouffville, Ontario, for gross proceeds of $18.4 million, which was satisfied by cash.

In September 2022, the Trust sold a parcel of land totalling 6.86 acres located in London, Ontario, for gross proceeds of $15.2 million, which was satisfied by cash.

In December 2022, the Trust contributed its interest in a parcel of land totalling 2.31 acres located in Vaughan, Ontario, for a value of $25.0 million to a joint venture, Vaughan NW RR PropCo LP, for development of a retirement residence (see also, Note 5(b) in the Trust's consolidated financial statements for the year ended December 31, 2022).

Investment properties held for sale
As at December 31, 2022, investment properties classified as held for sale in amount of $58.4 million include land parcels located in Vaughan, Ontario (VMC), of which $42.3 million represented the Trust's interests in co-ownership and was proportionately consolidated in the Trust's consolidated financial statements and $16.1 million was recorded in equity accounted investments.

Equity Accounted Investments

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

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Investment in Associates	**Investment in Joint Ventures**	**Total**	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of year	**489,230**	**165,212**	**654,442**	354,992	108,212	463,204
Operating Activities:						
Earnings (losses)	**4,932**	**(733)**	**4,199**	183,431	27,989	211,420
Distributions – VMC Residences condominium unit closings[1]	**(24,322)**	**—**	**(24,322)**	(52,824)	—	(52,824)
Distributions – operating activities	**(4,550)**	**(234)**	**(4,784)**	(3,358)	(714)	(4,072)
Financing Activities:						
Fair value adjustment on loan	**3,690**	**—**	**3,690**	3,995	—	3,995
Investing Activities:						
Cash contribution	**23,154**	**32,982**	**56,136**	6,355	29,589	35,944
Property contribution	**—**	**25,000**	**25,000**	—	6,850	6,850
Development distributions	**(33,362)**	**—**	**(33,362)**	(3,361)	(6,714)	(10,075)
Investment – end of year	**458,772**	**222,227**	**680,999**	489,230	165,212	654,442

(1) During the year ended December 31, 2022, the distribution in the amount of $24.3 million was satisfied by a non-cash settlement of the Residence III LP loan payable (for the year ended December 31, 2021 – $52.8 million). See also the "Debt" section.

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

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

(1) Consists of loans receivable of $129.2 million in connection with the 700 Applewood purchase (see also the "Debt" section), and cash and cash equivalents of $8.2 million.
(2) Consists of notes receivable of $2.3 million in connection with the Transit City condominium closings, and cash and cash equivalents of $50.5 million.

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	—	—	23,778	243,780
Mixed-use	128,732	801,559	—	167,930 (1)	1,098,221
Condominium and townhome 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.

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, 2022:

			Ownership Interest (%), As at	
Business Focus	**Partner(s)**	**Principal Intended Activity**	**December 31, 2022**	December 31, 2021
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**	50.0
Residences (Two) LP	*Penguin*[(1)]	Own, develop and sell residential condominium towers (Park Place)	**66.7**	—

(1) See also Note 22, "Related party transactions" in the Trust's consolidated financial statements for the year ended December 31, 2022.

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 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 with a principal amount of $81.4 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 3 in the Trust's consolidated financial statements for the year ended December 31, 2022), along with an offsetting non-interest-bearing note payable of an equal amount (see Note 12(b)(iv), footnote 2 in the Trust's consolidated financial statements for the year ended December 31, 2022).

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, Residences (One) LP and Residences (Two) LP, are herein collectively referred to as "VMC Residences". For details on SmartVMC residential development, see the "Mixed-Use Development Initiatives" section.

Summary of development credit facilities

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

PCVP and VMC Residences had the following credit facilities available:

As at			**December 31, 2022**	December 31, 2021
(in thousands of dollars)	**Maturity in**	**Annual Interest Rate (%)(1)**	**Facility Amount**	Facility Amount
PCVP				
Development credit facility	February 2023	BA + 1.35	**15,876**	15,876
Construction credit facility	June 2027	BA + 1.20	**400,000**	386,766
Letters of credit facility(2)	May 2023	N/A	**60,000**	60,000
			475,876	462,642
VMC Residences				
Development credit facility	April 2022	BA + 1.75	**—**	11,656
Development credit facility	September 2023	BA + 1.60	**279,264**	279,264
			279,264	290,920
Development facilities – end of year			**755,140**	753,562
Amount drawn on development credit facilities			**(515,287)**	(317,105)
Letters of credit – outstanding			**(63,083)**	(42,832)
Remaining unused development credit facilities			**176,770**	**393,625**
Trust's share of remaining unused development credit facilities			**67,634**	146,742

(1) Annual interest rate is a function of Canadian Banker's Acceptance rate ("BA") plus a premium.
(2) Letter of credit fee rate is 0.75%.

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, 2022:

As at		**December 31, 2022**		December 31, 2021	
Business Focus	Joint Venture Partner	**Number of Projects**	**Ownership Interest (%)**	Number of Projects	Ownership Interest (%)
Retail investment properties		**1**	**30**	1	30
Joint Venture: 1500 Dundas East LP	*Fieldgate*				
Self-storage facilities		**13**	**50**	10	50
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, Gilbert Self Storage LP, Boxgrove Self Storage LP, Whitby Self Storage LP and Regent Self Storage LP	*SmartStop*				
Seniors' apartments		**—**	**—**	1	50
Joint Venture: Vaughan NW SA PropCo LP	*Revera*				
Retirement residences					
Joint Ventures: Vaughan NW RR (PropCo and OpCo LPs), Baymac RR PropCo LP, Oakville Garden Drive RR PropCo LP and Markham Main Street RR PropCo LP	*Revera*	**4**	**50**	5	50
Joint Ventures: Ottawa SW (PropCo and OpCo LPs)(1)	*Groupe Sélection*	**1**	**–(1)**	1	50
Residential apartments					
Joint Venture: Laval C Apartments LP	*Jadco*	**1**	**50**	1	50
Joint Venture: Balliol/Pailton LP	*Greenwin*	**1**	**75**	1	75
Joint Venture: Mascouche North Apartments LP	*Cogir*	**1**	**80**	1	80
Total		**22**		21	

(1) According to the limited partnership agreement entered into by the Trust and Groupe Sélection in April 2020, the ownership of this joint venture was 50:50. As at December 31, 2022, the Trust contributed $24.4 million to this partnership, of which $5.3 million was characterized as special contributions. These special contributions have resulted in a corresponding increase to the Trust's equity entitlements in respect of the partnership.

Acquisitions/new property contributions completed during the year ended December 31, 2022

In January 2022, pursuant to a 50:50 joint venture formed with SmartStop known as Boxgrove Self Storage Limited Partnership, each joint venture party contributed $1.0 million into the joint venture to fund the purchase of a parcel of land located in Markham, Ontario, totalling 1.39 acres, in which the Trust had a 40% interest, with the intention to develop and operate a self-storage facility.

In May 2022, the Trust formed a 50:50 joint venture with SmartStop known as Regent Self Storage Limited Partnership, and pursuant to the joint venture agreement, each joint venture party contributed $3.5 million into the joint venture to fund the purchase of a parcel of land located in Burnaby, British Columbia, totalling 0.89 acres with the intention to develop and operate a self-storage facility.

In December 2022, pursuant to the 50:50 joint venture previously formed with Revera known as Vaughan NW RR PropCo Limited Partnership, the Trust contributed its interest in a parcel of land totalling 2.31 acres to the joint venture for a value of $25.0 million, while Revera contributed cash, with the intention to develop and operate a retirement residence which is located in Vaughan, Ontario.

See also Note 4, "Investment properties", in the Trust's consolidated financial statements for the year ended December 31, 2022.

Summary of credit facilities

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

As at December 31, 2022 and December 31, 2021, the Trust's joint ventures had the following credit facilities:

As at			**December 31, 2022**	December 31, 2021
(in thousands of dollars)	**Maturity in**	**Annual Interest Rate (%)[1]**	**Facility Amount**	Facility Amount
Laval C Apartments LP				
Construction facility – Tower A	February 2022	BA + 1.60	**—**	35,417
Construction facility – Tower B[2]	November 2024	BA + 1.60	**48,822**	—
SmartStop				
Construction facility	May 2024	BA + 2.20	**136,900**	118,100
Markham Main Street				
Development facility	December 2023	BA + 1.75	**11,000**	11,000
Mascouche North Apartments LP				
Construction facility	August 2025	BA + 1.50	**55,000**	—
			251,722	164,517
Amount drawn on development credit facilities			**(181,610)**	(130,630)
Letters of credit – outstanding			**(1,648)**	(887)
Remaining unused development credit facilities			**68,464**	**33,000**
Trust's share of remaining unused development credit facilities			**40,234**	16,500

(1) Annual interest rate is a function of BA rates plus a premium.
(2) Management is renegotiating the facility.

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

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

(in thousands of dollars)	**December 31, 2022**	December 31, 2021	Variance ($)
Amounts receivable and other			
Tenant receivables	**26,735**	36,305	(9,570)
Unbilled other tenant receivables	**11,100**	11,847	(747)
Receivables from related party – excluding equity accounted investments	**11,899**	6,966	4,933
Receivables from related party – equity accounted investments	**616**	581	35
Other non-tenant receivables	**1,954**	1,414	540
Other(1)	**13,591**	11,383	2,208
	65,895	68,496	(2,601)
Allowance for ECL	**(8,771)**	(18,954)	10,183
Amounts receivable and other, net of allowance for ECL	**57,124**	49,542	7,582
Prepaid expenses, deposits and deferred financing costs	**14,474**	12,289	2,185
	71,598	61,831	9,767

(1) The amount includes a related party amount of $6.8 million (December 31, 2021 – $8.0 million).

As at December 31, 2022, total amounts receivable and other, net of allowance for ECL, and prepaid expenses, deposits and deferred financing costs increased by $9.8 million as compared to December 31, 2021. This increase was primarily attributed to the following:

- $5.7 million increase in non-tenant receivables;
- $4.4 million increase in other amounts receivable, prepaid expenses, deposits and deferred financing costs; and
- $0.6 million decrease in tenant receivables net of allowance for ECL due to improving existing and expected collections on tenant receivables.

Tenant receivables

Approximately 60% of the Trust's tenant base are businesses offering "essential" services and approximately 98.4% of the Trust's tenant billings for the year ended December 31, 2022 have been collected. The Trust and its tenants are well-positioned for an expected return of the economy to pre-pandemic levels and as the Trust identifies tenants for its vacant space, it also continues to work with its existing tenants on rent collections and payment solutions.

The table below represents a summary of total tenant receivables and ECL balances as at December 31, 2022 and December 31, 2021:

(in thousands of dollars)	**December 31, 2022**	December 31, 2021
Tenant receivables	**26,735**	36,305
Unbilled other tenant receivables	**11,100**	11,847
Total tenant receivables	**37,835**	48,152
Less: Allowance for ECL	**8,771**	18,954
Total tenant receivables net of allowance for ECL	**29,064**	29,198

Mortgages, Loans and Notes Receivable

The following table summarizes mortgages, loans and notes receivable:

(in thousands of dollars)	**December 31, 2022**	December 31, 2021	Variance ($)
Mortgages, loans and notes receivable			
Mortgages receivable (Mezzanine Financing)(1)	**39,456**	139,589	(100,133)
Loans receivable(2)	**282,312**	274,523	7,789
Notes receivable(1)	**2,924**	2,924	—
	324,692	417,036	(92,344)

(1) The amount is due from Penguin.
(2) Includes $100.3 million due from Penguin (December 31, 2021 – $117.0 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 including Extension Period	Annualized Variable Interest Rate at Year-End (%)	Potential Area Upon Exercising Purchase Option (sq. ft.)
Caledon (Mayfield), ON(1)(3)(5)	—	—	15,498	—	August 2028	7.00	101,865
Salmon Arm, BC(2)(3)	—	—	13,398	—	August 2028	6.50	—
Aurora (South), ON(3)(5)	—	—	15,155	—	August 2028	6.75	57,741
Innisfil, ON(2)(3)	—	—	16,011	—	October 2023	7.00	—
Vaughan (7 & 427), ON(1)(3)(5)	—	—	15,781	—	August 2028	6.75	76,000
Toronto (StudioCentre), ON(2)(4)(5)	15,862	98	39,224	15,862	August 2028	6.90	227,831
Pitt Meadows, BC(1)(4)(5)	23,594	234	75,653	23,594	August 2028	6.90	25,003
	39,456	**332**	**190,720**	**39,456**		**6.90**	**488,440**

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

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

The following table illustrates the activity in mortgages receivable:

	Year Ended December 31	
(in thousands of dollars)	**2022**	2021
Balance – beginning of year	**139,589**	144,205
Interest accrued	**6,143**	5,363
Interest payments	**(36,510)**	(10,766)
Principal advances	**3,800**	2,003
Principal repayments	**(73,566)**	(1,216)
Balance – end of year	**39,456**	139,589

Loans Receivable

The following table summarizes loans receivable:

(in thousands of dollars)

Issued to	Committed	Maturity Date	Interest Rate (%)	December 31, 2022	December 31, 2021
Penguin(1)	12,493	January 2023	Variable	**7,389**	9,707
Penguin(2)	26,227	January 2023	2.76 %	**13,266**	14,027
Penguin(3)	N/A	December 2029	Interest-free	**62,986**	77,828
Penguin(4)	18,450	August 2030	Variable	**16,638**	15,404
Penguin				**100,279**	116,966
PCVP(5)	N/A	January 2023	2.76 %	**48,532**	47,214
Self-storage facilities(6)	120,700	May 2024	Variable	**116,096**	91,938
Equity accounted investments				**164,628**	139,152
Other(7)	N/A	January 2023	5.00 %	**2,308**	3,308
Greenwin(8)	11,694	September 2024	Variable	**—**	—
Greenwin(9)	1,280	January 2025	Variable	**—**	—
Other(10)	N/A	October 2023	4.00 %	**15,097**	15,097
Unrelated parties				**17,405**	18,405
				282,312	274,523

(1) This loan receivable was provided pursuant to a development management agreement with Penguin with a total loan facility of $12.5 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.

(2) 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.

(3) 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 regard to PCVP. The loan has a principal amount outstanding of $81.4 million, is non-interest-bearing, and is repayable at the end of ten years. As at December 31, 2022, the loan balance of $63.0 million is net of a cumulative fair value adjustment totalling $18.5 million. See also 12(b)(iv) "Debt" in the consolidated financial statements for the year ended December 31, 2022 reflecting the corresponding loan payable amount.

(4) 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.

(5) 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. 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, 2022.

(6) 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, 2022.

(7) 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, which bears interest at 5.0% per annum, calculated semi-annually. Subsequently, the loan was fully repaid in January 2023.

(8) 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, 2022, 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.

(9) 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. As at December 31, 2022, 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.

(10) 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.

The following table illustrates the activity in loans receivable:

	Year Ended December 31	
(in thousands of dollars)	**2022**	2021
Balance – beginning of year	**274,523**	241,683
Loans issued	**30,300**	33,790
Principal advances	**16,384**	50,983
Interest accrued	**5,366**	3,986
Fair value adjustments[1]	**4,114**	4,440
Principal repayments	**(48,375)**	(60,359)
Balance – end of year	**282,312**	274,523

(1) $4.1 million recorded during the year ended December 31, 2022 (year ended December 31, 2021 – $4.4 million) in connection with the loan issued as part of the 700 Applewood purchase.

Notes Receivable

Notes receivable of $2.9 million (December 31, 2021 – $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, 2021 – 9.00%).

Section VII — Financing and Capital Resources

Capital Resources and Liquidity

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

(in thousands of dollars)	December 31, 2022	December 31, 2021	Variance ($)
Cash and cash equivalents	**35,255**	62,235	(26,980)
Remaining operating facilities[1]	**553,343**	341,715	211,628
	588,598	403,950	184,648
Operating facility – accordion feature	**250,000**	250,000	—
	838,598	653,950	184,648

(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, 2022, the Trust's cash and cash equivalents decreased by $27.0 million as compared to December 31, 2021, which is primarily due to the following:

- $1,046.9 million representing net repayment of debt, which is principally due to the $282.0 million repayment of secured debt, $610.0 million repayment of revolving operating facility and $154.9 million repayment of other unsecured debt;
- $319.6 million of distributions paid on Trust Units, non-controlling interests and Units classified as liabilities;
- $283.8 million representing net additions to investing activities including investment properties, equity accounted investments, equipment, and Earnouts and Developments; and
- $1.9 million relating to the payment of lease liabilities;

Partially offset by the following:

- $700.0 million new unsecured debt relating to both the establishment of a new financing facility for SmartVMC West and draws on existing construction facilities;
- $392.0 million relating to the proceeds from revolving unsecured debt facility;
- $370.8 million of cash provided by operating activities;
- $70.3 million repayments of mortgages and loans receivable net of advances;
- $50.3 million net decrease in cash held as collateral pertaining to TRS purchase;and
- $41.8 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, 2022 is 52% (December 31, 2021 – 50.8%). Including the Trust's capital resources as at December 31, 2022, the Trust could invest an additional $1,309.0 million (December 31, 2021 – $1,511.0 million) in new investments and developments and remain at the midpoint of the Trust's target Debt to Gross Book Value range of 55% to 60%.

Future obligations total $5.7 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, 2022.

The following table presents the estimated amount and timing of certain of the Trust's future obligations including development obligations as at December 31, 2022:

(in thousands of dollars)	Total	2023	2024	2025	2026	2026	Thereafter
Secured debt	**970,237**	239,894	151,031	411,341	98,121	5,473	64,377
Unsecured debt	**3,979,281**	213,153	370,000	933,232	400,000	850,000	1,212,896
Revolving operating facilities	**81,283**	7,000	74,283	—	—	—	—
Interest obligations[1]	**202,010**	4,471	113,742	95,743	76,884	(32,724)	(56,106)
Accounts payable	**259,352**	259,352	—	—	—	—	—
Other payable	**27,011**	8,147	8,730	134	—	—	10,000
Long term incentive plan	**580**	580	—	—	—	—	—
	5,519,754	**732,597**	**717,786**	**1,440,450**	**575,005**	**822,749**	**1,231,167**
Mortgage receivable advances (repayments)[2]	**151,264**	1,015	1,130	(15,880)	1,034	378	163,587
Development obligations (commitments)	**20,669**	20,669	—	—	—	—	—
Total	**5,691,687**	**754,281**	**718,916**	**1,424,570**	**576,039**	**823,127**	**1,394,754**

(1) Interest obligations represent expected interest payments on secured debt, unsecured debt, and revolving operating facilities under the assumption that the balances are repaid at maturity, and do not represent a separate contractual obligation.
(2) Mortgages receivable of $39.5 million at December 31, 2022, and further forecasted commitments of $151.3 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, 2022, 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, 2022:

(in thousands of dollars)	Total	2023	2024	2025	2026	2027	Thereafter
Secured and unsecured debt	**803,228**	224,908	339,210	50,904	7,452	51,252	129,502
Development obligations (commitments)[1]	**200,956**	125,596	70,528	4,832	—	—	—
Total	**1,004,184**	**350,504**	**409,738**	**55,736**	**7,452**	**51,252**	**129,502**

(1) The Trust is in the process of refining its estimates of development obligations for the years subsequent to 2022. This total does not include expected costs associated with the Trust's mixed-use development initiatives except for current amounts outstanding for active projects currently underway.

The following table presents the estimated amount and timing of certain of the Trust's proportionate share of equity accounted investments' future obligations including development obligations as at December 31, 2022:

(in thousands of dollars)	Total	2023	2024	2025	2026	2027	Thereafter
Secured and unsecured debt	**354,933**	63,860	169,091	38,036	3,163	16,337	64,446
Development obligations (commitments)[1]	**90,161**	53,049	34,668	2,444	—	—	—
Total Trust's share	**445,094**	**116,909**	**203,759**	**40,480**	**3,163**	**16,337**	**64,446**

(1) The Trust is in the process of refining its estimates of development obligations for the years subsequent to 2022. This total does not include expected costs associated with the Trust's mixed-use development initiatives except for current amounts outstanding for active projects currently underway.

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

(in thousands of dollars)	December 31, 2022	December 31, 2021
Current assets	**276,140**	223,412
Less: Current liabilities	**(720,400)**	(931,484)
Working capital deficiency	**(444,260)**	(708,072)
Adjusted by: Current portion of debt included in current liabilities	**(459,278)**	(678,406)
Net working capital surplus (deficiency)	**15,018**	(29,666)

As at December 31, 2022 the Trust experienced a working capital deficiency of $444.3 million (December 31, 2021 – $708.1 million deficiency). This deficiency includes mortgages, unsecured debentures and operating lines of credit of $459.3 million (December 31, 2021 – $678.4 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 experienced a net working capital deficiency of $15.0 million as at December 31, 2022 (December 31, 2021 – $29.7 million deficiency).

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

Maintenance Capital Requirements

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

The sustaining capital expenditures are those of a capital nature that are not considered to increase or enhance the productive capacity of the Trust, but rather maintain the productive capacity of the Trust. Leasing and related costs, which include tenant improvements, leasing commissions and related costs, vary with the timing of new leases, renewals, vacancies, tenant mix and market conditions. Leasing and related costs are generally lower for renewals of existing tenants when compared to new leases. Leasing and related costs also include internal expenses for leasing activities, primarily salaries, which are eligible to be added back to FFO based on the definition of FFO in the REALpac White Paper last revised in January 2022. The sustaining capital expenditures and leasing costs are based on actual costs incurred during the period. FFO is a non-GAAP measure (see "Presentation of Certain Terms Including Non-GAAP Measures" 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)	**2022**	2021	Variance	**2022**	2021	Variance
Adjusted salaries and related costs attributed to leasing	**1,514**	1,063	451	**7,508**	5,196	2,312
Actual sustaining leasing commissions	**800**	742	58	**2,389**	3,071	(682)
Actual sustaining tenant improvements	**2,587**	1,217	1,370	**7,796**	2,903	4,893
Total actual sustaining leasing and related costs	**4,901**	3,022	1,879	**17,693**	11,170	6,523
Actual sustaining capital expenditures (recoverable and non-recoverable)	**11,434**	10,323	1,111	**19,111**	17,331	1,780
Total actual sustaining leasing costs and capital expenditures	**16,335**	13,345	2,990	**36,804**	28,501	8,303
Weighted average number of Units outstanding – diluted	**179,696,944**	174,380,800	5,316,144	**179,657,455**	173,748,819	5,908,636
Per Unit – diluted ($)	**0.09**	0.08	0.01	**0.20**	0.16	0.04

For the year ended December 31, 2022, the total sustaining leasing costs and capital expenditures were $36.8 million, as compared to $28.5 million in the same period in 2021, representing an increase of $8.3 million. This increase is primarily due to the following:

- $6.5 million net increase in both tenant improvements and leasing and related costs (note that the decrease in actual sustaining leasing commissions of $0.7 million is attributed to a similar increase that occurred in the same period of 2021); and
- $1.8 million increase in both recoverable and non-recoverable capital expenditures which primarily relate to the costs associated with parking lot resurfacing, roof replacement 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.

Debt

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

As at	**December 31, 2022**			December 31, 2021		
(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	**969,054**	**2.8**	**3.91**	1,294,546	3.2	3.49
Unsecured debt	**3,791,797**	**4.1**	**3.74**	3,066,794	5.4	3.24
Unsecured loan from equity accounted investments	**141,131**	**N/A**	**—**	195,562	N/A	—
Revolving operating facilities	**81,283**	**1.3**	**5.59**	297,625	3.4	1.49
Total debt before equity accounted investments	**4,983,265**	**N/A**	**—**	4,854,527	N/A	—
Less: Unsecured loan from equity accounted investments(1)	**(78,145)**	**N/A**	**—**	(111,484)	N/A	—
Subtotal	**4,905,120**	**3.8**	**3.75**	4,743,043	4.7	3.14
Share of secured debt (equity accounted investments)	**193,525**	**8.1**	**4.91**	117,946	11.5	3.26
Share of unsecured debt (equity accounted investments)	**161,408**	**1.8**	**5.92**	122,089	2.2	1.87
Share of debt classified as equity accounted investments	**354,933**	**5.2**	**5.37**	240,035	6.7	2.55
Total debt including equity accounted investments	**5,260,053**	**4.0**	**3.86**	4,983,078	4.8	3.11

(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, 2022:

(in thousands of dollars)	**Secured Debt**	**Unsecured Debt**	**Revolving Operating Facilities**	**Equity Accounted Investments**	**Loan from Equity Accounted Investments**	**Total**
Balance – January 1, 2022	1,294,546	3,066,794	297,625	240,035	84,078	**4,983,078**
Borrowings	109,948	700,000	377,000	135,923	4,114	**1,326,985**
Reclassification to unsecured debt	(143,232)	143,232	—	—	—	**—**
Scheduled amortization	(43,087)	—	—	(2,398)	—	**(45,485)**
Repayments	(249,457)	(117,000)	(610,000)	(18,500)	(18,956)	**(1,013,913)**
Amortization of acquisition fair value adjustments	(460)	—	—	(140)	—	**(600)**
Financing costs incurred, net of additions	796	(1,229)	—	13	—	**(420)**
Adjustment	—	—	—	—	(6,250)	**(6,250)**
Currency translation	—	—	16,658	—	—	**16,658**
Balance – December 31, 2022	**969,054**	**3,791,797**	**81,283**	**354,933**	**62,986**	**5,260,053**

Secured Debt

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

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

(in thousands of dollars)	Instalment Payments	Lump Sum Payments at Maturity	Total	%	Weighted Average Interest Rate of Maturing Debt (%)
2023	38,599	201,295	239,894	24.73	4.46
2024	32,336	118,696 [(1)]	151,032	15.57	3.63
2025	21,736	389,605	411,341	42.40	3.96
2026	11,240	86,881	98,121	10.11	3.86
2027	5,473	—	5,473	0.56	—
Thereafter	16,176	48,200	64,376	6.63	4.84
Total	**125,560**	**844,677**	**970,237**	**100.00**	**4.06**
Acquisition date fair value adjustment			554		
Unamortized financing costs			(1,737)		
			969,054		**3.91**

(1) Includes construction loans in the amount of $20.1 million, which bear interest at Canadian Banker's Acceptance rate plus 170 basis points.

Unsecured Debt

The following table summarizes the components of unsecured debt:

(in thousands of dollars)	**December 31, 2022**	December 31, 2021
Unsecured debentures (a)	**2,652,327**	2,650,571
Credit facilities (b)	**996,238**	416,223
	3,648,565	3,066,794
TRS debt	**143,232**	—
Other unsecured debt from equity accounted investments (c)	**141,131**	195,562
	3,932,928	3,262,356

a) Unsecured debentures

As at December 31, 2022, unsecured debentures totalled $2,652.3 million (December 31, 2021 – $2,650.6 million). The unsecured debentures mature at various dates between 2023 and 2030, with interest rates ranging from 1.74% to 3.99%, and a weighted average interest rate of 3.17% as at December 31, 2022 (December 31, 2021 – 3.17%).

Unsecured debenture activities for the year ended December 31, 2022

There is no significant activity relating to unsecured debentures during the year ended December 31, 2022.

Credit rating of unsecured debentures

Dominion Bond Rating Services ("DBRS") provides credit ratings of debt securities for commercial issuers that indicate the risk associated with a borrower's capabilities to fulfil its obligations. An investment-grade rating must exceed "BB", with the highest rating being "AAA". In December 2022, DBRS confirmed the Trust's BBB(high) rating and maintained the negative trend.

b) *Credit facilities*

The following table summarizes the activity for unsecured credit facilities:

(in thousands of dollars) (Issued in)	**Initial Maturity Date**	**Extended Maturity Date**	**Annual Interest Rate (%)**	**Facility Amount**	**December 31, 2022**	December 31, 2021
Non-revolving:						
August 2018(1)	January 31, 2025	N/A	2.980	80,000	**80,000**	80,000
March 2019(1)	July 31, 2026	July 31, 2028	3.520	150,000	**150,000**	150,000
May 2019(1)	June 24, 2024	December 24, 2030	3.146	170,000	**170,000**	170,000
January 2022(2)	January 19, 2027	N/A	BA + 1.20	300,000	**300,000**	—
December 2022(1)	December 1, 2025	N/A	4.370	100,000	**100,000**	—
December 2022	December 1, 2025	N/A	BA + 1.20	100,000	**100,000**	—
December 2022	December 20, 2025	December 20, 2026	BA + 1.20 or CAD Prime	100,000	**100,000**	—
Revolving:						
May 2020	May 11, 2024	May 11, 2026	BA + 1.20	100,000	**—**	17,000
				1,100,000	**1,000,000**	417,000
	Less:					
	Unamortized financing costs				**(1,802)**	(777)
	Unamortized debt modification adjustments				**(1,960)**	—
					996,238	416,223

(1) The Trust entered into interest rate swap agreements to convert the variable interest rate of the Canadian Banker's Acceptance rate plus 1.20% into a weighted average fixed interest rate of 2.62% per annum. The weighted average term to maturity of the interest rate swaps is 2.39 years. Hedge accounting has not been applied to the interest rate swap agreements. See additional details in the table below.

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

The following table summarizes the fair value gain (loss) as at December 31, 2022 and December 31, 2021, relating to the mark to market adjustments associated with the interest rate swap agreements:

Facility Amount	**Maturity Date**	**Fixed Interest Rate (%)**	**Variable Interest Rate**	**December 31, 2022**	December 31, 2021
170,000	June 24, 2024	3.146	BA + 1.20	**16,225**	(2,822)
150,000	July 31, 2026	3.520	BA + 1.20	**10,151**	(4,801)
80,000	January 31, 2025	2.980	BA + 1.20	**6,161**	(40)
100,000	December 1, 2025	4.370	BA + 1.20	**1,120**	—
11,403	November 3, 2025	3.470	BA + 1.20	**624**	(91)
				34,281	(7,754)

c) *Other unsecured debt from equity accounted investments*

Other unsecured debt net of fair value adjustments totalling $141.1 million (December 31, 2021 – $195.6 million) at the Trust's share pertains to loans received from equity accounted investments in connection with contribution agreements relating to joint ventures. The loans are non-interest-bearing with repayment terms based on the distributions that are to be paid pursuant to the limited partnership agreements. The balances of the loans are expected to be paid at the end of their respective terms.

Revolving Operating Facilities

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

	Annual Interest Rate (%)	**Facility Amount**	**Amount Drawn**	**Outstanding Letters of Credit**	**Remaining Undrawn Facilities**	
					December 31, 2022	December 31, 2021
Revolving facility maturing August 2026	BA + 1.20	500,000	**7,000**	**15,374**	**477,626**	341,715
Revolving facility maturing February 2024(1)	US$ LIBOR + 1.20	150,000	**74,283**	**—**	**75,717**	—
			81,283		**553,343**	341,715

(1) The Trust has drawn in US$54.9 million which was translated to $74.3 million as at December 31, 2022 (December 31, 2021 – drawn in US$116.8 million which was translated to $147.6 million).

In addition to the letters of credit outstanding on the Trust's revolving operating facilities (see above), the Trust also has $32.9 million of letters of credit outstanding with other financial institutions as at December 31, 2022 (December 31, 2021 – $26.5 million).

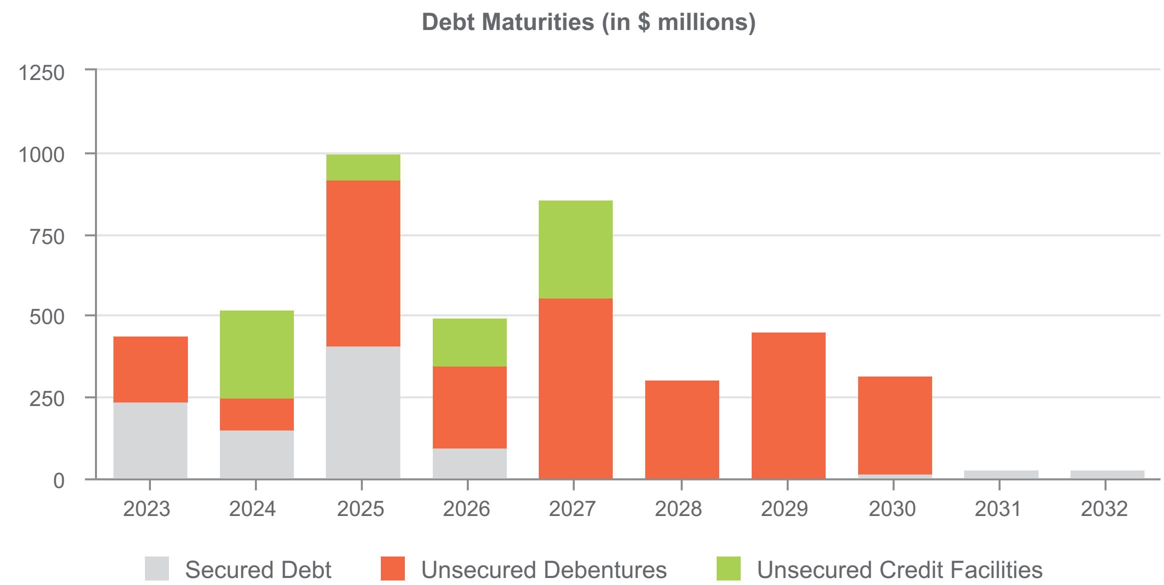
Unencumbered Assets

As at December 31, 2022, the Trust had $8.4 billion of unencumbered assets (a non-GAAP financial measure) (December 31, 2021 – $6.6 billion), which reflects the Trust's share of the value of investment properties. Expressed as a percentage, the Trust earned approximately 71.1% of its NOI from unencumbered assets (December 31, 2021 – 62.6%).

In connection with this pool of unencumbered assets, management estimates the total Forecasted Annualized NOI for 2023 to be $368.8 million (December 31, 2021 – $327.9 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" and "Non-GAAP Measures".

Debt Maturities

The following graph illustrates the debt maturities(1) as at December 31, 2022:



(1) Excludes revolving operating facilities of $81.3 million.

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)	**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
Mortgage interest	**938**	1,318	(380)	**6,143**	5,363	780
Loan interest	**2,936**	1,214	1,722	**8,459**	4,575	3,884
Notes receivable interest	**66**	66	—	**263**	263	—
TRS deposit interest	**988**	90	898	**2,223**	271	1,952
Bank interest	**568**	57	511	**948**	1,869	(921)
	5,496	2,745	2,751	**18,036**	12,341	5,695

For the year ended December 31, 2022, interest income increased by $5.7 million as compared to the year ended December 31, 2021. This increase was primarily attributed to the additional loans issued under self-storage facilities and higher interest rates.

Interest Expense

The following table summarizes the components of interest expense:

		Three Months Ended December 31			Year Ended December 31		
(in thousands of dollars)		**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
Interest at stated rates		**46,082**	36,512	9,570	**166,181**	150,187	15,994
Amortization of acquisition date fair value adjustments on assumed debt		**(94)**	(127)	33	**(460)**	(527)	67
Adjustment on debt modification		**—**	—	—	**(1,960)**	—	(1,960)
Amortization of deferred financing costs		**851**	898	(47)	**3,606**	3,828	(222)
Distributions on Units classified as liabilities – excluding SmartVMC West		**970**	1,008	(38)	**3,842**	3,919	(77)
Distributions on Units classified as liabilities – SmartVMC West		**2,681**	—	2,681	**10,725**	—	10,725
Distributions on vested deferred units		**724**	1,045	(321)	**2,847**	2,424	423
Total interest expense before capitalized interest	**(A)**	**51,214**	39,336	11,878	**184,781**	159,831	24,950
Less:							
Interest capitalized to properties under development – excluding SmartVMC West		**(4,146)**	(3,440)	(706)	**(14,836)**	(14,333)	(503)
Interest capitalized to properties under development – SmartVMC West		**(3,870)**	—	(3,870)	**(9,926)**	—	(9,926)
Interest capitalized to residential development inventory		**(287)**	(242)	(45)	**(1,043)**	(958)	(85)
Distributions capitalized to properties under development – SmartVMC West		**(2,569)**	—	(2,569)	**(10,274)**	—	(10,274)
Total capitalized interest	**(B)**	**(10,872)**	(3,682)	(7,190)	**(36,079)**	(15,291)	(20,788)
Interest expense net of capitalized interest expense	**(C = A + B)**	**40,342**	35,654	4,688	**148,702**	144,540	4,162
Capitalized interest as a percentage of interest expense	**(D = B / A)**	**21.2 %**	9.4 %	11.8 %	**19.5 %**	9.6 %	9.9 %

For the year ended December 31, 2022, interest expense net of capitalized interest totalled $148.7 million, representing an increase of $4.2 million as compared to the year ended December 31, 2021, which was primarily due to the increase in interest at the stated rates due to combined impact of increased interest rates and additional use of operating facilities and other bank facilities.

Financial Covenants

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

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

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

For the year ended December 31, 2022, the Trust was in compliance with all financial covenants.

Ratio	Calculation	Threshold	**December 31, 2022**	December 31, 2021
Interest coverage ratio(1)	*Adjusted EBITDA / Adjusted interest expense including capitalized interest(6)*	≥ 1.65X	**3.1X**	3.4X
Fixed charge coverage ratio(3)	*Adjusted EBITDA / Debt service expense(7)*	≥ 1.5X	**2.3X**	2.6X
Debt to aggregate assets(3)(4)(5)	*Net debt / Aggregate assets(8)*	≤ 65%	**43.6 %**	42.9 %
Debt to aggregate assets (excluding TRS debt and receivable)(2)(5)	*Net debt (excluding TRS debt)/ Aggregate assets (excluding TRS receivable)(8)*	≤ 65%	**42.9 %**	42.7 %
Debt to Gross Book Value (excluding convertible debentures)(1)(4)(5)	*Net debt / Gross book value(9)*	≤ 60%	**52.0 %**	50.8 %
Debt to Gross Book Value (including convertible debentures)(1)(4)(5)	*Net debt / Gross book value(10)*	≤ 65%	**52.0 %**	50.8 %
Secured debt to aggregate assets(3)(5)	*Secured debt including EAI / Aggregate assets(11)*	≤ 40%	**11.2 %**	12.4 %
Unsecured to secured debt ratio(2)(5)	*Unsecured debt including EAI / Secured debt including EAI(12)*	N/A	**74%/26%**	71%/29%
Unencumbered assets to unsecured debt(3)(5)	*Unencumbered assets / Unsecured debt including EAI(13)*	≥ 1.3X	**2.2X**	1.9X
Unitholders' equity (in thousands)(1)(3)		≥ $2,000,000	**$6,163,101**	$5,841,315
Units classified as liabilities (in thousands)		N/A	**$211,497**	$254,223
Total Unitholders' equity including Units classified as liabilities (in thousands)		N/A	**$6,374,598**	$6,095,538

(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, 2022, cash-on-hand of $33.4 million (December 31, 2021 – $80.0 million) was excluded for the purposes of calculating the ratios.
(6) This ratio is calculated as: Adjusted EBITDA/Adjusted interest expense including capitalized interest. The calculation of Adjusted EBITDA and Adjusted interest expense including capitalized interest are referenced in the "Non-GAAP Measures."
(7) This ratio is calculated as: Adjusted EBITDA/Debt service expense. The calculation of Adjusted EBITDA is referenced in the "Non-GAAP Measures." Debt service expense is calculated as total interest expense as per the proportionate income statement, less distributions on vested deferred units and Units classified as liabilities and interest income from mortgages and loans receivable, plus capitalized interest and mortgage principal amortization payments.
(8) This ratio is calculated as: Net debt/Aggregate assets. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand. Aggregate assets is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand.
When calculating this ratio excluding TRS receivable and debt, Net debt as calculated above further minus debt borrowed concurrent with entering the TRS agreement as referenced in "Debt". Aggregate assets as calculated above further minus TRS receivable as referenced in "Total Return Swap Receivable".
(9) This ratio is calculated as: Net debt/Gross Book Value. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand. Gross Book Value is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand and fair value adjustment net of accumulated amortization.
(10) This ratio is calculated as: Net debt/Gross Book Value. Net debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand. Gross Book Value is calculated as total assets as per the proportionate balance sheet, less excess cash-on-hand and fair value adjustment net of accumulated amortization.
(11) This ratio is calculated as: 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."

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, 2022	December 31, 2021	Variance (#)
Trust Units	N/A	**144,625,322**	144,625,322	—
Smart Limited Partnership	Class B Series 1	**14,746,176**	14,746,176	—
Smart Limited Partnership	Class B Series 2	**957,822**	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	**706,591**	706,591	—
Smart Limited Partnership III	Class B Series 5	**583,535**	572,337	11,198
Smart Limited Partnership III	Class B Series 6	**640,059**	627,640	12,419
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	**3,112,565**	3,093,910	18,655
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		**170,236,282**	170,194,010	42,272
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**	7,897,571	—
Total Units		**178,133,853**	178,091,581	42,272

As of February 8, 2023, the Trust has 170,236,282 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, 2022**	Year Ended December 31, 2021
Unitholders' Equity – beginning of year	**5,841,315**	5,166,975
Unit issuance costs	**(250)**	(18)
Deferred Units exchanged for Trust Units	**—**	198
Issuance of LP Units classified as equity	**1,279**	1,738
Net income and comprehensive income	**635,965**	987,676
Distributions	**(315,208)**	(315,254)
Unitholders' Equity – end of year	**6,163,101**	5,841,315
LP Units classified as liabilities – beginning of year	**254,223**	48,479
Issuance of LP Units	**—**	181,236
Change in carrying value	**(42,726)**	24,508
LP Units classified as liabilities – end of year	**211,497**	254,223
Unitholders' Equity and LP Units classified as liabilities – end of period	**6,374,598**	6,095,538

Distributions

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

For the year ended December 31, 2022, the Trust paid $329.8 million in cash distributions (for the year ended December 31, 2021 – $319.2 million in cash distributions). The following table summarizes declared distributions:

	Year Ended December 31	
(in thousands of dollars)	**2022**	2021
Distributions declared on:		
Trust Units	**267,563**	267,552
LP Units	**47,363**	47,282
Other non-controlling interest	**282**	420
Distributions on Units classified as equity	**315,208**	315,254
Distributions on LP Units classified as liabilities – excluding SmartVMC West	**3,881**	3,881
Distributions on LP Units classified as liabilities – SmartVMC West	**10,725**	38
Distributions on LP Units classified as liabilities	**14,606**	3,919
Total distributions declared	**329,814**	319,173

Normal Course Issuer Bid

The normal course issuer bid ("NCIB") program terminated on March 30, 2022. During the year ended December 31, 2022, 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, 2022, there were 10,053,123 additional Special Voting Units outstanding (December 31, 2021 – 8,163,976). 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, 2022, 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, 2022, 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:

i) Penguin shall be reimbursed for 50% of disposition fees otherwise payable pursuant to the Development Services Agreement related to Penguin's interest in properties sold by the Trust,
ii) for future SmartVMC commercial phases and certain properties currently owned by Penguin (for which the Trust has historically assisted with development and planning requirements), all development fees are payable to Penguin and all other fees (management, leasing, etc.) are payable to the Trust,
iii) when Penguin utilizes employees of the Trust to assist with its development projects, Penguin will pay for these services provided by employees of the Trust based on annual estimates of time billings related to these projects, charged at estimated total cost, including compensation,
iv) for 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,
v) 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
vi) 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, 2022). The Trust's purchase option periods have been extended and because these properties may now be subject to mixed-use development projects, the agreements provide that the parties establish a new framework for the purchase options for the Trust related to mixed-use development.

Non-Competition Agreement

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

Executive Employment Agreement

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

Equity Incentive Plan

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

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

	Year Ended December 31, 2022	Year Ended December 31, 2021
Balance – beginning of year	**8,500**	—
Amortization costs capitalized to properties under development[(1)]	**5,182**	5,198
Fair value adjustment to financial instruments	**(302)**	3,302
Balance – end of year	**13,380**	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, 2022, which include:

- Note 3(c) referring to the purchase of Earnouts
- Note 4(c) referring to Leasehold property interests
- Note 5(a)(ii) referring to a supplemental development fee agreement
- Note 6 referring to Mortgages, loans and notes receivable
- Note 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 and other payables (including future land development 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 expense, net.

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

	Year Ended December 31	
(in thousands of dollars)	**2022**	2021
Related party transactions with Penguin		
Acquisitions and Earnouts:		
Earnouts	**9,210**	16,274
Revenues:		
Service and other revenues:		
Management fee and other services revenue pursuant to the Development and Services Agreement	**3,670**	6,309
Supplement to the Development Services Agreement fees – time billings	**8,042**	5,097
Support services	**1,192**	1,466
	12,904	12,872
Interest income from mortgages and loans receivable	**7,857**	6,209
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of $355 (year ended December 31, 2021 – $271))	**893**	828
	21,654	19,909
Expenses and other payments:		
Fees paid – capitalized to properties under development	**7,416**	7,062
EIP – capitalized to properties under development	**5,182**	5,198
Development fees and interest expense (capitalized to investment properties)	**354**	115
Opportunity fees capitalized to properties under development(1)	**60**	1,839
Marketing, time billings and other administrative costs (included in general and administrative expense and property operating costs)	**76**	84
Disposition fees (included in general and administrative expense)	**612**	979
Expenditures on tenant inducement	**—**	77
	13,700	15,354
Related party transactions with PCVP		
Revenues:		
Interest income from mortgages and loans receivable	**1,318**	1,935
Expenses and other payments:		
Rent and operating costs (included in general and administrative expense and property operating costs)	**2,720**	2,625

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

(in thousands of dollars)	December 31, 2022	December 31, 2021
Related party balances with Penguin disclosed elsewhere in the financial statements		
Receivables:		
Amounts receivable and other(1)	**18,734**	14,953
Mortgages receivable	**39,456**	139,589
Loans receivable	**100,280**	116,966
Notes receivable	**2,924**	2,924
Total receivables	**161,394**	274,432
Payables and other accruals:		
Accounts payable and accrued liabilities	**3,504**	3,370
Future land development obligations	**17,646**	18,931
Total payables and other accruals	**21,150**	22,301

(1) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of $11.9 million and other of $6.8 million (December 31, 2021 – $7.0 million and other of $8.0 million).

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

(in thousands of dollars)	December 31, 2022	December 31, 2021
Related party balances disclosed elsewhere in the financial statements		
Amounts receivable(1)	**616**	581
Loans receivable(2)	**164,628**	139,152
Other unsecured debt(3)	**141,131**	195,562

(1) Amounts receivable includes Penguin's portion, which represents $0.03 million (December 31, 2021 – $0.004 million) relating to Penguin's 50% investment in PCVP and 25% investment in Residences LP.
(2) Loans receivable includes Penguin's portion, which represents $24.3 million (December 31, 2021 – $23.6 million) relating to Penguin's 50% investment in PCVP.
(3) Other unsecured debt includes Penguin's portion, which represents $0.2 million (December 31, 2021 – $6.2 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)	**2022**	2021
Legal fees incurred from a law firm in which a partner is a Trustee:		
Capitalized to investment properties	**1,919**	2,628
Included in general and administrative expense	**846**	2,129
	2,765	4,757

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 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, 2022). 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, 2022. 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 properties 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.

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

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, 2022 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[1]	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	2.12	Amortized cost
Total return swap receivable		FVTPL
Other financial assets		FVTPL
Financial liabilities		
Accounts payable and other payables		Amortized cost
Secured debt		Amortized cost
Revolving operating facilities		Amortized cost
Unsecured debt		Amortized cost
Units classified as liabilities	2.10	FVTPL
Earnout options	2.13	FVTPL
Deferred unit plan ("DUP")	2.13	FVTPL
Long term incentive plan ("LTIP")	2.13	FVTPL
Equity incentive plan ("EIP")	2.13	FVTPL
Other financial liabilities		FVTPL

(1) The Note reference relates to the corresponding Note disclosure in the Trust's consolidated financial statements for the year ended December 31, 2022.

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 and foreign currency 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, 2022.

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 economic environment, including but not limited to the inflationary environment, with rising interest rates. Accordingly, the Trust has not applied its existing ECL methodology mechanically. Instead, during the current economic environment, the Trust has been in discussions with tenants on a case-by-case basis to determine optimal rent payment solutions and has incorporated this available, reasonable and supportable information when estimating ECL on tenant receivables.

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 is restricted from being exchanged or used to settle a liability for at least 12 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
Some of 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, 2022.

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 that are 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 performance units under the EIP including performance units that are reinvested. Any adjustments made to the accrued value of EIP are recorded in earnings.

Future Changes in Accounting Policies

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

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements for the year ended December 31, 2022 are described below. This description is of the standards and interpretations issued that the Trust reasonably expects to be applicable at a future date. The Trust intends to adopt these standards when they become effective.

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

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

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces the definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors. The amendments are effective January 1, 2023, with early adoption permitted. Management is currently assessing the impact of the amendments on the Trust's financial statements.

Introduction of IFRS 17, Insurance contracts

In May 2017, the IASB issued the new IFRS 17 standard to replace IFRS 4. IFRS 17, Insurance contracts is a new standard that sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The new standard is effective on January 1, 2023 and should be applied retrospectively. Earlier application is permitted. Management is currently assessing the impact of the new standard on the Trust's financial statements.

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".

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, and the terms of any subsequent lease may be less favourable to the Trust than the existing lease. 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, $720.4 million of liabilities (including $459.3 million of secured and unsecured debt and $261.1 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.

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 provide lenders with first charge security interests on most of the income-producing properties in its portfolio. These credit facilities contain 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

As a means of curbing inflation, the Bank of Canada increased interest rates in 2022. Higher interest rates or downgrade in the Trust's credit rating 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 121,000 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.

Inflation Risk

Canada's inflation rate remains at a historically high level. Recent inflationary pressures experienced domestically and globally, external supply constraints, tight labour markets and strong demand for goods and resources, together with the imposition by governments of higher interest rates as a means of curbing inflationary increases, will put pressure on the Trust's development, financing, operation and labour costs and could negatively impact levels of demand for real property. Accordingly, continued inflationary pressures and the resulting economic impacts may adversely affect the Trust's financial condition and results of operations. If inflation at elevated levels persists and interest rates continue to climb, an economic contraction could be possible. Higher inflation and the prospect of moderated growth also negatively impacts the debt and equity markets in which the Trust seeks capital, and in turn might impact the Trust's ability to obtain capital in the future on favourable terms, or at all. While the Trust's portfolio and market position, as well as its strong and stable tenant base, provide the Trust with flexibility to navigate volatile economic conditions, there can be no assurances regarding the impact of a significant economic contraction on the business, operations, and financial performance of the Trust and its tenants.

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 land parcel 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.

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 fulfil 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 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, 2022 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, 2022, Mitchell 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, 2022, 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, 2022. 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.

Public Health Crises Risks
Public health crises, including the 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; viii) the impact to the Trust's financial covenants; and (ix) changing consumer habits and foot traffic to the Trust's properties and tenants' stores.

As global vaccination programs and other treatment options have advanced, governmental agencies, health agencies and private sector participants have eased restrictive measures that were previously imposed to varying degrees in an effort to contain the spread of COVID-19. Nevertheless, COVID-19 continues to impose risks and uncertainties on the Trust's business, operations and financial performance. The 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.

The Trust is 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.

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.

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, 2022.

Environmental, Social and Governance ("ESG")

The Trust reviews and analyzes environmental, social and governance initiatives of all levels of government and industry associations and has piloted and adopted various energy efficiency and sustainability practices. In addition, the Board of Trustees established a sub-committee of its audit committee to focus on ESG issues. The Trust has published its 2022 ESG report, which can be found on the Trust's website (www.smartcentres.com). The information on SmartCentres' website does not form part of this MD&A.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

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 annual 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, 2022 that materially affected, or are reasonably likely to materially affect, the Trust's internal controls 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, 2022, and concluded that it was effective.

Internal Controls 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, 2022, 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 or Anchor tenants	Anchors or Anchor tenants are defined as tenants within a retail or office property with gross leasable area greater than 30,000 square feet.
CAM	Defined as common area maintenance expenses.
ECL	Refers to expected credit losses.
Exchangeable Securities	Exchangeable Securities are securities issued by the limited partnership subsidiaries of the Trust that are convertible or exchangeable directly for Units without the payment of additional consideration, including Class B Smart Limited Partnership Units ("Class B Smart LP Units") and Units classified as liabilities. Such Exchangeable Securities are economically equivalent to Units as they are entitled to distributions equal to those on the Units and are exchangeable for Units on a one-for-one basis. The issue of a Class B Smart LP Unit and Units classified as liabilities is accompanied by a Special Voting Unit that entitles the holder to vote at meetings of Unitholders.
Net Asset Value ("NAV")	NAV represents the total assets less total liabilities of the Trust.
Penguin	Penguin refers to entities controlled by Mitchell Goldhar, a Trustee, Executive Chairman, Chief Executive Officer and significant Unitholder of the Trust.
Shadow Anchor	A shadow anchor is a store or business that satisfies the criteria for an anchor tenant, but may be located at an adjoining property or on a portion.
Total Return Swap ("TRS")	A contractual agreement to exchange payments based on a specified notional amount and the underlying financial assets for a specific period. The Trust has a total return swap agreement with a Canadian financial institution to exchange returns based on a notional amount of up to 6.5 million Trust Units with a notional value of approximately $156.0 million for a 48-month period, which, subject to certain conditions, may be unwound prior to its maturity, either in whole or in part.
Voting Top-Up Right	Mitchell Goldhar (either directly or indirectly through Penguin) is entitled to have a minimum of 25.0% of the votes eligible to be cast at any meeting of Unitholders provided certain ownership thresholds are met. Pursuant to the Voting Top-Up Right, the Trust may issue additional Special Voting Units of the Trust to Mitchell Goldhar and/or Penguin to increase his voting rights to 25.0% in advance of a meeting of Unitholders. The total number of Special Voting Units is adjusted for each meeting of the Unitholders based on changes in Mitchell Goldhar's, and Penguin's, ownership interest. At the Trust's annual meeting of Unitholders in December 2020, Unitholders approved an extension of the Voting Top-Up Right to December 31, 2025.

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	Peter Slan
Executive Chairman & CEO	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, 2022 and 2021, 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, 2022 and 2021;
- 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, 2022. 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
200 Apple Mill Road, Vaughan, Ontario, Canada L4K 0J8
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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, 2022, total investment properties were valued at $10,250 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 determination of estimated future cash flows incorporates significant assumptions including expectations of changes in rental rates, occupancy rates, lease renewal rates and downtime on existing lease expiries. We considered this a key audit matter due to the significant judgments by management when determining the fair values of the income properties and PUD and the high degree of	Our approach to addressing the matter included the following procedures, among others: • For a sample of investment properties, tested how management determined the fair value, which included the following: – Tested the underlying data used in the valuations. – Evaluated the reasonableness of the estimated future cash flows over an average period of 10 years used in the discounted cash flow valuation method by comparing assumptions, such as expected changes in occupancy rates, to external market and industry data and comparing components of the year one cash flows to the underlying accounting records. – Professionals with specialized skill and knowledge in the field of real estate valuations assisted us in evaluating the appropriateness of the valuation methods and in evaluating the reasonableness of the discount rates, terminal capitalization rates, changes in rental rates, lease renewal rates and downtime on existing lease expiries. – Assessed the market value of land per acre used by management by comparing it to external market and industry data.

Key audit matter	How our audit addressed the key audit matter
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.	

Other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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 8, 2023

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

As at December 31,	Note	**2022**	2021
Assets			
Non-current assets			
Investment properties	4	**10,208,071**	9,847,078
Equity accounted investments	5	**680,999**	654,442
Mortgages, loans and notes receivable	6	**238,099**	345,089
Other financial assets	8	**171,807**	97,148
Other assets	7	**83,230**	80,940
Intangible assets	9	**43,807**	45,139
		11,426,013	11,069,836
Current assets			
Assets held for sale	4	**42,321**	—
Residential development inventory	10	**40,373**	27,399
Current portion of mortgages, loans and notes receivable	6	**86,593**	71,947
Amounts receivable and other	11	**57,124**	49,542
Prepaid expenses, deposits and deferred financing costs	11	**14,474**	12,289
Cash and cash equivalents	21	**35,255**	62,235
		276,140	223,412
Total assets		**11,702,153**	11,293,248
Liabilities			
Non-current liabilities			
Debt	12	**4,523,987**	4,176,121
Other financial liabilities	13	**277,400**	326,085
Other payables	14	**17,265**	18,243
		4,818,652	4,520,449
Current liabilities			
Current portion of debt	12	**459,278**	678,406
Accounts payable and current portion of other payables	14	**261,122**	253,078
		720,400	931,484
Total liabilities		**5,539,052**	5,451,933
Equity			
Trust Unit equity		**5,126,197**	4,877,961
Non-controlling interests		**1,036,904**	963,354
		6,163,101	5,841,315
Total liabilities and equity		**11,702,153**	11,293,248

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	**2022**	2021
Net rental income and other			
Rentals from investment properties and other	18	**804,598**	780,796
Property operating costs and other	19	**(301,994)**	(294,956)
Net rental income and other		**502,604**	485,840
Other income and expenses			
General and administrative expense, net	20	**(33,269)**	(31,922)
Earnings from equity accounted investments	5	**4,199**	211,420
Fair value adjustment on revaluation of investment properties	26	**201,834**	491,528
Gain on sale of investment properties		**315**	27
Interest expense	12(d)	**(148,702)**	(144,540)
Interest income		**18,036**	12,341
Fair value adjustment on financial instruments	26	**91,246**	(34,227)
Acquisition-related costs		**(298)**	(2,791)
Net income and comprehensive income		**635,965**	987,676
Net income and comprehensive income attributable to:			
Trust Units		**516,049**	827,976
Non-controlling interests		**119,916**	159,700
		635,965	987,676

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	**2022**	2021
Cash provided by (used in)			
Operating activities			
Net income and comprehensive income		**635,965**	987,676
Items not affecting cash and other items	21	**(154,639)**	(519,801)
Cash interest paid	12(d)	**(139,693)**	(150,554)
Interest received		**44,119**	17,648
Distributions from equity accounted investments	5	**4,784**	4,072
Expenditures on direct leasing costs and tenant incentives		**(9,860)**	(5,927)
Expenditures on tenant incentives for properties under development		**(1,897)**	(730)
Changes in other non-cash operating items	21	**(8,017)**	39,240
Cash flows provided by operating activities		**370,762**	371,624
Financing activities			
Repayment of unsecured debentures	12(b)	**—**	(623,120)
Proceeds from unsecured debt		**700,000**	68,532
Proceeds from revolving operating facilities		**392,000**	300,000
Repayments of secured debt		**(281,983)**	(88,749)
Repayments of revolving operating facility		**(610,000)**	—
Repayments of other unsecured debt		**(154,913)**	(23,015)
Distributions paid on Trust Units		**(267,563)**	(267,552)
Distributions paid on non-controlling interests and Units classified as liabilities		**(52,007)**	(55,032)
Payment of lease liability		**(1,883)**	(1,873)
Cash flows used in financing activities		**(276,349)**	(690,809)
Investing activities			
Acquisitions and Earnouts of investment properties	3	**(128,389)**	(328,765)
Additions to investment properties		**(131,057)**	(78,627)
Additions to equity accounted investments		**(22,774)**	(25,871)
Additions to equipment	7	**(1,589)**	(349)
Increase in cash held as collateral		**(94,821)**	(50,279)
Decrease in cash held as collateral	8(b)	**145,100**	—
Advances of mortgages and loans receivable		**(50,485)**	(68,371)
Repayments of mortgages and loans receivable		**120,800**	57,685
Net proceeds from sale of investment properties		**41,822**	81,403
Cash flows used in investing activities		**(121,393)**	(413,174)
Decrease in cash and cash equivalents during the year		**(26,980)**	(732,359)
Cash and cash equivalents – beginning of year		**62,235**	794,594
Cash and cash equivalents – end of year		**35,255**	62,235
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
For the years ended December 31, 2022 and December 31, 2021
(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, 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
Equity – January 1, 2022		**3,090,368**	**1,787,593**	**4,877,961**	**641,944**	**317,965**	**959,909**	**3,445**	**5,841,315**
Issuance of Units	16	**—**	**—**	**—**	**1,279**	**—**	**1,279**	**—**	**1,279**
Unit issuance costs	16	**(250)**	**—**	**(250)**	**—**	**—**	**—**	**—**	**(250)**
Net income and comprehensive income		**—**	**516,049**	**516,049**	**—**	**119,519**	**119,519**	**397**	**635,965**
Distributions	17	**—**	**(267,563)**	**(267,563)**	**—**	**(47,363)**	**(47,363)**	**(282)**	**(315,208)**
Equity – December 31, 2022		**3,090,118**	**2,036,079**	**5,126,197**	**643,223**	**390,121**	**1,033,344**	**3,560**	**6,163,101**

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, 2022 and December 31, 2021
(in thousands of Canadian dollars, except Unit, square foot and per Unit amounts)

1. Organization

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

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

As at December 31, 2022, the Penguin Group of Companies ("Penguin"), owned by Mitchell Goldhar, owned approximately 20.8% (December 31, 2021 – 20.8%) 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-owned property 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

Some of 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.

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

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	2.12	Amortized cost
Total return swap receivable		FVTPL
Other financial assets		FVTPL
Financial liabilities		
Accounts payable and other payables		Amortized cost
Secured debt		Amortized cost
Revolving operating facilities		Amortized cost
Unsecured debt		Amortized cost
Units classified as liabilities	2.10	FVTPL
Earnout options	2.13	FVTPL
Deferred unit plan ("DUP")	2.13	FVTPL
Long term incentive plan ("LTIP")	2.13	FVTPL
Equity incentive plan ("EIP")	2.13	FVTPL
Other financial liabilities		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 and foreign currency 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 economic environment, including but not limited to the inflationary environment, with rising interest rates. Accordingly, the Trust has not applied its existing ECL methodology mechanically. Instead, during the current economic environment, the Trust has been in discussions with tenants on a case-by-case basis to determine optimal rent payment solutions and has incorporated this available, reasonable and supportable information when estimating ECL on tenant receivables.

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 is restricted from being exchanged or used to settle a liability for at least 12 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 rents receivable. Lease incentives provided to tenants are deferred and amortized against revenue rental income over the term of the lease. Percentage participation rents are recognized after the minimum sales level has been achieved with each lease. Lease cancellation fees are recognized as revenue income once an agreement is completed with the tenant to terminate the lease and the collectibility is probable.

Rentals from investment properties also include certain amounts accounted for under IFRS 15 (non-lease components) where the Trust provides lessees or others with a distinct service. Non-lease components include revenue in a form of recoveries of operating costs where services are provided to tenants (common area maintenance recoveries, chargeback recoveries and administrative recoveries), parking revenue and revenue from other services that are distinct. The respective performance obligations are satisfied as services are rendered and revenue is recognized over time. See also Note 18 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 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, 2022 include all variable-rate financial instruments, and are presented in the table below:

As at	**December 31, 2022**
Financial instruments measured at amortized cost	**Balance yet to transition to an alternative benchmark interest rate**
Financial assets	
Mortgages receivable	**39,456**
Loans receivable	**140,123**
	179,579
Financial liabilities	
Secured debt	**31,536**
Unsecured debt	**1,143,232**
Revolving operating facilities	**81,283**
	1,256,051

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

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 that are reinvested. Any adjustments made to the accrued value of the 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 performance units under the EIP including performance units that are reinvested. Any adjustments made to the accrued value of the EIP are recorded in earnings.

2.24 Reclassification of comparative figures

The comparative figures relating to "Deferred financing costs", in the amount of $1,269, have been grouped to "Prepaid expenses and deposits" (see also Note 11, "Amounts receivable and other, prepaid expenses, deposits and deferred financing costs") to conform with the current period presentation.

The comparative figures relating to "Earnings from other", in the amount of $38, have been grouped to "Rentals from investment properties and other" (see also Note 18, "Rentals from investment properties and other") to conform with the current period presentation.

2.25 Future changes in accounting policies

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

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements for the year ended December 31, 2022 are described below. This description is of the standards and interpretations issued that the Trust reasonably expects to be applicable at a future date. The Trust intends to adopt these standards when they become effective.

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

Amendments to IAS 8, Definition of Accounting Estimates
In February 2021, the IASB issued amendments to IAS 8, in which it introduces the definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors. The amendments are effective January 1, 2023, with early adoption permitted. Management is currently assessing the impact of the amendments on the Trust's financial statements.

Introduction of IFRS 17, Insurance contracts
In May 2017, the IASB issued the new IFRS 17 standard to replace IFRS 4. IFRS 17, Insurance contracts is a new standard that sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The new standard is effective on January 1, 2023 and should be applied retrospectively. Earlier application is permitted. Management is currently assessing the impact of the new standard on the Trust's financial statements.

3. Acquisitions and Earnouts

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

a. 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, for a total purchase price of $100,000 and adjusted for costs of acquisition and other working capital amounts, which was paid in cash and funded from the Trust's existing operating facilities. Upon completion of the acquisition, the Trust became the 100% owner of these properties.

b. In January 2022, the Trust acquired a 25% interest in parcels of land from its unrelated partner located in Mirabel, Quebec, for a purchase price of $2,609, paid in cash and adjusted for costs of acquisition. Upon completion of the acquisition, the Trust's interest in these parcels of land increased to 50%.

c. In June 2022, the Trust acquired a parcel of land in Pickering, Ontario, for investment property development for gross proceeds of $16,635, paid in cash and adjusted for costs of acquisition and other working capital amounts.

d. During the year ended December 31, 2022, 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 Earnout transactions on 7,114 square feet of retail space and three land parcels. The purchase price was $1,661 for retail space and $7,549 for land parcels, of which $315 was satisfied through the issuance of 11,198 Class B Series 5 Smart LP III Units, $964 was satisfied through the issuance of 18,655 Class B Series 1 Smart LP IV Units and 12,419 Class B Series 6 Smart LP III Units (see also Note 13(b) and Note 16, "Unit equity"), and the balance was paid in cash, adjusted for other working capital amounts.

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

	Note	**Acquisitions**	**Earnouts**	**Total**
Cash		**120,201**	**8,188**	**128,389**
LP Units issued	4(d)(ii)	**—**	**1,279**	**1,279**
Adjustments for other working capital amounts		**2,013**	**(257)**	**1,756**
		122,214	**9,210**	**131,424**

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, 2022:

	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**

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

4. Investment properties

The following table summarizes the activities in investment properties:

		Year Ended December 31, 2022			Year Ended December 31, 2021		
	Note	**Income Properties**	**Properties Under Development**	**Total**	Income Properties	Properties Under Development	Total
Balance – beginning of year		**8,395,077**	**1,452,001**	**9,847,078**	8,267,430	582,960	8,850,390
Additions (deductions):							
Acquisitions, Earnouts and related adjustments of investment properties		**101,993**	**28,679**	**130,672**	22,015	499,700	521,715
Earnout Fees on properties subject to development management agreements	4(d)(ii)	**1,401**	**—**	**1,401**	2,397	—	2,397
Transfer to income properties from properties under development		**39,707**	**(39,707)**	**—**	40,555	(40,555)	—
Transfer from income properties to properties under development		**(7,887)**	**7,887**	**—**	(2,400)	2,400	—
Transfer from properties under development to equity accounted investments		**—**	**(25,000)**	**(25,000)**	—	(6,850)	(6,850)
Capital expenditures		**19,912**	**—**	**19,912**	17,472	—	17,472
Deferred leasing costs		**1,589**	**—**	**1,589**	3,057	—	3,057
Development expenditures		**—**	**79,373**	**79,373**	—	53,186	53,186
Capitalized interest		**—**	**35,036**	**35,036**	—	14,333	14,333
Dispositions		**(777)**	**(40,726)**	**(41,503)**	(62,865)	(37,285)	(100,150)
Fair value adjustment on revaluation of investment properties	26	**(54,122)**	**255,956**	**201,834**	107,416	384,112	491,528
Balance – end of year		**8,496,893**	**1,753,499**	**10,250,392**	8,395,077	1,452,001	9,847,078
Investment properties		**8,496,893**	**1,711,178**	**10,208,071**	8,395,077	1,452,001	9,847,078
Investment properties classified as held for sale	4(e)	**—**	**42,321**	**42,321**	—	—	—
		8,496,893	**1,753,499**	**10,250,392**	8,395,077	1,452,001	9,847,078

The historical costs of both income properties and properties under development as at December 31, 2022 totalled $6,765,293 and $1,338,313, respectively (December 31, 2021 – $6,603,696 and $1,273,350, respectively).

Secured debt with a carrying value of $969,054 (December 31, 2021 – $1,294,546) is secured by investment properties with a fair value of $2,807,896 (December 31, 2021 – $3,206,478).

Presented separately from investment properties is $78,820 (December 31, 2021 – $76,042) of net straight-line rents receivable and tenant incentives (these amounts are included in Note 7, "Other assets") arising from the recognition of rental revenues on a straight-line basis and amortization of tenant incentives over the respective lease terms. The fair value of investment properties has been reduced by these amounts.

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

i) Income properties

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

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.

ii) Properties under development

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

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

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

		December 31, 2022			
		Terminal Capitalization Rate		**Discount Rate**	
Valuation Method	**Carrying Value**	**Weighted Average (%)**	**Range (%)**	**Weighted Average (%)**	**Range (%)**
Income properties					
Discounted cash flow	**8,496,893**	**5.92**	**4.18 – 7.53**	**6.43**	**4.58 – 8.03**
Properties under development					
Land, development and construction costs recorded at market value	**1,627,880**	**N/A**	**N/A**	**N/A**	**N/A**
Discounted cash flow	**125,619**	**6.06**	**5.53 – 7.40**	**6.66**	**6.03 – 7.90**
	1,753,499				
Total	**10,250,392**				

		December 31, 2021			
		Terminal Capitalization Rate		Discount Rate	
Valuation Method	Carrying Value	Weighted Average (%)	Range (%)	Weighted Average (%)	Range (%)
Income properties					
Discounted cash flow	8,395,077	5.83	4.18 – 7.43	6.34	4.58 – 7.93
Properties under development					
Land, development and construction costs recorded at market value	1,324,263	N/A	N/A	N/A	N/A
Discounted cash flow	127,738	5.92	4.89 – 7.30	6.53	5.64 – 7.80
	1,452,001				
	9,847,078				

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.

Income properties

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	1,821,700	823,500	392,800	(359,600)	(690,700)	(1,278,500)

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	(849,300)	(424,200)	(211,800)	212,700	423,900	849,200

Properties under development

Rate Sensitivity (%)	**(1.00)**	**(0.50)**	**(0.25)**	**+0.25**	**+0.50**	**+1.00**
Increase (decrease) in fair value of properties under development due to:						
Changes in discount rates	28,600	13,000	6,200	(5,900)	(11,000)	(20,600)

Forecasted Future Cash Flows Sensitivity (%)	**(10.00)**	**(5.00)**	**(2.50)**	**+2.50**	**+5.00**	**+10.00**
Increase (decrease) in fair value of properties under development due to:						
Changes in forecasted future cash flows	(12,500)	(6,200)	(3,200)	3,000	6,100	12,100

b) Dispositions

Disposition of investment properties during the year ended December 31, 2022

In January 2022, the Trust sold its 40% interest in a parcel of land totalling 1.39 acres located in Markham, Ontario, for gross proceeds of $800 to a joint venture, Boxgrove Self Storage Limited Partnership, for development of a self-storage facility (see also, Note 5(b)).

In March 2022, the Trust sold a parcel of land totalling 4.62 acres located in Laval East, Quebec, for gross proceeds of $5,600, which was satisfied by cash.

In April 2022, the Trust sold a parcel of land totalling 6.48 acres located in Stouffville, Ontario, for gross proceeds of $18,365, which was satisfied by cash.

In September 2022, the Trust sold a parcel of land totalling 6.86 acres located in London, Ontario, for gross proceeds of $15,180, which was satisfied by cash.

In December 2022, the Trust contributed its interest in a parcel of land totalling 2.31 acres located in Vaughan, Ontario, for a value of $25,000 to a joint venture, Vaughan NW RR PropCo LP, for development of a retirement residence (see also, Note 5(b)).

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.

c) Leasehold property interests

At December 31, 2022, 16 (December 31, 2021 – 16) investment properties with a fair value of $964,916 (December 31, 2021 – $977,376) are leasehold property interests accounted for as leases.

i) Leasehold property interests without bargain purchase options

The Trust previously prepaid its entire lease obligations for the 14 leasehold interests with Penguin (see also Note 22, "Related party transactions") in the amount of $889,931 (December 31, 2021 – $889,931), including prepaid land rent of $229,846 (December 31, 2021 – $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, 2021 – $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 $2,350 (December 31, 2021 – $2,145), net of imputed interest at 9.18% of $7,650 (December 31, 2021 – $7,855) (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 $6,061 (December 31, 2021 – $6,138), net of imputed interest at 6.25% of $314 (December 31, 2021 – $649) (see also Note 14, "Accounts and other payables").

d) Properties under development

The following table presents properties under development:

As at	**December 31, 2022**	December 31, 2021
Properties under development not subject to development management agreements i)	**1,698,652**	1,391,301
Properties under development subject to development management agreements ii)	**54,847**	60,700
	1,753,499	1,452,001
Less: properties under development classified as held for sale	**42,321**	—
	1,711,178	1,452,001

For the year ended December 31, 2022, the Trust capitalized a total of $35,036 (year ended December 31, 2021 – $14,333) of borrowing costs related to properties under development.

i) Properties under development not subject to development management agreements

During the year ended December 31, 2022, 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, 2022, the Trust incurred land and development costs of $39,893 (year ended December 31, 2021 – $26,328).

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

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

In certain events, the developer/vendor may sell a portion of undeveloped land to accommodate the construction plan that provides the best use of the property, reimbursing the Trust its costs related to such portion, and provides a profit based on a pre-negotiated formula. Pursuant to the development management agreements, the developers/vendors assume responsibility for managing the development of the land on behalf of the Trust and are granted the right for a period of up to 10 years to earn an Earnout Fee (subject to options and extensions in certain circumstances). On completion and rental of additional space on these properties, the Trust is obligated to pay the Earnout Fee and any additional development costs not previously incurred by the Trust, at a total price calculated by a formula using the net operating rents and predetermined negotiated capitalization rates, on the date rent becomes payable on the additional space ("Gross Cost"). The Earnout Fee is calculated as the Gross Cost less the associated land and development costs incurred by the Trust.

For certain of these properties under development, Penguin and others have been granted Earnout options that give them the right, at their option, to invest up to 40% of the Earnout Fee for one of the agreements and up to 30% to 40% of the Gross Cost for the remaining agreements in Trust Units, Class B, D and F Smart LP Units, Class B and D Smart LP III Units, Class B Smart LP IV Units, Class B and D Smart Oshawa South LP Units, Class B and D Smart Oshawa Taunton LP Units, Class B Smart Boxgrove LP Units and Class B ONR LP I Units at predetermined option strike prices subject to a maximum number of Units. On December 9, 2020, the Trust entered into an Omnibus Agreement with Mitchell Goldhar that provided a right to extend the terms of certain Earnout agreements for an additional two years. As a result, the Earnout agreements for Earnout options that were originally set to expire between 2020 to 2025 may be extended to 2022 to 2027. See also Note 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	**2022**	2021
Smart Limited Partnership	Class B Series 2	**—**	229
Smart Limited Partnership III	Class B Series 4	**—**	34
Smart Limited Partnership III	Class B Series 5	**315**	—
Smart Limited Partnership III	Class B Series 6	**392**	780
Smart Limited Partnership IV	Class B Series 1	**572**	695
		1,279	1,738

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	
	2022	2021
Development costs incurred	**8,582**	12,902
Earnout Fees paid	**1,401**	2,397
	9,983	15,299

e) Investment properties classified as held for sale

As at December 31, 2022, land parcels classified as held for sale had a carrying value of $42,321. Subsequent to December 31, 2022, the Trust disposed of the land parcels classified as held for sale (see also Note 29, "Subsequent events").

5. Equity accounted investments

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

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Investment in Associates	**Investment in Joint Ventures**	**Total**	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of year	**489,230**	**165,212**	**654,442**	354,992	108,212	463,204
Operating Activities:						
Earnings (losses)	**4,932**	**(733)**	**4,199**	183,431	27,989	211,420
Distributions – VMC Residences condominium unit closings[1]	**(24,322)**	**—**	**(24,322)**	(52,824)	—	(52,824)
Distributions – operating activities	**(4,550)**	**(234)**	**(4,784)**	(3,358)	(714)	(4,072)
Financing Activities:						
Fair value adjustment on loan	**3,690**	**—**	**3,690**	3,995	—	3,995
Investing Activities:						
Cash contribution	**23,154**	**32,982**	**56,136**	6,355	29,589	35,944
Property contribution	**—**	**25,000**	**25,000**	—	6,850	6,850
Development distributions	**(33,362)**	**—**	**(33,362)**	(3,361)	(6,714)	(10,075)
Investment – end of year	**458,772**	**222,227**	**680,999**	489,230	165,212	654,442

(1) During the year ended December 31, 2022, the distribution in the amount of $24,322 was satisfied by a non-cash settlement of the Residence III LP loan payable (for the year ended December 31, 2021 – the distribution in the amount of $52,824 was satisfied by a non-cash settlement of the Residence III LP loan payable) (see Note 12(b)(iv)).

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, 2022**	December 31, 2021
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**	50.0
Residences (Two) LP	*Penguin[1]*	Own, develop and sell residential condominium towers (Park Place)	**66.7**	—

(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 with a principal amount of $81,448 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 3), along with an offsetting non-interest-bearing note payable of an equal amount (see Note 12(b)(iv), 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, Residences (One) LP, and Residences (Two) 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, 2022**			December 31, 2021		
	PCVP	**VMC Residences**	**Total**	PCVP	VMC Residences	Total
Non-current assets	**1,333,107**	**—**	**1,333,107**	1,322,717	—	1,322,717
Current assets[1]	**47,854**	**471,995**	**519,849**	19,284	373,691	392,975
Total assets	**1,380,961**	**471,995**	**1,852,956**	1,342,001	373,691	1,715,692
Non-current liabilities[2]	**416,283**	**—**	**416,283**	327,443	81,203	408,646
Current liabilities	**113,075**	**385,011**	**498,086**	111,782	157,729	269,511
Total liabilities	**529,358**	**385,011**	**914,369**	439,225	238,932	678,157
Net assets	**851,603**	**86,984**	**938,587**	902,776	134,759	1,037,535
Trust's share of net assets before adjustments	**425,802**	**31,565**	**457,367**	451,387	34,135	485,522
Fair value adjustment on loan	**1,003**	**402**	**1,405**	1,216	2,492	3,708
Trust's share of net assets	**426,805**	**31,967**	**458,772**	452,603	36,627	489,230

(1) Balance as at December 31, 2022 includes investment properties classified as held for sale of $32,100, of which the Trust's share is $16,050 (December 31, 2021 – $nil).
(2) Balance as at December 31, 2022 includes loan payable to the Trust of $48,532 (December 31, 2021 – $47,214), see also Note 6(b).

The investment in associates listed above have entered into various development construction contracts with existing commitments totalling $76,607, of which the Trust's share is $29,151 (December 31, 2021 – $216,635, of which the Trust's share is $76,087).

ii) Summary of earnings

The following table summarizes the earnings for investment in associates for:

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	PCVP	**VMC Residences**	**Total**	PCVP	VMC Residences	Total
Revenue						
Rental revenue[1]	**33,122**	**—**	**33,122**	28,919	—	28,919
Residential sales revenue	**—**	**17,415**	**17,415**	—	297,299	297,299
Operating expense						
Rental operating costs	**(14,749)**	**—**	**(14,749)**	(12,421)	—	(12,421)
Residential cost of sales	**—**	**(13,719)**	**(13,719)**	—	(224,576)	(224,576)
Revenue net of operating expense	**18,373**	**3,696**	**22,069**	16,498	72,723	89,221
Fair value adjustment on revaluation of investment properties	**2,060**	**—**	**2,060**	321,146	—	321,146
Interest (expense) income	**(7,563)**	**160**	**(7,403)**	(6,619)	254	(6,365)
Loss on sale of investment properties	**(482)**	**—**	**(482)**	—	—	—
Earnings	**12,388**	**3,856**	**16,244**	331,025	72,977	404,002
Trust's share of earnings before supplemental cost and additional profit sharing	**6,194**	**969**	**7,163**	165,513	18,243	183,756
Additional Trust's share of earnings[2]	**—**	**—**	**—**	—	2,522	2,522
Supplemental cost	**(2,231)**	**—**	**(2,231)**	(2,618)	—	(2,618)
Trust's share of earnings	**3,963**	**969**	**4,932**	162,895	20,765	183,660

(1) Includes office rental revenue from the Trust in the amount of $2,720 for the year ended December 31, 2022 (year ended December 31, 2021 – $2,625).
(2) Additional profit allocated to the Trust for Transit City condominium closings pursuant to the development agreement and limited partnership agreement.

In accordance with the VMC Supplemental Development Fee Agreement, the Trust invoiced PCVP a net amount of $4,462 related to associated development fees for the year ended December 31, 2022 (year ended December 31, 2021 – $5,237).

iii) Summary of development credit facilities

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

As at			**December 31, 2022**	December 31, 2021
(in thousands of dollars)	**Maturity in**	**Annual Interest Rate (%)(1)**	**Facility Amount**	Facility Amount
PCVP				
Development credit facility	February 2023	BA + 1.35	**15,876**	15,876
Construction credit facility	June 2027	BA + 1.20	**400,000**	386,766
Letters of credit facility(2)	May 2023	N/A	**60,000**	60,000
			475,876	462,642
VMC Residences				
Development credit facility	April 2022	BA + 1.75	**—**	11,656
Development credit facility	September 2023	BA + 1.60	**279,264**	279,264
			279,264	290,920
Development facilities – end of year			**755,140**	753,562
Amount drawn on development credit facilities			**(515,287)**	(317,105)
Letters of credit – outstanding			**(63,083)**	(42,832)
Remaining unused development credit facilities			**176,770**	393,625
Trust's share of remaining unused development credit facilities			**67,634**	146,742

(1) Annual interest rate is a function of Canadian Banker's Acceptance rate ("BA") 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, 2022**		December 31, 2021	
Business Focus	Joint Venture Partner	**Number of Projects**	**Ownership Interest (%)**	Number of Projects	Ownership Interest (%)
Retail investment properties		**1**	**30**	1	30
Joint Venture: 1500 Dundas East LP	*Fieldgate*				
Self-storage facilities		**13**	**50**	10	50
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, Gilbert Self Storage LP, Boxgrove Self Storage LP, Whitby Self Storage LP and Regent Self Storage LP	*SmartStop*				
Seniors' apartments		**—**	**—**	1	50
Joint Venture: Vaughan NW SA PropCo LP	*Revera*				
Retirement residences					
Joint Ventures: Vaughan NW RR (PropCo and OpCo LPs), Baymac RR PropCo LP, Oakville Garden Drive RR PropCo LP and Markham Main Street RR PropCo LP	*Revera*	**4**	**50**	5	50
Joint Ventures: Ottawa SW (PropCo and OpCo LPs)(1)	*Groupe Sélection*	**1**	**–(1)**	1	50
Residential apartments					
Joint Venture: Laval C Apartments LP	*Jadco*	**1**	**50**	1	50
Joint Venture: Balliol/Pailton LP	*Greenwin*	**1**	**75**	1	75
Joint Venture: Mascouche North Apartments LP	*Cogir*	**1**	**80**	1	80
Total		**22**		21	

(1) According to the limited partnership agreement entered into by the Trust and Groupe Sélection in April 2020, the ownership of this joint venture was 50:50. As at December 31, 2022, the Trust contributed $24,412 to this partnership, of which $5,319 was characterized as special contributions. These special contributions have resulted in a corresponding increase to the Trust's equity entitlements in respect of the partnership.

Acquisitions completed during the year ended December 31, 2022

In January 2022, pursuant to a 50:50 joint venture formed with SmartStop known as Boxgrove Self Storage Limited Partnership, each joint venture party contributed $1,000 into the joint venture to fund the purchase of a parcel of land located in Markham, Ontario, totalling 1.39 acres, in which the Trust had a 40% interest, with the intention to develop and operate a self-storage facility.

In May 2022, the Trust formed a 50:50 joint venture with SmartStop known as Regent Self Storage Limited Partnership, and pursuant to the joint venture agreement, each joint venture party contributed $3,490 into the joint venture to fund the purchase of a parcel of land located in Burnaby, British Columbia, totalling 0.89 acres with the intention to develop and operate a self-storage facility.

In December 2022, pursuant to the 50:50 joint venture previously formed with Revera known as Vaughan NW RR PropCo Limited Partnership, the Trust contributed its interest in a parcel of land totalling 2.31 acres to the joint venture for a value of $25,000, while Revera contributed cash, with the intention to develop and operate a retirement residence which is located in Vaughan, Ontario.

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, 2022**	December 31, 2021
Non-current assets	**729,104**	545,946
Current assets	**13,864**	2,009
Total assets	**742,968**	547,955
Non-current liabilities	**285,955**	163,840
Current liabilities	**36,683**	66,662
Total liabilities	**322,638**	230,502
Net assets	**420,330**	317,453
Trust’s share of net assets	**222,227**	165,212

The joint ventures listed above have entered into various development construction contracts with existing commitments totalling $124,349, of which the Trust’s share is $61,010 (December 31, 2021 – $77,053, of which the Trust’s share is $47,497).

ii) Summary of earnings (losses)

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

	Year Ended December 31	
	2022	2021
Revenue	**26,127**	16,383
Operating expense	**(11,514)**	(7,696)
Revenue net of operating expense	**14,613**	8,687
Fair value adjustments on revaluation of investment properties	**(2,420)**	60,635
Interest expense	**(7,825)**	(5,135)
Earnings	**4,368**	64,187
Trust’s share of earnings before supplemental cost	**2,927**	27,760
Supplemental cost	**(3,660)**	—
Trust’s share of earnings (losses)	**(733)**	27,760

In accordance with the Supplemental Development and Construction Fee Agreements, the Trust invoiced certain investments in joint ventures for a net amount of $7,321 related to associated supplemental development fees for the year ended December 31, 2022 (year ended December 31, 2021 – $nil).

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, 2022 and December 31, 2021, the Trust's joint ventures had the following credit facilities:

As at			**December 31, 2022**	December 31, 2021
(in thousands of dollars)	**Maturity in**	**Annual Interest Rate (%)[1]**	**Facility Amount**	Facility Amount
Laval C Apartments LP				
Construction facility – Tower A	February 2022	BA + 1.60	**—**	35,417
Construction facility – Tower B[2]	November 2024	BA + 1.60	**48,822**	—
SmartStop				
Construction facility	May 2024	BA + 2.20	**136,900**	118,100
Markham Main Street				
Development facility	December 2023	BA + 1.75	**11,000**	11,000
Mascouche North Apartments LP				
Construction facility	August 2025	BA + 1.50	**55,000**	—
			251,722	164,517
Amount drawn on development credit facilities			**(181,610)**	(130,630)
Letters of credit – outstanding			**(1,648)**	(887)
Remaining unused development credit facilities			**68,464**	33,000
Trust's share of remaining unused development credit facilities			**40,234**	16,500

(1) Annual interest rate is a function of BA rates plus a premium.
(2) Management is renegotiating the facility.

6. Mortgages, loans and notes receivable

The following table summarizes mortgages, loans and notes receivable:

As at	Note	**December 31, 2022**	December 31, 2021
Mortgages receivable (a)	22	**39,456**	139,589
Loans receivable (b)		**282,312**	274,523
Notes receivable (c)	22	**2,924**	2,924
		324,692	417,036
Current		**86,593**	71,947
Non-current		**238,099**	345,089
		324,692	417,036

a) Mortgages receivable of $39,456 (December 31, 2021 – $139,589) 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, 2021 – seven properties). The Trust is committed to lend up to $190,720 (December 31, 2021 – $300,796) 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**[1]	**Annualized Variable Interest Rate at Year-End (%)**	**The Trust's Purchase Option of Property (%)** [2]	**December 31, 2022**	December 31, 2021
Caledon (Mayfield), ON[5]	15,498	April 2024	August 2028	7.00	50	—	10,750
Salmon Arm, BC[3][5]	13,398	August 2028	N/A	6.50	—	—	15,860
Aurora (South), ON[5]	15,155	August 2028	N/A	6.75	50	—	17,940
Innisfil, ON[3][5]	16,011	October 2023	N/A	7.00	—	—	16,642
Vaughan (7 & 427), ON[5]	15,781	December 2023	August 2028	6.75	50	—	19,588
Toronto (StudioCentre), ON[3][4]	39,224	August 2028	N/A	6.90	25	**15,862**	26,915
Pitt Meadows, BC[4]	75,653	November 2023	August 2028	6.90	50	**23,594**	31,894
	190,720			**6.90**		**39,456**	139,589

(1) The maturity dates for these mortgages are automatically extended to August 31, 2028 unless written notice is delivered from the borrower. During the extended maturity period, the mortgages receivable accrue interest at a variable rate based on the Canadian Banker's Acceptance rate plus 4.00% to 5.00%.
(2) The Trust has a purchase option from the borrower in these properties upon a certain level of development and leasing being achieved. As at December 31, 2022, it is management's expectation that the Trust will exercise these purchase options.
(3) The Trust owns a 50% interest in these properties, with the other 50% interest owned by Penguin. These loans are secured against Penguin's interest in the property.
(4) The weighted average interest rate on this mortgage is subject to an upper limit of 6.90%.
(5) Penguin fully repaid the outstanding balance of the mortgages in October 2022.

Mortgages receivable amendments

Interest on these mortgages accrues monthly as follows: from December 9, 2020 to the maturity date of each mortgage, at a variable rate based on the 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 $97,665 (December 31, 2021 – $103,808) 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, 2022	December 31, 2021
Penguin[1]	12,493	January 2023	Variable	22	**7,389**	9,707
Penguin[2]	26,227	January 2023	2.76 %	22	**13,266**	14,027
Penguin[3]	N/A	December 2029	Interest-free	12(b)(iv), 22	**62,986**	77,828
Penguin[4]	18,450	August 2030	Variable	22	**16,638**	15,404
Total loans issued to Penguin					**100,279**	116,966
PCVP[5]	N/A	January 2023	2.76 %	22	**48,532**	47,214
Self-storage facilities[6]	120,700	May 2024	Variable		**116,096**	91,938
Total loans issued to equity accounted investments					**164,628**	139,152
Other[7]	N/A	January 2023	5.00 %		**2,308**	3,308
Greenwin[8]	11,694	September 2024	Variable		**—**	—
Greenwin[9]	1,280	January 2025	Variable		**—**	—
Other[10]	N/A	October 2023	4.00 %		**15,097**	15,097
Total loans issued to unrelated parties					**17,405**	18,405
					282,312	274,523

(1) This loan receivable was provided pursuant to a development management agreement with Penguin with a total loan facility of $12,493. Repayment of the pro rata share of the outstanding loan amount is due upon the completion of each Earnout event. The loan bears interest at 10 basis points plus the lower of: i) the Canadian prime rate plus 45 basis points, and ii) the Canadian Dealer Offered Rate plus 145 basis points.

(2) 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.

(3) 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 $81,448, is non-interest-bearing, and is repayable at the end of 10 years. As at December 31, 2022, the loan balance of $62,986 is net of a cumulative fair value adjustment totalling $18,462. See also Note 12(b)(iv) reflecting the corresponding non-interest-bearing loan payable amount.

(4) 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.

(5) 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. 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, 2022.

(6) 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).

(7) 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, which bears interest at 5.0% per annum, calculated semi-annually. Subsequently, the loan was fully repaid in January 2023.

(8) 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, 2022, 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.

(9) 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. As at December 31, 2022, 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.

(10) 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.

Management considers all outstanding loans to be fully collectible.

c) Notes receivable of $2,924 (December 31, 2021 – $2,924) have been granted to Penguin (see also Note 22, “Related party transactions”). As at December 31, 2022, these secured demand notes bear interest at the rate of 9.00% per annum (December 31, 2021 – 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, 2021	**Additions**	**Write-offs**	**Amortization and other adjustments**	**December 31, 2022**
Straight-line rents receivable	43,564	**8,311**	**(262)**	**(7,552)**	**44,061**
Tenant incentives	32,478	**9,368**	**(36)**	**(7,051)**	**34,759**
	76,042	**17,679**	**(298)**	**(14,603)**	**78,820**
Equipment	1,285	**1,589**	**—**	**(539)**	**2,335**
Right-of-use assets	3,613	**312**	—	**(1,850)**	**2,075**
	80,940	**19,580**	**(298)**	**(16,992)**	**83,230**

8. Other financial assets

The following table summarizes the components of other financial assets:

As at	Note	**December 31, 2022**	December 31, 2021
Total return swap receivable (a)		**137,526**	46,869
Interest rate swap agreements	13	**34,281**	—
Cash held as collateral (b)		**—**	50,279
		171,807	97,148

a) Total return swap receivable

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

	Year Ended December 31	
	2022	2021
Balance – beginning of year	**46,869**	—
Additions	**101,041**	42,342
Distributions received	**(5,466)**	(1,115)
Fair value adjustments	**(4,918)**	5,642
Balance – end of year	**137,526**	46,869

b) Cash held as collateral

Cash and cash equivalents were pledged 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(a). In December 2022, the cash held as collateral of $145,100 was released. See also Note 12(b).

9. Intangible assets

The following table summarizes the components of intangible assets:

As at	**December 31, 2022**			December 31, 2021		
	Cost	**Accumulated Amortization**	**Net**	Cost	Accumulated Amortization	Net
Intangible assets with finite lives:						
Key joint venture relationships	**36,944**	**9,353**	**27,591**	36,944	8,121	28,823
Trademarks	**2,995**	**758**	**2,237**	2,995	658	2,337
Total intangible assets with finite lives	**39,939**	**10,111**	**29,828**	39,939	8,779	31,160
Goodwill	**13,979**	**—**	**13,979**	13,979	—	13,979
	53,918	**10,111**	**43,807**	53,918	8,779	45,139

The total amortization expense recognized for the year ended December 31, 2022 amounted to $1,332 (year ended December 31, 2021 – $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, 2022**	December 31, 2021
Balance – beginning of year	**27,399**	25,795
Development costs	**11,931**	646
Capitalized interest	**1,043**	958
Balance – end of year	**40,373**	27,399

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

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

As at	**December 31, 2022**	December 31, 2021
Amounts receivable and other		
Tenant receivables	**26,735**	36,305
Unbilled other tenant receivables	**11,100**	11,847
Receivables from related party – excluding equity accounted investments	**11,899**	6,966
Receivables from related party – equity accounted investments	**616**	581
Other non-tenant receivables	**1,954**	1,414
Other[1]	**13,591**	11,383
	65,895	68,496
Allowance for ECL	**(8,771)**	(18,954)
Amounts receivable and other, net of allowance for ECL	**57,124**	49,542
Prepaid expenses, deposits and deferred financing costs[2]	**14,474**	12,289
	71,598	61,831

(1) The amount includes a related party amount of $6,835 (December 31, 2021 – $7,987).
(2) Includes prepaid realty tax of $1,468 (December 31, 2021 – $1,350).

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	
	2022	2021
Balance – beginning of year	**18,954**	19,742
Net allowance recognized as expense (reversal)	**(3,073)**	2,841
Tenant receivables written off	**(7,110)**	(3,629)
Balance – end of year	**8,771**	18,954

12. Debt

The following table presents debt balances:

As at	**December 31, 2022**	December 31, 2021
Secured debt (a)	**969,054**	1,294,546
Unsecured debt (b)	**3,932,928**	3,262,356
Revolving operating facilities (c)	**81,283**	297,625
	4,983,265	4,854,527
Current	**459,278**	678,406
Non-current	**4,523,987**	4,176,121
	4,983,265	4,854,527

a) Secured debt

Secured debt bears interest at a weighted average interest rate of 3.91% as at December 31, 2022 (December 31, 2021 – 3.49%). Total secured debt of $969,054 (December 31, 2021 – $1,294,546) includes $948,921 (December 31, 2021 – $1,182,078) at fixed interest rates, and $20,133 (December 31, 2021 – $70,277) at variable interest rates of the Canadian Banker's Acceptance rate plus 170 basis points. Secured debt matures at various dates between 2023 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.

The following table presents principal repayment requirements for secured debt:

	Instalment Payments	**Lump Sum Payments at Maturity**	**Total**
2023	38,599	201,295 (1)	239,894
2024	32,336	118,696	151,032
2025	21,736	389,605	411,341
2026	11,240	86,881	98,121
2027	5,473	—	5,473
Thereafter	16,176	48,200	64,376
	125,560	844,677	970,237
Unamortized acquisition date fair value adjustments			554
Unamortized financing costs			(1,737)
			969,054

(1) Includes construction loans in the amount of $20,133, which bear interest at Canadian Banker's Acceptance rate plus 170 basis points.

b) Unsecured debt

The following table summarizes the components of unsecured debt:

As at	**December 31, 2022**	December 31, 2021
Unsecured debentures i)	**2,652,327**	2,650,571
Credit facilities ii)	**996,238**	416,223
TRS debt iii)	**143,232**	—
Other unsecured debt iv)	**141,131**	195,562
	3,932,928	3,262,356

i) Unsecured debentures

As at December 31, 2022, unsecured debentures totalled $2,652,327 (December 31, 2021 – $2,650,571). 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, 2022 (December 31, 2021 – 3.17%).

The following table summarizes the components of unsecured debentures:

Series	Maturity Date	Annual Interest Rate (%)	Interest Payment Dates	December 31, 2022	December 31, 2021
Series I	May 30, 2023	3.985	May 30 and November 30	**200,000**	200,000
Series N	February 6, 2025	3.556	February 6 and August 6	**160,000**	160,000
Series O	August 28, 2024	2.987	February 28 and August 28	**100,000**	100,000
Series P	August 28, 2026	3.444	February 28 and August 28	**250,000**	250,000
Series S	December 21, 2027	3.834	June 21 and December 21	**250,000**	250,000
Series U	December 20, 2029	3.526	June 20 and December 20	**450,000**	450,000
Series V	June 11, 2027	3.192	June 11 and December 11	**300,000**	300,000
Series W	December 11, 2030	3.648	June 11 and December 11	**300,000**	300,000
Series X	December 16, 2025	1.740	June 16 and December 16	**350,000**	350,000
Series Y	December 18, 2028	2.307	June 18 and December 18	**300,000**	300,000
		3.167 (1)		**2,660,000**	2,660,000
			Unamortized financing costs	**(7,673)**	(9,429)
				2,652,327	2,650,571

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

Unsecured debenture activities for the year ended December 31, 2022

There was no significant activity relating to unsecured debentures during the year ended December 31, 2022.

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. Aggregate principal amount of Senior T Debentures outstanding was $323,120 and was fully repaid on maturity.

Credit rating of unsecured debentures

Dominion Bond Rating Services ("DBRS") provides credit ratings of debt securities for commercial issuers that indicate the risk associated with a borrower's capabilities to fulfil its obligations. An investment-grade rating must exceed "BB", with the highest rating being "AAA". In December 2022, DBRS confirmed the Trust's BBB(high) rating and maintained the negative trend.

ii) Credit facilities

The following table summarizes the activity for unsecured credit facilities:

(Issued In)	**Initial Maturity Date**	**Annual Interest Rate (%)**	**Facility Amount**	**December 31, 2022**	December 31, 2021
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
January 2022	January 19, 2027	BA + 1.20	300,000	**300,000**	—
December 2022(1)	December 1, 2025	4.370	100,000	**100,000**	—
December 2022	December 1, 2025	BA + 1.20	100,000	**100,000**	—
December 2022	December 20, 2025	BA + 1.20 or CAD Prime	100,000	**100,000**	—
Revolving:					
May 2020	May 11, 2024	BA + 1.20	100,000	**—**	17,000
				1,000,000	417,000
	Less:				
	Unamortized financing costs			**(1,802)**	(777)
	Unamortized debt modification adjustments			**(1,960)**	—
				996,238	416,223

(1) The Trust entered into interest rate swap agreements to convert the variable interest rate of the Canadian Banker's Acceptance rate plus 1.20% into a weighted average fixed interest rate of 2.62% per annum. The weighted average term to maturity of the interest rate swaps is 2.39 years. Hedge accounting has not been applied to the interest rate swap agreements.

iii) TRS Debt

The Trust borrowed TRS debt concurrent with entering the TRS agreement in February 2021. As at December 31, 2022, TRS unsecured debt of $143,232 (December 31, 2021 – TRS secured debt of $42,191) carries variable rate interest at a rate of CDOR plus 106 basis points. The interest on this TRS debt includes floating amounts that are payable at each May, August, November and February commencing in May 2021 to the date the TRS agreement matures or is unwound. In December 2022, the cash collateralized against the TRS debt was released and as a result the TRS debt was reclassified from secured debt to unsecured debt as at December 31, 2022.

See also Note 8, "Other financial assets", for further details.

iv) Other unsecured debt

Other unsecured debt net of fair value adjustments totalling $141,131 (December 31, 2021 – $195,562) 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, 2022**	December 31, 2021
PCVP (5.00% discount rate)(1)	**64,992**	80,259
PCVP (5.75% discount rate)(2)	**62,986**	77,828
Vaughan NW RR PropCo LP	**12,500**	12,500
VMC Residences(3)	**653**	24,975
	141,131	195,562

(1) In connection with the 700 Applewood purchase in December 2019, the loan has a principal amount outstanding of $81,448 (December 31, 2021 – $100,404), is non-interest-bearing, and is repayable at the end of 10 years. As at December 31, 2022, the loan balance of $64,992 is net of the unamortized fair value adjustment totalling $16,456 (December 31, 2021 – the loan balance of $80,259 is net of a fair value adjustment totalling $20,145).

(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 $81,448 (December 31, 2021 – $100,404), is non-interest-bearing, and is repayable at the end of 10 years. As at December 31, 2022, the loan balance of $62,986 is net of the unamortized fair value adjustment totalling $18,462 (December 31, 2021 – the loan balance of $77,828 is net of a fair value adjustment totalling $22,576). See also Note 6(b) reflecting offsetting loan receivable amount.

(3) In connection with the Transit City condominium closings, $nil was received and $24,322 was settled during the year ended December 31, 2022 (year ended December 31, 2021 – $24,322 was received and $52,824 was settled). See Note 5, "Equity accounted investments."

c) *Revolving operating facilities*

As at December 31, 2022, 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:

	Annual Interest Rate (%)	Facility Amount	Amount Drawn	Outstanding Letters of Credit	Remaining Undrawn Facilities December 31, 2022	December 31, 2021
Revolving facility maturing August 2026	BA + 1.20	500,000	**7,000**	**15,374**	**477,626**	341,715
Revolving facility maturing February 2024[1]	US$ LIBOR + 1.20	150,000	**74,283**	**—**	**75,717**	—
			81,283		**553,343**	341,715

(1) The Trust has drawn in US$54,873 which was translated to $74,283 as at December 31, 2022 (December 31, 2021 – drawn in US$116,786 which was translated to $147,625).

d) *Interest expense*

The following table summarizes interest expense:

	Year Ended December 31 2022	2021
Interest at stated rates	**166,181**	150,187
Amortization of acquisition date fair value adjustments on assumed debt	**(460)**	(527)
Adjustment on debt modification	**(1,960)**	—
Amortization of deferred financing costs	**3,606**	3,828
Distributions on Units classified as liabilities and vested deferred units	**17,414**	6,343
	184,781	159,831
Capitalized to properties under development	**(35,036)**	(14,333)
Capitalized to residential development inventory	**(1,043)**	(958)
	148,702	144,540

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

	Year Ended December 31 2022	2021
Interest expense	**148,702**	144,540
Amortization of acquisition date fair value adjustments on assumed debt	**460**	527
Adjustment on debt modification	**1,960**	—
Amortization of deferred financing costs	**(3,606)**	(3,828)
Distributions on Units classified as liabilities and vested deferred units, net of amounts capitalized to properties under development	**(7,139)**	(6,343)
Change in accrued interest payable	**(684)**	15,658
Cash interest paid	**139,693**	150,554

For the year ended December 31, 2022, including cash interest paid of $139,693 (year ended December 31, 2021 – $150,554) and interest capitalized to both properties under development and residential development inventory of $36,079 (year ended December 31, 2021 – $15,291), total interest paid was $175,772 (year ended December 31, 2021 – $165,845).

e) Liquidity

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

	Total	2023	2024	2025	2026	2027	Thereafter
Secured debt	**970,237**	239,894	151,031	411,341	98,121	5,473	64,377
Unsecured debt	**3,979,281**	213,153	370,000	933,232	400,000	850,000	1,212,896
Revolving operating facilities	**81,283**	7,000	74,283	—	—	—	—
Interest obligations(1)	**202,010**	4,471	113,742	95,743	76,884	(32,724)	(56,106)
Accounts payable	**259,352**	259,352	—	—	—	—	—
Other payable	**27,011**	8,147	8,730	134	—	—	10,000
Long term incentive plan	**580**	580	—	—	—	—	—
	5,519,754	**732,597**	**717,786**	**1,440,450**	**575,005**	**822,749**	**1,231,167**
Mortgage receivable advances (repayments)(2)	**151,264**	1,015	1,130	(15,880)	1,034	378	163,587
Development obligations (commitments)	**20,669**	20,669	—	—	—	—	—
Total	**5,691,687**	**754,281**	**718,916**	**1,424,570**	**576,039**	**823,127**	**1,394,754**

(1) Interest obligations represent expected interest payments on secured debt, unsecured debt, and revolving operating facilities under the assumption that the balances are repaid at maturity, and do not represent a separate contractual obligation.

(2) Mortgages receivable of $39,456 at December 31, 2022, and further forecasted commitments of $151,264, 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	Note	**December 31, 2022**	December 31, 2021
Units classified as liabilities (a)		**211,497**	254,223
Deferred unit plan (c)		**48,402**	50,660
LTIP (d)		**580**	697
EIP (e)		**16,204**	10,377
Currency swap agreement(1)		**717**	2,374
Interest rate swap agreements	8	**—**	7,754
		277,400	326,085

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

a) Units classified as liabilities

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, 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
Balance – January 1, 2022	**311,022**	**8,708**	**260,417**	**1,248,140**	**132,881**	**139,302**	**3,623,188**	**2,173,913**	**7,897,571**
Balance – December 31, 2022	**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, 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
Balance – January 1, 2022	**10,011**	**280**	**8,383**	**40,179**	**4,278**	**4,483**	**116,631**	**69,978**	**254,223**
Change in carrying value	**(1,683)**	**(47)**	**(1,409)**	**(6,752)**	**(719)**	**(754)**	**(19,601)**	**(11,761)**	**(42,726)**
Balance – December 31, 2022	**8,328**	**233**	**6,974**	**33,427**	**3,559**	**3,729**	**97,030**	**58,217**	**211,497**

b) *Earnout options*

As part of the consideration paid for certain investment property acquisitions, the Trust has granted options in connection with the development management agreements (see also Note 4(d)). 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 tables summarize the changes in Units outstanding and proceeds received:

Options to acquire	Strike Price	Options Outstanding at January 1, 2022	Options Cancelled	Options Exercised	Options Outstanding at December 31, 2022	Amounts from Options Exercised
	($)	(#)	(#)	(#)	(#)	($)
Trust Units	**20.01 to 33.55**	**1,457,285**	**—**	**—**	**1,457,285**	**—**
Class B Smart LP Units, Class D Smart LP Units and Class F Smart LP Units(1)	**20.10 to 33.00**	**5,847,776**	**—**	**—**	**5,847,776**	**—**
Class B Smart LP III Units(2)	**Market price**	**1,846,472**	**—**	**(154,392)**	**1,692,080**	**707**
Class B Smart LP IV Units(3)	**Market price**	**397,543**	**—**	**(21,785)**	**375,758**	**572**
Class B Smart Oshawa South LP Units and Class D Smart Oshawa South LP Units(4)	**Market price**	**26,585**	**—**	**—**	**26,585**	**—**
Class B Smart Oshawa Taunton LP Units and Class D Smart Oshawa Taunton LP Units(5)	**Market price**	**265,422**	**—**	**—**	**265,422**	**—**
Class B and Class G Smart Boxgrove LP Units(6)	**Market price**	**267,179**	**—**	**—**	**267,179**	**—**
Class B ONR LP I Units(7)	**Market price**	**429,599**	**—**	**—**	**429,599**	**—**
Total Earnout options		**10,537,861**	**—**	**(176,177)**	**10,361,684**	**1,279**

(1) Each option is represented by a corresponding Class C Smart LP Unit or Class E Smart LP Unit. For the options issued in June 2008, 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.
(2) Each option is represented by a corresponding Class C Smart LP III Unit.
(3) Each option is represented by a corresponding Class C Smart LP IV Unit.

(4) Each option is represented by a corresponding Class C Smart Oshawa South LP Unit or Class E Smart Oshawa South LP Unit.
(5) Each option is represented by a corresponding Class C Smart Oshawa Taunton LP Unit or Class E Smart Oshawa Taunton LP Unit.
(6) Each option is represented by a corresponding Class C Smart Boxgrove LP Unit.
(7) Each option is represented by a corresponding Class C ONR LP I Unit.

Options to acquire	Strike Price	Options Outstanding at January 1, 2021	Options Cancelled	Options Exercised	Options Outstanding at December 31, 2021	Amounts from Options Exercised
	($)	(#)	(#)	(#)	(#)	($)
Trust Units	20.01 to 33.55	1,457,285	—	—	1,457,285	—
Class B Smart LP Units, Class D Smart LP Units and Class F Smart LP Units(1)	20.10 to 33.00	5,855,539	—	(7,763)	5,847,776	229
Class B Smart LP III Units(2)	Market price	1,879,759	—	(33,287)	1,846,472	814
Class B Smart LP IV Units(3)	Market price	422,059	—	(24,516)	397,543	695
Class B Smart Oshawa South LP Units and Class D Smart Oshawa South LP Units(4)	Market price	26,585	—	—	26,585	—
Class B Smart Oshawa Taunton LP Units and Class D Smart Oshawa Taunton LP Units(5)	Market price	265,422	—	—	265,422	—
Class B and Class G Smart Boxgrove LP Units(6)	Market price	267,179	—	—	267,179	—
Class B ONR LP I Units(7)	Market price	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. For the options issued in June 2008, 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.
(2) Each option is represented by a corresponding Class C Smart LP III Unit.
(3) Each option is represented by a corresponding Class C Smart LP IV Unit.
(4) Each option is represented by a corresponding Class C Smart Oshawa South LP Unit or Class E Smart Oshawa South LP Unit.
(5) Each option is represented by a corresponding Class C Smart Oshawa Taunton LP Unit or Class E Smart Oshawa Taunton LP Unit.
(6) Each option is represented by a corresponding Class C Smart Boxgrove LP Unit.
(7) 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, 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
Balance – January 1, 2022	**1,667,421**	**1,397,141**	**270,280**
Granted			
Trustees	**44,970**	**44,970**	**—**
Eligible associates	**181,388**	**92,043**	**89,345**
Reinvested units from distributions	**121,028**	**100,996**	**20,032**
Vested	**—**	**83,704**	**(83,704)**
Redeemed for cash	**(110,867)**	**(110,867)**	**—**
Forfeited	**(15,431)**	**—**	**(15,431)**
Balance – December 31, 2022	**1,888,509**	**1,607,987**	**280,522**

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

	Year Ended December 31	
	2022	2021
Carrying value – beginning of year	**50,660**	28,051
Deferred units granted for trustee fees	**712**	886
Deferred units granted for bonuses	**2,900**	2,702
Reinvested distributions on vested deferred units	**2,846**	2,424
Compensation expense – reinvested distributions and amortization	**3,576**	3,990
Exchanged for Trust Units	**—**	(198)
Redeemed for cash	**(3,372)**	(1,019)
Fair value adjustment – vested and unvested deferred units	**(8,920)**	13,824
Carrying value – end of year	**48,402**	50,660

d) ***LTIP***

The following table summarizes the activities in the LTIP:

	Year Ended December 31	
	2022	2021
Balance – beginning of year	**697**	1,540
Amortization	**280**	968
Fair value adjustment	**(397)**	(808)
LTIP vested and paid out	**—**	(1,003)
Balance – end of year	**580**	697

e) ***Equity Incentive Plan***

During the years ended December 31, 2022 and 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 the grant date to December 31 of the sixth anniversary. Distributions on performance units will accumulate on the performance units that have been granted. Performance units, including distributions on performance units, vest for the lesser of three years after they are earned or on the end of the applicable Performance Period. Upon vesting, performance units will be exchanged for Trust Units or paid out in cash at the option of the holders.

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

	Year Ended December 31	
	2022	2021
Balance – beginning of year(1)	**1,339,699**	—
Granted(2)	**65,000**	1,371,000
Reinvested units from distributions	**87,514**	66,696
Terminated	**(121,673)**	(97,997)
Balance – end of year	**1,370,540**	1,339,699

(1) The beginning balance of 2022 includes performance units that were granted to Mitchell Goldhar and eligible associates during the year ended December 31, 2021, as well as performance units that were reinvested from distributions, and certain performance units that were terminated.

(2) Under the EIP granted to Mitchell Goldhar in 2021 totalling 900,000 Units, the $26.00 Unit price threshold was achieved on April 5, 2021, and the $28.00 Unit price threshold was achieved on May 18, 2021, and under the EIP granted to Mitchell Goldhar and other eligible associates in 2021, the $30.00 Unit price threshold was achieved on September 22, 2021, and the $32.00 Unit price threshold was achieved on April 5, 2022. The performance units for these Unit price thresholds will vest on April 4, 2024, May 17, 2024, September 21, 2024 and April 4, 2025, respectively.

The following table summarizes the change in the carrying value of the EIP:

	Year Ended December 31	
	2022	2021
Balance – beginning of year	**10,377**	—
Amortization costs	**7,912**	7,127
Fair value adjustment	**(2,085)**	3,250
Balance – end of year	**16,204**	10,377

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, 2022	December 31, 2021
Accounts payable		**83,088**	75,148
Accounts payable and accrued liabilities with Penguin	22	**3,504**	3,370
Tenant prepaid rent, deposits, and other payables		**108,364**	118,457
Residential sales deposits		**11,690**	375
Accrued interest payable		**14,094**	13,410
Distributions payable		**26,569**	26,600
Realty taxes payable		**2,946**	3,193
Current portion of other payables		**10,867**	12,525
		261,122	253,078

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

As at	Note	December 31, 2022	December 31, 2021
Future land development obligations with Penguin		**17,646**	18,931
Lease liability – investment properties(1)	4(c)(ii)	**8,411**	8,283
Lease liability – other		**2,075**	3,554
Total other payables		**28,132**	30,768
Less: Current portion of other payables		**(10,867)**	(12,525)
Total non-current portion of other payables		**17,265**	18,243

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

Future land development obligations

The future land development obligations represent payments required to be made to Penguin (see also Note 22, "Related party transactions") for certain undeveloped lands acquired from 2006 to 2015, either on completion and rental of additional space on the undeveloped lands or, if no additional space is completed on the undeveloped lands, at the expiry of the development management agreement periods ending in 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, 2022, imputed interest of $423 (year ended December 31, 2021 – $630) 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, 2022**			December 31, 2021		
	FVTPL	**Amortized cost**	**Total**	FVTPL	Amortized cost	Total
Financial assets						
Mortgages, loans and notes receivable	**—**	**322,697**	**322,697**	—	414,215	414,215
Amounts receivable and other	**—**	**57,124**	**57,124**	—	49,542	49,542
Cash and cash equivalents	**—**	**35,255**	**35,255**	—	62,235	62,235
Cash held as collateral	**—**	**—**	**—**	—	50,279	50,279
Total return swap receivable	**137,526**	**—**	**137,526**	46,869	—	46,869
Interest rate swap agreements	**34,281**	**—**	**34,281**	—	—	—
Financial liabilities						
Accounts and other payables	**—**	**261,122**	**261,122**	—	253,078	253,078
Secured debt	**—**	**938,431**	**938,431**	—	1,344,257	1,344,257
Unsecured debt	**—**	**3,616,047**	**3,616,047**	—	3,284,160	3,284,160
Revolving operating facilities	**—**	**81,283**	**81,283**	—	297,625	297,625
Units classified as liabilities	**211,497**	**—**	**211,497**	254,223	—	254,223
Deferred unit plan	**48,402**	**—**	**48,402**	50,660	—	50,660
LTIP	**580**	**—**	**580**	697	—	697
EIP	**16,204**	**—**	**16,204**	10,377	—	10,377
Currency swap agreements	**717**	**—**	**717**	2,374	—	2,374
Interest rate swap agreements	**—**	**—**	**—**	7,754	—	7,754

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, 2022**			December 31, 2021		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Recurring measurements:						
Financial assets						
Fair value of total return swap agreements	**—**	**137,526**	**—**	—	46,869	—
Fair value of interest rate swap agreements	**—**	**34,281**	**—**	—	—	—
Financial liabilities						
Units classified as liabilities	**—**	**211,497**	**—**	—	254,223	—
Deferred unit plan	**—**	**48,402**	**—**	—	50,660	—
LTIP	**—**	**580**	**—**	—	697	—
EIP	**—**	**16,204**	**—**	—	10,377	—
Fair value of currency swap agreements	**—**	**717**	**—**	—	2,374	—
Fair value of interest rate swap agreements	**—**	**—**	**—**	—	7,754	—

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, 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
Balance – January 1, 2022		**144,625,322**	**25,568,688**	**170,194,010**	**3,090,368**	**641,944**	**3,732,312**
Options exercised	4(d), 13(b)	**—**	**42,272**	**42,272**	**—**	**1,279**	**1,279**
Unit issuance costs		**—**	**—**	**—**	**(250)**	**—**	**(250)**
Balance – December 31, 2022		**144,625,322**	**25,610,960**	**170,236,282**	**3,090,118**	**643,223**	**3,733,341**

Table A: Number of LP Units issued and outstanding

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

LP Class B Unit Type	Class and Series	Balance – January 1, 2022	Options Exercised (Note 13(b))	Balance – December 31, 2022
Smart Limited Partnership	**Class B Series 1**	**14,746,176**	**—**	**14,746,176**
Smart Limited Partnership	**Class B Series 2**	**957,822**	**—**	**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**	**706,591**	**—**	**706,591**
Smart Limited Partnership III	**Class B Series 5**	**572,337**	**11,198**	**583,535**
Smart Limited Partnership III	**Class B Series 6**	**627,640**	**12,419**	**640,059**
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**	**18,655**	**3,112,565**
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**
		25,568,688	**42,272**	**25,610,960**

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

Table B: Carrying values 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, 2022**	**Value From Options Exercised (Note 13(b))**	**Balance – December 31, 2022**
Smart Limited Partnership	**Class B Series 1**	**347,675**	**—**	**347,675**
Smart Limited Partnership	**Class B Series 2**	**27,816**	**—**	**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**	**17,217**	**—**	**17,217**
Smart Limited Partnership III	**Class B Series 5**	**15,356**	**315**	**15,671**
Smart Limited Partnership III	**Class B Series 6**	**15,124**	**392**	**15,516**
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**	**88,857**	**572**	**89,429**
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**
		641,944	**1,279**	**643,223**

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

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 Units and Class B ONR LP I Units, into Trust Units. Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust. Each Special Voting Unit entitles the holder to the number of votes at any meeting of Unitholders of the Trust that is equal to the number of Trust Units into which the exchangeable security is exchangeable or convertible. Special Voting Units are cancelled on the issuance of Trust Units on exercise, conversion or cancellation of the corresponding exchangeable securities.

As at December 31, 2022, there were 33,499,823 (December 31, 2021 – 33,457,551) 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, 2022	December 31, 2021
Smart Limited Partnership	**80,715,971**	75,062,169
Smart Limited Partnership II	**284,178**	281,892
Smart Limited Partnership III	**14,365,691**	12,556,688
Smart Limited Partnership IV	**7,028,822**	6,469,215
Smart Oshawa South Limited Partnership	**3,168,190**	3,168,190
Smart Oshawa Taunton Limited Partnership	**637,895**	637,895
SmartVMC West Limited Partnership	**860,095**	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, 2022	December 31, 2021
Classified as Equity		
Limited Partnership Units[(5)]	**25,610,960**	25,568,688
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, 2022	December 31, 2021
Smart Limited Partnership	Series 1[(3)]	**3,445,341**	3,445,341
Smart Limited Partnership	Series 2[(3)]	**3,019,186**	3,019,186
Smart Limited Partnership	Series 3[(3)]	**674,437**	674,437
Smart Limited Partnership III	Series 4[(4)]	**459,450**	562,819
Smart Limited Partnership III	Series 5[(4)]	**563,253**	596,219
Smart Limited Partnership III	Series 6[(4)]	**409,673**	427,730
Smart Limited Partnership III	Series 7[(4)]	**259,704**	259,704
Smart Limited Partnership IV	Series 1[(4)]	**375,758**	397,543
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)]	**429,599**	429,599

(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, 2022	December 31, 2021
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**	3,623,188
SmartVMC West Limited Partnership	Class D Series 2(1)(5)	**2,173,913**	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 distribution 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) *Trust Units issued for cash*

During the year ended December 31, 2022, no Trust Units were issued for cash (Trust Units issued for cash for the year ended December 31, 2021 – nil).

c) *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 terminated on March 30, 2022. 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, 2022, the Trust did not purchase for cancellation any Trust Units under the NCIB (Trust Units purchased for cancellation for the year ended December 31, 2021 – 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**	**2022**	2021
Distributions on Units classified as equity:			
Trust Units	N/A	**267,563**	267,552
Distributions on Limited Partnership Units			
Smart Limited Partnership	Class B Series 1	**27,281**	27,281
Smart Limited Partnership	Class B Series 2	**1,772**	1,765
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	**1,307**	1,306
Smart Limited Partnership III	Class B Series 5	**1,064**	1,059
Smart Limited Partnership III	Class B Series 6	**1,184**	1,156
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	**5,756**	5,716
Smart Boxgrove Limited Partnership	Class B Series 1	**315**	315
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		**47,363**	47,282
Distributions on other non-controlling interest	N/A	**282**	420
Distributions on Units classified as equity		**315,208**	315,254
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	**10,725**	38
Distributions on Units classified as liabilities		**14,606**	3,919
Total Unit distributions		**329,814**	319,173

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

18. Rentals from investment properties and other

The following table presents rentals from investment properties and other:

	Year Ended December 31	
	2022	2021
Gross base rent	**515,110**	502,504
Less: Amortization of tenant incentives	**(7,087)**	(7,512)
Net base rent	**508,023**	494,992
Property tax and insurance recoveries	**171,874**	169,180
Property operating cost recoveries	**93,407**	83,852
	265,281	253,032
Miscellaneous revenue	**15,393**	17,891
Rentals from investment properties	**788,697**	765,915
Service and other revenues(1)	**14,652**	14,843
Earnings from other	**1,249**	38
Rentals from investment properties and other	**804,598**	780,796

(1) For the year ended December 31, 2022, service and other revenues included $12,904 relating to the recovery of costs and billed as fees associated with the Development and Services Agreement with Penguin (year ended December 31, 2021 – $12,872). 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, 2022**	December 31, 2021
2022	**—**	485,283
2023	**503,014**	427,676
2024	**436,753**	355,231
2025	**365,162**	287,942
2026	**299,049**	224,936
2027	**235,407**	166,100
Thereafter	**502,240**	356,809

19. Property operating costs and other

The following table summarizes property operating costs and other:

	Year Ended December 31	
	2022	2021
Recoverable property operating costs(1)	**279,597**	267,707
Property management fees and costs	**4,288**	1,469
Expected credit loss/(recovery)	**(3,448)**	3,652
Non-recoverable costs	**6,465**	7,246
Property operating costs	**286,902**	280,074
Residential inventory marketing costs	**435**	40
Other expenses relating to service and other revenues(2)	**14,657**	14,842
Other expenses	**15,092**	14,882
Property operating costs and other	**301,994**	294,956

(1) Includes recoverable property tax and insurance costs.
(2) 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 general and administrative expense, net:

	Note	Year Ended December 31	
		2022	2021
Salaries and benefits		**73,607**	66,345
Services fee – to Penguin	22	**7,416**	7,062
Professional fees		**6,172**	6,338
Public company costs		**1,343**	1,681
Amortization of intangible assets	9	**1,332**	1,331
Other costs including office rent, information technology, marketing, communications, and other employee expenses		**11,134**	12,248
Subtotal		**101,004**	95,005
Previously capitalized general and administrative expenses on completed developments		**60**	1,050
Previously capitalized general and administrative expenses on sale of real estate assets		**332**	946
Total general and administrative expense before allocation		**101,396**	97,001
Less:			
Capitalized to properties under development and other assets		**(35,394)**	(36,465)
Allocated to property operating costs		**(18,558)**	(15,434)
Recoverable costs billed to Penguin and others		**(14,175)**	(13,180)
Total amounts capitalized, allocated and charged		**(68,127)**	(65,079)
General and administrative expense, net		**33,269**	31,922

21. Supplemental cash flow information

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

		Year Ended December 31	
	Note	**2022**	2021
Fair value adjustments	26	**(293,080)**	(457,301)
Gain on sale of investment properties		**(315)**	(27)
Earnings from equity accounted investments	5	**(4,199)**	(211,420)
Interest expense	12(d)	**148,702**	144,540
Other financing costs		**(1,813)**	(1,146)
Interest income		**(18,036)**	(12,341)
Amortization of other assets and intangible assets		**10,310**	12,464
Lease obligation interest		**578**	565
Deferred unit compensation expense, net of redemptions	13	**204**	2,971
LTIP and EIP amortization, net of payment	13	**3,010**	1,894
		(154,639)	(519,801)

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

		Year Ended December 31	
	Note	**2022**	2021
Amounts receivable and other	11	**(7,582)**	9,102
Prepaid expenses, deposits and deferred financing costs	11	**(2,185)**	(3,847)
Accounts payable	14	**8,074**	1,175
Realty taxes payable	14	**(247)**	(1,771)
Tenant prepaid rent, deposits and other payables, and residential sales deposits	14	**1,222**	31,313
Other working capital changes		**(7,299)**	3,268
		(8,017)	39,240

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

		Year Ended December 31	
Non-cash investing and financing activities	Note	**2022**	2021
Mortgage assumed on acquisition	3	**—**	13,076
Total return swap receivable	8	**137,526**	46,869
Unit issued under DUP	13(c)	**—**	198
Units issued on acquisition	3	**1,279**	182,974
Liabilities assumed on acquisition, net of other assets	3	**1,756**	12,315
Distributions payable at year end	14	**26,569**	26,600
Total return swap debt	12	**143,232**	42,191

The following table presents the composition of the Trust's cash and cash equivalents:

As at	**December 31, 2022**	December 31, 2021
Cash	**35,255**	62,235
Cash and cash equivalents	**35,255**	62,235

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, 2022, which in total represent approximately 20.8% of the issued and outstanding Units (December 31, 2021 – 20.8%) of the Trust:

		Units owned by Penguin	
Type	**Class**	**December 31, 2022**	December 31, 2021
Trust Units	N/A	**15,076,163**	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**	375,313
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**	706,591
Smart Limited Partnership III	Class B Series 5	**583,535**	572,337
Smart Limited Partnership III	Class B Series 6	**640,059**	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	**2,873,132**	2,858,950
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		**37,052,651**	36,970,752
		Year Ended December 31, 2022	Year ended December 31, 2021
Distributions declared to Penguin (in thousands of dollars)		**68,471**	68,372

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, 2022, there were 10,053,123 additional Special Voting Units outstanding (December 31, 2021 – 8,163,976). 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, 2022**	December 31, 2021
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**	3,019,186
Smart Limited Partnership	Class B Series 3	**674,437**	674,437
Smart Limited Partnership III	Class B Series 4	**459,450**	562,819
Smart Limited Partnership III	Class B Series 5	**563,253**	596,219
Smart Limited Partnership III	Class B Series 6	**409,673**	427,730
Smart Limited Partnership III	Class B Series 7	**259,704**	259,704
Smart Limited Partnership IV	Class B Series 1	**353,135**	369,472
Smart Oshawa South Limited Partnership	Class B Series 1	**18,983**	18,983
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**	429,599
		9,211,592	9,382,321

At December 31, 2022, Penguin's ownership would increase to 24.6% (December 31, 2021 – 24.6%) if Penguin were to exercise all remaining Earnout options.

Pursuant to its rights under the Declaration of Trust, at December 31, 2022, 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 5(a)(ii) referring to a Supplemental Development Fee Agreement
- Note 6 referring to Mortgages, loans and notes receivable
- 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 and other payables (including future land development 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 expense, net.

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

		Year Ended December 31	
	Note	**2022**	2021
Related party transactions with Penguin			
Acquisitions and Earnouts:			
Earnouts		**9,210**	16,274
Revenues:			
Service and other revenues:			
Management fee and other services revenue pursuant to the Development and Services Agreement		**3,670**	6,309
Supplement to the Development Services Agreement fees – time billings		**8,042**	5,097
Support services		**1,192**	1,466
	18	**12,904**	12,872
Interest income from mortgages and loans receivable	6	**7,857**	6,209
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of $355 (year ended December 31, 2021 – $271))		**893**	828
		21,654	19,909
Expenses and other payments:			
Fees paid – capitalized to properties under development	20	**7,416**	7,062
EIP – capitalized to properties under development		**5,182**	5,198
Development fees and interest expense (capitalized to investment properties)		**354**	115
Opportunity fees capitalized to properties under development(1)		**60**	1,839
Marketing, time billings and other administrative costs (included in general and administrative expense and property operating costs)		**76**	84
Disposition fees (included in general and administrative expense)		**612**	979
Expenditures on tenant inducement		**—**	77
		13,700	15,354
Related party transactions with PCVP			
Revenues:			
Interest income from mortgages and loans receivable	6	**1,318**	1,935
Expenses and other payments:			
Rent and operating costs (included in general and administrative expense and property operating costs)	19, 20	**2,720**	2,625

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

As at	Note	**December 31, 2022**	December 31, 2021
Related party balances with Penguin disclosed elsewhere in the financial statements			
Receivables:			
Amounts receivable and other(1)	11	**18,734**	14,953
Mortgages receivable	6(a)	**39,456**	139,589
Loans receivable	6(b)	**100,280**	116,966
Notes receivable	6(c)	**2,924**	2,924
Total receivables		**161,394**	274,432
Payables and other accruals:			
Accounts payable and accrued liabilities	14	**3,504**	3,370
Future land development obligations	14	**17,646**	18,931
Total payables and other accruals		**21,150**	22,301

(1) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of $11,899 and other of $6,835 (December 31, 2021 – $6,966 and other of $7,987).

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

As at	Note	**December 31, 2022**	December 31, 2021
Related party balances disclosed elsewhere in the financial statements			
Amounts receivable(1)	11	**616**	581
Loans receivable(2)	6(b)	**164,628**	139,152
Other unsecured debt(3)	12(b)(iv)	**141,131**	195,562

(1) Amounts receivable includes Penguin's portion, which represents $29 (December 31, 2021 – $4) relating to Penguin's 50% investment in the PCVP and 50% in Residences (One) LP.
(2) Loans receivable includes Penguin's portion, which represents $24,266 (December 31, 2021 – $23,607) relating to Penguin's 50% investment in the PCVP.
(3) Other unsecured debt includes Penguin's portion, which represents $163 (December 31, 2021 – $6,243) 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	
	2022	2021
Legal fees incurred from a law firm in which a partner is a Trustee:		
Capitalized to investment properties	**1,919**	2,628
Included in general and administrative expense	**846**	2,129
	2,765	4,757

23. Key management and Trustees' compensation

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

The following table presents the compensation relating to key management:

	Year Ended December 31	
	2022	2021
Salaries and other short-term employee benefits	**2,720**	3,278
Deferred unit plan	**2,936**	3,706
EIP	**5,477**	10,157
LTIP	**(116)**	160
	11,017	17,301

The following table presents the compensation relating to Trustees:

	Year Ended December 31	
	2022	2021
Trustees' fees	**677**	748
Deferred unit plan	**677**	748
	1,354	1,496

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, 2022**		December 31, 2021	
	Number of Co-owned Properties(1)	**Ownership Interest (%)**	Number of Co-owned Properties(1)	Ownership Interest (%)
Income properties(2)	**15**	**40 – 60**	18	40 – 60
Properties under development	**4**	**25 – 67**	4	25 – 67
Mixed-use	**1**	**67**	1	67
Residential development	**2**	**50**	2	50
Total	**22**		25	

(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, 2021 – eight investment properties, consisting of four properties under development, three income properties and one mixed-use property) (see also Note 22, "Related party transactions").
(2) During the year ended December 31, 2022, the Trust acquired an additional 50% interest in three previously co-owned income properties.

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 22 co-owned property interests as at December 31, 2022 (25 co-ownership property interests at December 31, 2021).

As at	**December 31, 2022**	December 31, 2021
Assets(1)(2)	**2,084,066**	2,119,018
Liabilities	**184,993**	351,725

(1) Includes cash and cash equivalents of $37,275 (December 31, 2021 – $30,713).
(2) Includes the Trust's proportionate share of the investment properties classified as held for sale of $42,321 (December 31, 2021 – $nil).

The following table summarizes the results of operations and cash flows of the Trust's co-owned property interests:

	Year Ended December 31	
	2022	2021
Revenues	**94,033**	96,225
Expenses	**40,067**	45,732
Net income before fair value adjustment	**53,966**	50,493
Fair value adjustment on revaluation of investment properties	**41,603**	149,171
Net income and comprehensive income	**95,569**	199,664
Cash flows provided by operating activities	**55,963**	54,136
Cash flows used in financing activities	**(148,691)**	(66,226)
Cash flows provided by investing activities	**99,389**	14,276

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, 2022, 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, 2022 (year ended December 31, 2021 – 25.2%).

26. Fair value adjustments

The following table summarizes the fair value adjustments:

		Year Ended December 31	
	Note	**2022**	2021
Investment properties			
Income properties	4	**(54,122)**	107,416
Properties under development	4	**255,956**	384,112
Fair value adjustment on revaluation of investment properties		**201,834**	491,528
Financial instruments			
Total return swap receivable	8	**(4,918)**	5,642
Units classified as liabilities	13(a)	**42,726**	(24,508)
Deferred unit plan	13(c)	**8,920**	(13,824)
Long term incentive plan	13(d)	**397**	808
Equity incentive plan	13(e)	**2,085**	(3,250)
Interest rate swap agreements	8, 13	**42,036**	905
Fair value adjustment on financial instruments		**91,246**	(34,227)
Total fair value adjustments		**293,080**	457,301

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, 2022, approximately 24.98% (December 31, 2021 – 8.59%) of the Trust's debt is financed at variable rates, of which 10.04% is subject to interest rate swap agreements with fixed interest rates. The remaining variable rate debt (14.94% of total debt) not subject to interest rate swap agreements represents the Trust's exposure to changes in interest rates on such debt.

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

Change in interest rate of:	**-1.50%**	**-1.00%**	**-0.50%**	**+0.50%**	**+1.00%**	**+1.50%**
Net income increase (decrease) from variable-rate debt	11,170	7,446	3,723	(3,723)	(7,446)	(11,170)
Net income increase (decrease) from variable-rate mortgages and loans receivable	(2,773)	(1,849)	(924)	924	1,849	2,773

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.

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

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

Change in interest rate of:	**-1.50%**	**-1.00%**	**-0.50%**	**+0.50%**	**+1.00%**	**+1.50%**
Fair value gain (loss) on interest rate swap agreements	(36,700)	(23,816)	(11,075)	13,991	26,324	38,527

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

ii) *Credit risk*

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

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

iii) *Liquidity risk*

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to lease out vacant units. In the next 12 months, $720,400 of liabilities (including $459,278 of secured and unsecured debt and $261,122 of accounts and other payable amounts) will mature and will need to be settled by means of renewal or payment.

The Trust aims to maintain flexibility and opportunities in funding by keeping committed credit lines available, obtaining additional mortgages as the value of investment properties increases, issuing equity or unsecured debentures. The Trust's ability to meet its financial obligations as they become due represents the Trust's exposure to liquidity risk. It is management's intention to either repay or refinance maturing liabilities with newly issued secured or unsecured debt, equity or, in certain circumstances not expected to occur frequently, the disposition of certain assets. Any net working capital deficiencies are funded with the Trust's existing revolving operating facilities. As at December 31, 2022, the Trust had: a) cash and cash equivalents of $35,255; 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) $8,415,900 in unencumbered assets that could be used to obtain additional secured financing to assist with its liquidity requirements.

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

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

iv) *Currency risk*

The Trust has drawn funds in U.S. dollars, and is exposed to currency risk in the fluctuation of the Canadian dollar to U.S. dollar exchange rate when the liabilities are repaid. At December 31, 2022, approximately 1.49% (December 31, 2021 – 3.05%) 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, 2022, 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 121,000 square feet (December 31, 2021 – 131,000 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, 2022, the carrying value of these obligations and commitments included in properties under development was $54,847 (December 31, 2021 – $60,700). 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 $20,669 (December 31, 2021 – $14,934) and commitments relating to equity accounted investments that total $200,956 (December 31, 2021 – $293,688), of which the Trust's share is $90,161 (December 31, 2021 – $123,584), 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 $190,720 (December 31, 2021 – $300,796) (see also Note 6, "Mortgages, loans and notes receivable"), of which $39,456 has been provided as at December 31, 2022 (December 31, 2021 – $139,589).

As at December 31, 2022, letters of credit totalling $48,312 (December 31, 2021 – $34,783) – including letters of credit drawn down under the revolving operating facilities described in Note 12(c) – have been issued on behalf of the Trust by financial institutions as security for debt and for maintenance and development obligations to municipal authorities.

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

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

29. Subsequent event

The Trust together with an entity, PCVP, which is classified as investment in associates, entered into an agreement to dispose approximately 6.4 acres of land located in Vaughan, Ontario (VMC) to an unrelated party, which closed in February 2023, for gross proceeds of $95,550 that was satisfied with cash. The Trust's share of such proceeds was $58,371, comprised of $42,321 relating to the Trust's two-thirds share of the 4.3 acres of land on western part of SmartVMC which were previously consolidated in the Trust's consolidated financial statements and presented as assets held for sale at December 31, 2022, and $16,050 relating to the Trust's 50% share of 2.1 acres of land on eastern part of SmartVMC which were previously recorded in equity accounted investments.

CORPORATE INFORMATION

EXECUTIVE OFFICERS

Mitchell Goldhar
Executive Chairman and CEO

Peter Slan
Chief Financial 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.
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