MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended
June 30, 2022

Q2 REPORT.

2022

SMARTLIVING®
RESIDENTIAL

SMARTCENTRES®
SHOPPING CENTRES & CITY CENTRES

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 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 three and six months ended June 30, 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, 2021 and 2020, and the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, the notes contained therein, and the Trust's annual information form ("AIF"). Such interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed consolidated financial statements, and International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. The Canadian dollar is the functional and reporting currency for purposes of preparing the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

This MD&A is dated August 11, 2022, which is the date of the press release announcing the Trust's results for the three and six months ended June 30, 2022. Disclosure contained in this MD&A is current to that date, unless otherwise noted.

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 per Unit, ACFO with adjustments per Unit, 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, Forecasted Annualized NOI, Funds From Operations ("FFO"), FFO with adjustments, FFO with adjustments and Transactional FFO, FFO excluding condominium profits, FFO per Unit, FFO with adjustments per Unit, FFO with adjustments and Transactional FFO per Unit, Interest Coverage Ratio, Net Operating Income ("NOI"), 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, Unsecured to Secured Debt Ratio. These non-GAAP measures are defined in this MD&A and non-GAAP financial measures have been reconciled to the closest IFRS measure in the unaudited interim condensed consolidated financial statements of the Trust for the three and six months ended June 30, 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 per Unit** and **ACFO with adjustments per Unit**	ACFO may not be comparable to similar measures used by other real estate entities. The Trust calculates its ACFO in accordance with the Real Property Association of Canada's ("REALpac") White Paper on Adjusted Cashflow from Operations for IFRS last revised in February 2019. ACFO is defined as cash flows from operations adjusted for such items as, but not limited to, changes in working capital, interest expense included in cash flow from financing, capital expenditures, leasing costs, tenant improvements, non-cash interest expense and income, acquisition-related gains (losses), and distributions. ACFO with adjustments is defined as ACFO less costs associated with vaccination centres and yield maintenance costs on repayment of debt and related write-off of unamortized financing costs. ACFO per Unit is defined as ACFO divided by the weighted average units outstanding. ACFO with adjustments per Unit is defined as ACFO with adjustments divided by the weighted average units outstanding. ACFO and ACFO with adjustments are intended to be used by investors as sustainable, economic cash flow metrics. Management considers ACFO an input to determine the appropriate level of distributions to Unitholders as it adjusts cash flows from operations to better measure sustainable, economic cash flows.	Section IV — Business Operations and Performance, "Other 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"
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 excluding condominium profits** and **FFO per Unit** and **FFO with adjustments per Unit** and **FFO with adjustments and Transactional FFO per Unit**	FFO is a measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALpac, which published a White Paper describing the intended use of FFO last revised in 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 three and six months ended June 30, 2022 and the three and six months ended June 30, 2021. 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 Three Months Ended June 30, 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 of Productive Capacity", "Debt" (which includes "Unencumbered Assets"), "Risks and Uncertainties", and "Environmental, Social and Governance".

More specifically, certain statements contained in this MD&A, including statements related to the impact of the COVID-19 pandemic including the Trust's plans, expectations and intentions with respect to the collection of rent from tenants, the operation, maintenance and development of its properties and its expectations with respect to liquidity; the Trust's future growth potential and the identification of development opportunities; future occupancy levels; the sustainability of COVID-related trends; plans to extract additional sources of FFO and NAV; expected replacement income to be generated by backfilling existing vacant space over time; the Trust's maintenance of productive capacity, estimated future development plans and joint venture projects, including the described type, scope, costs and other financial metrics related thereto; the Trust's expectations regarding future potential mixed-use development opportunities, the timing of construction and costs thereof and returns therefrom; the Trust's ability to pay future distributions to Unitholders and expectations regarding monthly cash distribution levels, view of term mortgage renewals including rates and refinancing amounts, timing of future payments of obligations, intentions to obtain additional secured and unsecured financing and potential financing sources; the Trust's potential future pipeline and uncommitted pipeline; Forecasted Annualized NOI and Annual Run-Rate NOI; vacancy and leasing assumptions; expectations surrounding the timing of additional environmental, social and governance ("ESG") disclosure and reporting; and statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "plan", "potential", "propose", "schedule", "estimate", "intend", "project", "will", "may", "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 risks associated with public health crises such as the COVID-19 pandemic; real property ownership and leasing/tenant risk; liquidity risk; capital requirements and access to capital; environmental and climate change risk; potential conflicts of interest; cyber security risk; debt financing; interest and financing risk; joint venture risk; development and construction risk; credit risk; litigation and regulatory risks; potential volatility of Unit prices; cash distributions are not guaranteed and will fluctuate with SmartCentres' performance; availability of cash flow; significant Unitholder risk; and tax-related risks. These risks and others are more fully discussed under the heading "Risks and Uncertainties" and elsewhere in this MD&A, as well as under the heading "Risk Factors" in the Trust's most recent AIF. The Trust has attempted to identify important factors that could cause actual results, performance or achievements to be other than as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. These factors are not intended to represent a complete list of the factors that could affect the Trust. Although the forward-looking statements contained in this MD&A are based on what management believes to be reasonable assumptions, including those discussed under the heading "Outlook" and elsewhere in this MD&A, the Trust cannot assure investors that actual results will be consistent with these forward-looking statements.

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

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

Section II — Business Overview, Outlook and Strategic Direction

Creating Exceptional Places to Shop, Live and Work in Canada

The Trust's Beginnings

From the Trust's inception in 2001 and prior to 2015, its growth was principally a result of the acquisition and Earnout of completed and fully leased open-format retail shopping centres, predominately with the Anchor or Shadow Anchor tenant (i.e., located within the shopping complex but not owned by the Trust) being Walmart. Even through the COVID-19 pandemic, the Trust's national open-format shopping centre portfolio continues to perform well with a current in-place occupancy rate of 97.2%.

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

The Trust is Evolving into a Growth-Oriented Diversified REIT

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

The Trust recognized that it could do so much more with its large open-format shopping centre portfolio. As a result of the Trust's 2015 purchase of the Penguin platform of development expertise, the Trust announced the commencement of development of mixed-use initiatives principally using lands already owned by the Trust. This 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 the Vaughan Metropolitan Centre ("SmartVMC") in Vaughan, Ontario. 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. 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 previous completion of two AAA class office buildings 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 is expected to close early in 2023. The Trust is now working on planning for similar city centre developments in Oakville, Scarborough, Pickering and Cambridge in Ontario, and Laval in Quebec, with more to come.

An Illustration of SmartCentres' Investment Strengths

The Trust has a formidable array of investment strengths for investors to consider. First and foremost, the Trust is now evolving into a diversified Real Estate Investment Trust ("REIT") with recurring revenue from two major sources: i) rental income from retail, office, apartments, and self-storage, and ii) development income from condominium and townhome sales. The Trust's established national shopping centre portfolio continues to provide reliable and recurring rental income from national well-known retailers such as Walmart, Canadian Tire, Home Depot, Costco and Loblaws. The Trust has continued to have a program in place to assist retailers requiring help through the COVID-19 pandemic and continues 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 June 30, 2022, the Trust had an in-place occupancy rate of 97.2% 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 and office buildings. The completed development of Transit City 1, 2 and 3 condominiums provided approximately $45.0 million of additional FFO in 2020 and $18.8 million of additional FFO in 2021, and provided approximately $46.2 million of additional net profit in 2020 and $19.5 million of additional net profit 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 away from the downtown core of major cities. Operating from their residences in urban environments, 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 is the size and growth of the Trust's mixed-use development initiatives. As the chart below illustrates: a) the Trust has 69 projects that are underway (as compared to 65 last quarter) out of a total of 282 projects that are planned, b) the Trust's share of total projected developments is estimated at 10.9 million square feet and that is expected to grow to 40.2 million square feet if all current planned projects are completed, and c) the total projected cost, at the Trust's share, is currently estimated at approximately $5.9 billion and is expected to grow to approximately $9.8 billion as these projects are completed (for projects with construction underway or expected to commence within the next five years).

Description	Underway (Construction underway or expected to commence within next 2 years)	Active (Construction expected to commence within next 3–5 years)	Future (Construction expected to commence after 5 years)	Total
Residential Rental	24	20	60	104
Seniors' Housing	4	9	14	27
Self-storage	12	7	17	36
Office Buildings	—	1	7	8
Hotels	—	—	3	3
Recurring income initiatives	40	37	101	178
Condominium developments	26	22	47	95
Townhome developments	3	1	5	9
Development income initiatives	29	23	52	104
Total	**69**	**60**	**153**	**282**
Planning entitlements (#)(1)	**56**	**40**	**89**	**185**
Total project area (in thousands of sq. ft.) – at 100%(2)	16,450	11,850	30,000	58,300
Total Trust's share of project area (in thousands of sq. ft.)	**10,900**	**7,400**	**21,900**	**40,200**
Total estimated costs (in millions of dollars) – at 100% based on current planning budgets(2)	8,800	6,400	– (3)	15,200
Trust's share of such estimated costs (in millions of dollars)	**5,900**	**3,900**	**– (3)**	**9,800**

(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.

Outlook

Safety, security and stability. The three foundational pillars on which the Trust's portfolio of predominately Walmart-anchored shopping centres has been built, have permitted the Trust to navigate through an unprecedented pandemic period. During this 27 month period of 'stormy weather', occupancy was maintained at levels of at least 97%, over 60% of the Trust's necessity based tenants were permitted to remain open to assist Canadians, construction of over 1,934 new condominium, townhome and rental units were completed and delivered to their occupants, construction of over 2,143 new condominium, townhome and rental units were commenced, five self- storage projects were delivered on time and on budget, a 2/3 interest in the VMC West 53 acre site was purchased that will provide development opportunities for many future years, and unitholder distributions were maintained at $1.85 per unit. These results speak to the safety, security and stability of the Trust's portfolio and its ability to generate reliable distributions. Accordingly, as the Canadian economy now begins to experience heightened levels of inflation and rising interest rates, the Trust is once again ready to manage through these new economic challenges. While the Trust's retail portfolio continues to act as the anchor to cashflow, 84.1% of the Trust's debt is fixed, with a staggered ladder of manageable maturities and strong relationships with Canada's lending community that will 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. In addition, all new development projects must meet with approval of the Trust's Board prior to commencement …..safe, secure and stable …..

Mixed-Use Development on SmartVMC

In December 2021, the Trust completed the acquisition, valued at $513.0 million, of a two-thirds interest in approximately 53.0 acres of land representing the western portion of SmartVMC ("SmartVMC West") on which approximately 10.0 million square feet of mixed-use space is expected to be built in the coming years. This strategic acquisition permits the Trust, together with Penguin, to master-plan and develop the entire 105.0 acre SmartVMC lands, which, when complete, are expected to be comprised of mixed-use developments exceeding 20.0 million square feet. This acquisition was financed by the issuance of $200.0 million in equity taken back by the vendors and $300.0 million in cash was drawn from the Trust's existing credit facilities, which were subsequently repaid with the establishment of a new five-year unsecured $300.0 million facility early in 2022.

Moreover, on the SmartVMC West lands at the north-east corner of Highway 7 and Commerce Street, the Trust has recently launched the first phase for Park Place. When complete, Park Place will feature two high-rise condominium buildings (48 and 56 stories in height), connected by a three-storey podium with 1,094 units and three levels of underground parking. To help facilitate the continued development at SmartVMC West, the City of Vaughan is undertaking the design and construction of the widening and extension of Portage Parkway from Applewood to Jane Street.

Additionally, the Trust, together with Penguin, have concluded the sales program for the ArtWalk Condominiums, the first phase of condominium development to be built on the parcel of SmartVMC formerly occupied by Walmart. To date, all 320 of the released condominium units have been sold. The remaining units in this phase of the ArtWalk have not yet been released. ArtWalk and future phases of both high-rise condominium and rental residential development are expected to be developed by the Trust's in-house team. Construction of this first phase is expected to commence later in 2022 with deliveries expected in 2026-2027. In addition, the 22 pre-sold townhomes built as part of Transit City 1 and 2 were completed and closed during Q2/22 with the Trust's share of earnings being $1.4 million. The table below provides details on actual and expected closings for units in the various phases of condominium and rental development that have been announced at SmartVMC:

Time of Actual/ Expected Closings	Transit City 1, 2 & 3	Transit City 4 & 5	Transit City 1 & 2 Towns	Total Transit City	ArtWalk	Park Place	Total Condos	ArtWalk Rentals	Millway Rentals	Total Rentals	Total Units
2020	1,109	—	—	**1,109**	—	—	**1,109**	—	—	**—**	**1,109**
Q1 2021	1	—	—	**1**	—	—	**1**	—	—	**—**	**1**
Q2 2021	439	—	—	**439**	—	—	**439**	—	—	**—**	**439**
Q3 2021	192	—	—	**192**	—	—	**192**	—	—	**—**	**192**
Q4 2021	—	—	—	**—**	—	—	**—**	—	—	**—**	**—**
Q1 2022	—	—	—	**—**	**—**	**—**	**—**	—	—	**—**	**—**
Q2 2022	—	—	22	**22**	**—**	**—**	**22**	—	—	**—**	**22**
Subtotal	**1,741**	**—**	**22**	**1,763**	**—**	**—**	**1,763**	**—**	**—**	**—**	**1,763**
2023	—	1,026	—	**1,026**	—	—	**1,026**	—	454	**454**	**1,480**
2026–2027	—	—	—	**—**	320	—	**320**	307	—	**307**	**627**
2027	—	—	—	**—**	—	1,094	**1,094**	—	—	**—**	**1,094**
Total – 2020 to 2027	**1,741**	**1,026**	**22**	**2,789**	**320**	**1,094**	**4,203**	**307**	**454**	**761**	**4,964**

With 1,763 units having closed to date, SmartVMC has become a community with approximately 3,000 new residents in occupancy. In addition, construction of the sold out 1,026 condominium units Transit City 4 and 5 continues with closings expected early in 2023. The Trust's first purpose-built 454-unit Millway rental building at SmartVMC is expected to commence occupancy later in 2023. Upon their completion, these phases are expected to provide accommodation for over 2,000 additional residents to SmartVMC. In addition, the world-class YMCA, municipal library and community centre at SmartVMC opened in Q2/22. The Trust is now also actively designing a future phase of office development at SmartVMC which is expected to be built in conjunction with two new residential towers across from the SmartVMC Bus Terminal.

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

Mixed-Use Development on Other Initiatives

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

Description	Location	Units (#)	Partner	Expected completion date
Phase 2 Residential Rental Apartment	Laval, Quebec	211	Jadco	2023
Vaughan NW Townhomes	Vaughan, Ontario	174	Fieldgate Homes	2024
Seniors' Rental and Seniors' Living Community	Ottawa, Ontario	402	Groupe Sélection	2024
Phase 1 Residential Rental Apartments (2 Buildings)	Mascouche, Quebec	238	Cogir	Partially Opened (2022)

In Laval, Quebec, approximately 98% of the rental units of the 171-unit, 15-storey first phase of the two-phase, purpose-built residential rental project have been leased. In Vaughan NW project, 100 of the planned 174 townhomes have been pre-sold and construction has commenced with initial closings expected in 2024.

In 2019, together with Revera Inc. ("Revera"), the Trust announced the execution of an overall agreement to develop and own new retirement-living residences across Canada. These retirement-living residences are very different in nature, level of care and funding than government subsidized long-term care facilities. Executed specific site agreements are now in place to proceed with the first three initiatives on properties that are currently owned by the Trust, in Vaughan (two initiatives) and Richmond Hill, Ontario which in aggregate are expected to contain 683 units. Subject to appropriate approvals and project-specific financing being arranged, construction of these three initiatives is expected to commence within the next 12 to 18 months. During the first quarter of 2020, together with Revera, the Trust announced additional Toronto-area retirement-living residences to be built in Markham and Oakville, each on properties owned by Revera. The Trust purchased a 50% interest in the Markham property in 2020 and it is currently working to obtain approvals regarding rezoning and similar entitlement requirements. In addition, together with Groupe Sélection (formerly Réseau Sélection), construction of the two-tower seniors' apartments/retirement residences project at the Trust's Laurentian Place shopping centre in Ottawa continues on schedule and on budget. This 402-unit development is expected to be completed in 2024. The Trust is continuing to work with its partners and is at various stages of identifying and moving forward with additional opportunities to develop retirement communities within its portfolio of shopping centre locations.

With its partner SmartStop, construction is now complete on the first five self-storage projects in Toronto (Leaside), Vaughan NW, Brampton, Oshawa South, and Scarborough East. Leasing in these locations continues to be ahead of original expectations. The following table provides occupancy levels of these self-storage facilities as of the end of Q2 2022.

	Self-storage facilities					
(in thousands of dollars, excepted for # of units and square footage)	Leaside	Bramport	Vaughan NW	Oshawa South	Scarborough East	Total
Net operating income (loss) for the six months ended June 30, 2022 (at the Trust's share)	299	194	201	62	(71)	**685**
Occupancy ratio	95.7 %	90.9 %	92.6 %	79.3 %	44.2 %	
# of units	997	1,050	875	940	970	**4,832**
Square footage	99,682	99,955	85,275	91,650	97,173	**473,735**
Completion date	Jun 20	Jan 21	Feb 21	Sep 21	Nov 21	

Construction is progressing on the next SmartStop projects in Aurora and Brampton (Kingspoint), with completions expected later in 2022. When complete, the Trust expects approximately 400,000 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 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 Ave East, and one property in Burnaby, BC, on which, once zoning approvals are in place, it intends to build new self-storage facilities.

During the second quarter, 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. Once complete in 2023, yields from Phase 1 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 the 215,000 square feet retail project on Laird Drive in Toronto, that once complete in 2024, will feature a flagship 190,000 square-foot Canadian Tire store together with 25,000 square feet of additional retail space.

Leasing

The Trust's 34.7 million square foot portfolio of predominately Walmart-anchored shopping centres continues to demonstrate strong occupancy levels. As at June 30, 2022, the overall in-place occupancy level was 97.2% (inclusive of committed deals, the occupancy level was 97.6%) as compared to 97.0% and 97.2% respectively as at March 31, 2022. The improvement was primarily due to new leases to The Hockey Shop Source for Sports and RD Furniture in two Home Outfitters' locations. During the COVID-19 pandemic, Walmart has continued to demonstrate its industry-leading ability to drive high traffic levels to the Trust's shopping centres across Canada. This is best exemplified by the Trust's core portfolio of shopping centres continuing to demonstrate strong resilience in the face of adversity and, as at June 30, 2022, the Trust has renewed 83.2% of its expiring lease maturities (June 30, 2021 – 72.6%). Leasing activity has been brisk and a substantial portion of the space vacated during the pandemic is either under contract or is expected to soon be back-filled. The Trust remains well-positioned as Canada's largest provider of retail space in Walmart-anchored open-format shopping centres. Additionally, because the pandemic has resulted in the deferral of most planned new retail expansion projects in Canada, this limitation of new supply continues to assist the Trust in backfilling its shopping centres with tenants that are seeking lower-cost, stable, open-format alternatives.

Collections

Collection levels continue to improve, reaching approximately 98% for the six months ended June 30, 2022. The challenges associated with the COVID-19 pandemic continue to impact the remaining 2%, however the Trust expects that collection levels will return to pre-pandemic levels by the fourth quarter. As a result, during the six months ended June 30, 2022, the Trust recorded reversal of bad debt expense/expected credit loss ("ECL") provisions totalling $2.4 million principally as a result of the resolution and collection of amounts previously provided for as compared to an ECL provision of $4.6 million for the comparable 6 month period.

Investment Properties – Valuation

The following table identifies the change in fair values of investment property for the six months ended June 30, 2022:

	Income Properties		Properties Under Development		Total	
(in thousands of dollars)	Amount	Fair value adjustments as % of carrying value	Amount	Fair value adjustments as % of carrying value	Amount	Fair value adjustments as % of carrying value
Fair value as at December 31, 2021	8,395,077		1,452,001		9,847,078	
Additional costs and other adjustments	123,400		2,320		125,720	
Fair value adjustment on revaluation of investment properties in Q1 2022	30,204	0.4 %	241,141	16.6 %	271,345	2.8 %
Fair value as at March 31, 2022	8,548,681		1,695,462		10,244,143	
Additional costs and other adjustments	5,355		26,586		31,941	
Fair value adjustment on revaluation of investment properties in Q2 2022	9,464	0.1 %	205	0.01 %	9,669	0.1 %
Fair value as at June 30, 2022	8,563,500	0.5 %	1,722,253	16.6 %	10,285,753	2.9 %

Notwithstanding recent increases in interest rate, the property market remains healthy and demand for institutional quality retail real estate continues to be strong. Accordingly, the Trust's IFRS values for its portfolio of open-format shopping centres were maintained. For Q2 2022, there was a net fair value increase of approximately $9.5 million to income properties, and a net fair value increase of approximately $0.2 million to properties under development. As driven by the Trust's vast pipeline of mixed-use initiatives, the Trust expects to continue to recognize fair value increments through the planning, zoning, and development progress of its investment properties.

Financing

The Russian-Ukrainian War and related pressure on the price of oil, together with unparalleled supply chain constraints principally caused by the pandemic have resulted in an inflationary environment not experienced for almost 30 years. To combat this inflationary environment, the Bank of Canada has been active in increasing its overnight interest rate. As at January 1, 2022, the Bank of Canada's overnight rate was 0.25% and by June 30, 2022, this rate had risen to 1.5% (which was further increased to 2.5% subsequent to June 30, 2022). As a result, over the past several months, both short and long term borrowing costs have experienced significant increases. Accordingly, as at June 30, 2022, the Trust's overall weighted average interest rate has increased for the first time in at least the previous 10 years to 3.29% from 3.14% as at March 31, 2022. 15.9% of the Trust's debt is variable rate debt, most of which is linked to development projects. Accordingly, those projects that are currently under development will likely experience higher interest costs.

Economists have indicated that the Bank of Canada's current position on interest rates is intended to 'cool' the current overheated economy which in turn may permit the Bank of Canada to reduce rates later in 2023 or in 2024. The Trust is currently working on strategies to determine optimal refinancing alternative(s) that will limit any material adverse impact to FFO.

The Trust expects to continue its strategy to repay most maturing mortgages and then term out selectively with unsecured debentures or similar unsecured facilities, thus permitting the Trust's unencumbered assets to increase in value. The Trust's unencumbered assets[(1)] are currently valued at 8.4 billion (June 30, 2021 – $5.9 billion).

Liquidity and having the ability to fund obligations during challenging periods is the principal reason that the Trust increased and extended its unsecured revolving operating line of credit to $500.0 million in 2017, in addition to establishing a $250.0 million accordion feature. As a result of its continued commitment to the balance sheet, late in 2019, the Trust received a credit rating upgrade to BBB(high) from DBRS Morningstar. This achievement is significant as it reduces borrowing costs on existing unsecured credit facilities and future issuances of unsecured debentures and permits a wider group of investors to invest in the Trust's bonds, which is of particular importance in periods such as those resulting from COVID-19. To assist in funding capital requirements, during 2021 the Trust established an additional $150.0 million revolving unsecured operating line. In addition, earlier in 2022, the Trust established a $300.0 million five-year unsecured facility to assist with the funding requirements associated with the acquisition of the SmartVMC West lands. Principally, as a result of the additional debt required to fund the acquisition of the SmartVMC West lands, in December 2021, DBRS confirmed the Trust's BBB(high) rating and changed the trend from stable to negative. The Trust is continuing to work on alternatives with the intent to further improve its credit rating.

As at June 30, 2022, the Trust's credit metrics (net of cash-on-hand) had the following attributes:

(in thousands of dollars)	**June 30, 2022**	December 31, 2021
Average stated interest rate (%)[(1)]	**3.30**	3.11
Average duration of unsecured debt (in years)	**4.8**	5.4
Adjusted debt to Adjusted EBITDA[(1)]	**10.0X**	9.2X
Debt to aggregate assets (%)[(1)]	**43.0**	42.9
Interest coverage ratio [(1)]	**3.3X**	3.4X
Maturing secured debt in 2022	**80,058**	294,507
Maturing unsecured debt in 2022	**—**	—

The Trust has continued to focus on its long-term mixed-use development initiatives, of which 69 projects are either underway or for which construction is expected to commence within the next two years, subject to arranging appropriate financing and completing zoning entitlements. As Canadians continue to return to a new level of "normalcy", the Trust will continue to follow its credo by continuing to "focus on change". Over the coming years, this continued evolution is expected to result in additional mixed-use development opportunities, which in turn are expected to contribute to substantive future growth in both FFO and NAV.

(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".

Key Business Development, Financial and Operational Highlights for the Three Months Ended June 30, 2022

Mixed-Use Development and Intensification at SmartVMC

- The construction of the world-class YMCA at SmartVMC was completed and the facility opened in April 2022.
- 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 were launched in May 2022. The Trust's acquisition in December 2021 of a two-thirds interest in the SmartVMC West lands more than doubles the Trust's holdings in the 105-acre SmartVMC city centre development.
- Construction continues on the 100% pre-sold Transit City 4 (45 storeys) and 5 (50 storeys) condo towers, representing 1,026 residential units. Progress is being made with concrete and formwork complete up to the mechanical penthouse for Transit City 4 and level 47 for Transit City 5. Closings are expected to commence in early 2023.
- Construction of the purpose-built rental project, the Millway (36 storeys), continues at SmartVMC, with concrete and formwork up to the mechanical penthouse with initial occupancy expected to commence later this year.
- As part of Transit City 1 and 2 projects, closings of the 22 townhomes were completed in June 2022, generating net profit of $1.4 million and FFO[2] of $1.4 million at the Trust's share.
- ArtWalk condominium sales of 320 released units in Phase 1 are sold out with construction expected to begin later in 2022.

Other Business Development

- Leasing continues on the completed first phase of the two-phase, purpose-built residential rental project in Laval, Quebec, with more than 96% of the 171 units leased. Construction continues on the next phase that commenced in October 2021, 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. More than 110 units have been pre-leased and current lease-up expectations are in line with initial expectation.
- 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.
- Two self-storage facilities in Brampton (Kingspoint) and Aurora are currently under construction. Both facilities are expected to be completed in 2022. Additional self-storage facilities have been approved by the Board of Trustees and the Trust is in the process of obtaining municipal approvals in Whitby, Markham, Stoney Creek and three locations in Toronto (Gilbert Ave., Jane St. and Eglinton Avenue East). In addition, the municipal approval process is underway on a newly acquired property in Burnaby, British Columbia.
- Construction continues on a new retirement residence and a seniors' apartment project, totalling 402 units, with joint venture partner Groupe Sélection at the Trust's Laurentian Place in Ottawa, with completion expected in Q1 2024.
- The Trust intends to commence the redevelopment of a portion of its 73-acre Cambridge retail property (which is subject to a leasehold interest with Penguin) which now allows various forms of residential, retail, office, institutional, and commercial uses providing for the creation of a vibrant urban community with the potential for over 12.0 million square feet of development.
- 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 industrial space for the 16-acre Phase 1 development, of which 53% has already been pre-leased. Once complete in 2023, yields from Phase 1 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 the 215,000 square feet 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 on completion which is currently scheduled for 2024.

Financial

- Net income and comprehensive income[1] was $162.0 million as compared to $97.0 million for the same period in 2021, representing an increase of $65.0 million. This increase was primarily attributed to: i) $75.6 million increase in fair value adjustments on financial instruments, ii) $2.5 million decrease in interest expense, and was partially offset by: iii) $7.1

million decrease in fair value adjustment on revaluation of investment properties, and iv) $12.9 million decrease in net income from condo closings offset by a $6.1 million increase from net rental income (see "Results of Operations" for further details).

- The Trust improved its unsecured/secured debt ratio(2)(3) to 77%/23% (December 31, 2021 – 71%/29%).

- The Trust continues to add to its unencumbered pool of high-quality assets. As at June 30, 2022, this unencumbered portfolio consisted of investment properties valued at $8.4 billion (June 30, 2021 – $5.9 billion).

- The Trust's fixed rate/variable rate debt ratio(2)(3) was 84%/16% as at June 30, 2022 (December 31, 2021 – 89%/11%).

- FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition(2) was $94.8 million as compared to $89.9 million in the same period last year, representing an increase of $4.9 million or 5.5%.

- During the quarter, 2,043,500 additional notional Units were added at average price of $27.85 per Unit to the TRS.

- Net income and comprehensive income per Unit(1) increased by $0.34 or 61% to $0.90 as compared to the same period in 2021, primarily due to the reasons noted above that pertain to net income and comprehensive income.

- FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition per Unit(2) increased by $0.03 or 5.8% to $0.55 as compared to the same period in 2021.

- Cash flows provided by operating activities(1) decreased by $18.2 million or 29.3% to $44.0 million as compared to the same period in 2021. Shortfall of cash flows provided by operating activities(1) over distributions declared amounted to $38.5 million (three months ended June 30, 2021 – shortfall of $17.5 million).

- The Payout Ratio relating to cash flows provided by operating activities for the rolling 12 months ended June 30, 2022 was 86.0%, as compared to 102.1% for the same period ended June 30, 2021. The Payout Ratio relating to cash flows provided by operating activities for the rolling 24 months ended June 30, 2022 was 93.3%, as compared to 97.7% for the same period ended June 30, 2021.

- For the three months ended June 30, 2022, ACFO(2) decreased by $13.4 million or 14.2% to $80.9 million as compared to the same period in 2021.

- For the three months ended June 30, 2022, ACFO(2) is less than distributions declared by $1.6 million (three months ended June 30, 2021 – surplus of $14.6 million).

- The Payout Ratio to ACFO(2) for the rolling 12 months ended June 30, 2022 was 95.4%, as compared to 87.3% for the same period ended June 30, 2021. Excluding SmartVMC West LP Class D distributions, the Payout Ratio to ACFO(2) for the rolling 12 months ended June 30, 2022 was 94.0%, as compared to 87.3% for the same period ended June 30, 2021.

- The Payout Ratio to ACFO(2) for the rolling 24 months ended June 30, 2022 was 91.2%, as compared to 90.9% for the same period ended June 30, 2021. Excluding SmartVMC West LP Class D distributions, the Payout Ratio to ACFO(2) for the rolling 24 months ended June 30, 2022 was 90.5%, as compared to 90.9% for the same period ended June 30, 2021.

Operational

- Rentals from investment properties and other(1) was $198.3 million, as compared to $193.9 million for the same period in 2021, representing an increase of $4.4 million or 2.2%, primarily due to higher rental income from Premium Outlets locations in both Toronto and Montreal, additional self-storage facility and parking rental revenue, and higher miscellaneous revenue.

- In-place and committed occupancy rates were 97.2% and 97.6%, respectively, as at June 30, 2022 (March 31, 2022 – 97.0% and 97.2%, respectively).

- Same Properties NOI inclusive of ECL(2) increased by $6.1 million or 5.0% as compared to the same period in 2021. Same Properties NOI excluding ECL(2) increased by $2.6 million or 2.1% as compared to the same period in 2021.

(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 $133.2 million as at June 30, 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)	**June 30, 2022**	December 31, 2021	June 30, 2021
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	15
Total number of properties with an ownership interest	**185**	183	180
Leasing and Operational Information(1)			
Gross leasable retail and office area (in thousands of sq. ft.)	**34,661**	34,119	34,186
Occupied retail and office area (in thousands of sq. ft.)	**33,707**	33,219	33,180
Vacant retail and office area (in thousands of sq. ft.)	**954**	900	1,006
In-place occupancy rate (%)	**97.2**	97.4	97.1
Committed occupancy rate (%)	**97.6**	97.6	97.3
Average lease term to maturity (in years)	**4.4**	4.4	4.6
Net retail rental rate (per occupied sq. ft.) ($)	**15.54**	15.44	15.43
Net retail rental rate excluding Anchors (per occupied sq. ft.) ($)	**22.26**	22.07	22.04
Mixed-Use Development Information			
Trust's share of future development area (in thousands of sq. ft.)	**40,200**	40,600	32,400
Trust's share of estimated costs of future projects currently under construction, or for which construction is expected to commence within the next five years (in millions of dollars)	**9,800**	9,800	7,800
Total number of residential rental projects	**104**	104	96
Total number of seniors' housing projects	**27**	27	40
Total number of self-storage projects	**36**	36	50
Total number of office building projects	**8**	8	7
Total number of hotel projects	**3**	3	4
Total number of condominium developments	**95**	95	72
Total number of townhome developments	**9**	10	15
Total number of estimated future projects currently in development planning stage	**282**	283	284

(in thousands of dollars, except per Unit and other non-financial data)	**June 30, 2022**	December 31, 2021	June 30, 2021
Financial Information			
Total assets – GAAP(2)	**11,905,066**	11,293,248	10,036,672
Total assets – non-GAAP(3)(4)	**12,200,890**	11,494,377	10,221,599
Investment properties – GAAP(2)	**10,285,753**	9,847,078	8,883,634
Investment properties – non-GAAP(3)(4)	**11,191,069**	10,684,529	9,490.636
Total unencumbered assets(3)	**8,413,000**	6,640,600	5,937,900
Debt – GAAP(2)	**5,128,604**	4,854,527	4,492,948
Debt – non-GAAP(3)(4)	**5,325,630**	4,983,078	4,591,889
Debt to Aggregate Assets (%)(3)(4)(5)	**43.0**	42.9	44.6
Debt to Gross Book Value (%)(3)(4)(5)	**51.9**	50.8	50.1
Unsecured to Secured Debt Ratio(3)(4)(5)	**77%/23%**	71%/29%	70%/30%
Unencumbered assets to unsecured debt(3)(4)(5)	**2.1X**	1.9X	1.9X
Weighted average interest rate (%)(3)(4)	**3.30**	3.11	3.27
Weighted average term of debt (in years)	**4.4**	4.8	5.3
Interest coverage ratio(3)(4)(5)	**3.3X**	3.4X	3.4X
Adjusted Debt to Adjusted EBITDA (net of cash)(3)(4)(5)	**10.0X**	9.2X	8.2X
Adjusted Debt to Adjusted EBITDA (net of cash and TRS)(3)(4)(5)	**9.8X**	9.1X	8.1X
Fixed Rate to Variable Rate Debt Ratio(3)(4)(5)	**84%/16%**	89%/11%	96%/4%
Equity (book value)(2)	**6,216,395**	5,841,315	5,168,610
Weighted average number of units outstanding – diluted	**179,626,838**	173,748,819	173,480,822

(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 proportionate share of equity accounted investments.
(5) As at June 30, 2022, cash-on-hand of $133.2 million was excluded for the purposes of calculating the applicable ratios (December 31, 2021 – $80.0 million, June 30, 2021 – $55.7 million).

Quarterly Comparison to Prior Year

The following table presents key financial, per Unit, and payout ratio information for the three months ended June 30, 2022 and June 30, 2021:

(in thousands of dollars, except per Unit information)	**June 30, 2022**	June 30, 2021	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other(1)	**198,296**	193,937	4,359
Net base rent(1)	**127,232**	123,500	3,732
Total recoveries(1)	**65,119**	63,995	1,124
Miscellaneous revenue(1)	**3,416**	2,998	418
Service and other revenues(1)	**2,529**	3,444	(915)
Net income and comprehensive income(1)	**161,997**	96,985	65,012
Net income and comprehensive income excluding fair value adjustments(2)(3)	**89,646**	93,156	(3,510)
Cash flows provided by operating activities(1)	**43,970**	62,168	(18,198)
Net rental income and other(1)	**124,964**	119,132	5,832
NOI from condominium and townhome closings(2)	**1,100**	14,028	(12,928)
NOI(2)	**130,034**	136,091	(6,057)
Change in net rental income and other(2)	**4.9 %**	12.8 %	(7.9)%
Change in SPNOI(2)	**5.0 %**	9.6 %	(4.6)%
Change in SPNOI excluding ECL(2)	**2.1 %**	(2.0)%	4.1 %
FFO(2)(3)(4)(5)	**88,464**	100,455	(11,991)
Other adjustments	**982**	625	357
FFO with adjustments(2)(3)(4)	**89,446**	101,080	(11,634)
Adjusted for:			
ECL	**(1,214)**	2,274	(3,488)
Loss (gain) on derivative – TRS	**7,843**	(557)	8,400
FFO sourced from condominium and townhome closings	**(1,100)**	(12,891)	11,791
FFO sourced from SmartVMC West acquisition	**(207)**	—	(207)
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition(2)(3)(4)	**94,768**	89,906	4,862
ACFO(2)(3)(4)(5)	**80,871**	94,246	(13,375)
Other adjustments	**982**	625	357
ACFO with adjustments(2)(3)(4)	**81,853**	94,871	(13,018)
Adjusted for:			
Loss (gain) on derivative – TRS	**7,843**	(557)	8,400
ACFO sourced from condominium and townhome closings	**(1,100)**	(14,028)	12,928
ACFO sourced from SmartVMC West acquisition	**(207)**	—	(207)
ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition(2)(3)(4)	**88,389**	80,286	8,103
Distributions declared	**82,422**	79,685	2,737
Shortfall of cash provided by operating activities over distributions declared(2)	**(38,452)**	(17,517)	(20,935)
(Shortfall) surplus of ACFO over distributions declared(2)	**(1,551)**	14,563	(16,114)
Surplus of ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition over distributions declared(2)	**5,967**	601	5,366
Units outstanding(6)	**178,122,655**	172,280,187	5,842,468
Weighted average – basic	**178,122,655**	172,275,798	5,846,857
Weighted average – diluted(7)	**179,662,689**	173,543,923	6,118,766

(in thousands of dollars, except per Unit information)	**June 30, 2022**	June 30, 2021	Variance
	(A)	(B)	(A–B)
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income(1)	**$0.91/$0.90**	$0.56/$0.56	$0.35/$0.34
Net income and comprehensive income excluding fair value adjustments(2)(3)	**$0.50/$0.50**	$0.54/$0.54	$-0.04/$-0.04
FFO(2)(3)(4)(5)	**$0.50/$0.49**	$0.58/$0.58	$-0.08/$-0.09
Other adjustments	**$0.00/$0.01**	$0.01/$0.00	$-0.01/$0.01
FFO with adjustments(2)(3)(4)	**$0.50/$0.50**	$0.59/$0.58	$-0.09/$-0.08
Adjusted for:			
ECL	**$-0.01/$-0.01**	$0.01/$0.01	$-0.02/$-0.02
Loss (gain) on derivative – TRS	**$0.04/$0.04**	$0.00/$0.00	$0.04/$0.04
FFO sourced from condominium and townhome closings	**$-0.01/$-0.01**	$-0.08/$-0.07	$0.07/$0.06
FFO units impact from SmartVMC West LP Class D units	**$0.03/$0.03**	$0.00/$0.00	$0.03/$0.03
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition(2)(3)(4)	**$0.55/$0.55**	$0.52/$0.52	$0.03/$0.03
Distributions declared	**$0.463**	$0.463	$—
Payout Ratio Information			
Payout Ratio to cash flows provided by operating activities	**187.5 %**	128.2 %	59.3 %
Payout Ratio to ACFO(2)(3)(4)(5)	**101.9 %**	84.6 %	17.3 %
Payout Ratio to ACFO with adjustments(2)(3)(4)	**100.7 %**	84.0 %	16.7 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome sales, and SmartVMC West acquisition(2)(3)(4)	**90.2 %**	99.3 %	(9.1)%

(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.

Year-to-Date Comparison to Prior Year

The following table presents key financial, per Unit, and payout ratio information for the six months ended June 30, 2022 and June 30, 2021:

(in thousands of dollars, except per Unit information)	**June 30, 2022**	June 30, 2021	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other[1]	**400,819**	392,775	8,044
Net base rent[1]	**252,506**	244,830	7,676
Total recoveries[1]	**137,505**	135,777	1,728
Miscellaneous revenue[1]	**5,731**	5,839	(108)
Service and other revenues[1]	**5,077**	6,329	(1,252)
Net income and comprehensive income[1]	**532,107**	157,544	374,563
Net income and comprehensive income excluding fair value adjustments[2][3]	**169,983**	169,709	274
Cash flows provided by operating activities[1]	**146,789**	141,652	5,137
Net rental income and other[1]	**245,378**	235,269	10,109
NOI from condominium and townhome closings[2]	**1,076**	14,094	(13,018)
NOI[2]	**253,902**	255,072	(1,170)
Change in net rental income and other[2]	**4.3 %**	2.5 %	1.8 %
Change in SPNOI[2]	**3.5 %**	1.8 %	1.7 %
Change in SPNOI excluding ECL[2]	**0.6 %**	(2.6)%	3.2 %
FFO[2][3][4][5]	**180,699**	184,733	(4,034)
Other adjustments	**1,897**	861	1,036
FFO with adjustments[2][3][4]	**182,596**	185,594	(2,998)
Adjusted for:			
ECL	**(2,276)**	4,581	(6,857)
Loss (gain) on derivative – TRS	**6,238**	(1,070)	7,308
FFO sourced from condominium and townhome closings	**(1,076)**	(12,891)	11,815
FFO sourced from SmartVMC West acquisition	**(459)**	—	(459)
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition[2][3][4]	**185,023**	176,214	8,809
FFO with adjustments and Transactional FFO[2][3][4]	**182,596**	187,181	(4,585)
ACFO[2][3][4][5]	**166,025**	179,401	(13,376)
Other adjustments	**1,897**	861	1,036
ACFO with adjustments[2][3][4]	**167,922**	180,262	(12,340)
Adjusted for:			
Loss (gain) on derivative – TRS	**6,238**	(1,070)	7,308
ACFO sourced from condominium and townhome closings	**(1,076)**	(14,094)	13,018
ACFO sourced from SmartVMC West acquisition	**(459)**	—	(459)
ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition[2][3][4]	**172,625**	165,098	7,527
Distributions declared	**164,761**	159,345	5,416
Shortfall of cash flows provided by operating activities over distributions declared[2]	**(17,972)**	(17,693)	(279)
Surplus of ACFO over distributions declared[2]	**1,264**	20,056	(18,792)
Surplus of ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition over distributions declared[2]	**7,864**	5,753	2,111
Units outstanding[6]	**178,122,655**	172,280,187	5,842,468
Weighted average – basic	**178,115,751**	172,256,994	5,858,757
Weighted average – diluted[7]	**179,626,838**	173,480,822	6,146,016

(in thousands of dollars, except per Unit information)	**June 30, 2022**	June 30, 2021	Variance
	(A)	(B)	(A–B)
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income(1)	**$2.99/$2.96**	$0.91/$0.91	$2.08/$2.05
Net income and comprehensive income excluding fair value adjustments(2)(3)	**$0.95/$0.95**	$0.99/$0.98	$-0.04/$-0.03
FFO(2)(3)(4)(5)	**$1.01/$1.01**	$1.07/$1.06	$-0.06/$-0.05
Other adjustments	**$0.02/$0.01**	$0.01/$0.01	$0.01/$0.00
FFO with adjustments(2)(3)(4)	**$1.03/$1.02**	$1.08/$1.07	$-0.05/$-0.05
Adjusted for:			
ECL	**$-0.01/$-0.01**	$0.03/$0.03	$-0.04/$-0.04
Loss (gain) on derivative – TRS	**$0.04/$0.03**	$-0.01/$-0.01	$0.05/$0.04
FFO sourced from condominium and townhome closings	**$-0.01/$-0.01**	$-0.08/$-0.07	$0.07/$0.06
FFO units impact from SmartVMC West LP Class D units	**$0.02/$0.03**	$0.00/$0.00	$0.02/$0.03
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition(2)(3)(4)	**$1.07/$1.06**	$1.02/$1.02	$0.05/$0.04
FFO with adjustments and Transactional FFO(2)(3)(4)	**$1.03/$1.02**	$1.08/$1.07	$-0.05/$-0.05
Distributions declared	**$0.925**	$0.925	$—
Payout Ratio Information			
Payout Ratio to cash flows provided by operating activities	**112.2 %**	112.5 %	(0.3)%
Payout Ratio to ACFO(2)(3)(4)(5)	**99.2 %**	88.8 %	10.4 %
Payout Ratio to ACFO with adjustments(2)(3)(4)	**98.1 %**	88.4 %	9.7 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome sales, and SmartVMC West acquisition(2)(3)(4)	**92.3 %**	96.5 %	(4.2)%

(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)

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Results of operations								
Net income and comprehensive income	**161,997**	370,110	652,081	178,051	96,985	60,559	48,380	111,033
Per Unit								
Basic	**$0.91**	$2.08	$3.77	$1.03	$0.56	$0.35	$0.28	$0.65
Diluted(3)	**$0.90**	$2.06	$3.74	$1.03	$0.56	$0.35	$0.28	$0.64
Net base rent(1)(2)	**131,543**	129,354	128,571	128,487	126,658	124,374	126,663	126,045
Rentals from investment properties(1)(2)	**202,785**	206,467	195,180	195,749	195,532	200,984	199,609	188,981
Rentals from investment properties and other	**198,296**	202,523	192,812	195,171	193,937	198,838	197,897	186,344
NOI(1)(2)	**130,034**	123,868	129,679	133,333	136,091	118,981	137,002	147,612
Other measures of performance								
FFO(2)	**88,464**	92,235	97,452	97,887	100,457	84,275	86,697	110,107
Per Unit								
Basic(2)	**$0.50**	$0.52	$0.56	$0.57	$0.58	$0.49	$0.50	$0.64
Diluted(2)(3)	**$0.49**	$0.51	$0.56	$0.56	$0.58	$0.49	$0.50	$0.64
FFO with adjustments(2)	**89,446**	93,150	98,112	99,593	101,082	84,511	98,651	110,107
Per Unit								
Basic(2)	**$0.50**	$0.52	$0.57	$0.58	$0.59	$0.49	$0.57	$0.64
Diluted(2)(3)	**$0.50**	$0.52	$0.56	$0.57	$0.58	$0.49	$0.57	$0.64
FFO with adjustments and Transactional FFO(2)	**89,446**	93,150	98,448	99,593	101,082	86,098	98,651	110,851
Per Unit								
Basic(2)	**$0.50**	$0.52	$0.57	$0.58	$0.59	$0.50	$0.57	$0.64
Diluted(2)(3)	**$0.50**	$0.52	$0.56	$0.57	$0.58	$0.50	$0.57	$0.64
Cash flows provided by operating activities	**43,970**	102,819	133,673	96,298	62,168	79,485	91,371	79,100
Per Unit								
Basic	**$0.25**	$0.58	$0.77	$0.56	$0.36	$0.46	$0.53	$0.46
Diluted(3)	**$0.24**	$0.57	$0.77	$0.55	$0.36	$0.46	$0.53	$0.46
ACFO(2)	**80,871**	85,154	83,313	90,342	94,248	85,153	83,943	101,752
Per Unit								
Basic(2)	**$0.45**	$0.48	$0.48	$0.52	$0.55	$0.49	$0.49	$0.59
Diluted(2)(3)	**$0.45**	$0.47	$0.48	$0.52	$0.54	$0.49	$0.48	$0.59
ACFO with adjustments(2)	**81,853**	86,069	83,973	92,048	94,873	85,389	95,897	101,752
Per Unit								
Basic(2)	**$0.46**	$0.48	$0.49	$0.53	$0.55	$0.50	$0.56	$0.59
Diluted(2)(3)	**$0.46**	$0.48	$0.48	$0.53	$0.55	$0.49	$0.55	$0.59
Distributions declared	**82,422**	82,339	79,725	79,683	79,685	79,660	79,657	79,621
Units outstanding(4)	**178,122,655**	178,122,655	178,091,581	172,287,950	172,280,187	172,267,483	172,221,212	172,220,387
Weighted average Units outstanding								
Basic	**178,122,655**	178,108,771	172,983,636	172,285,503	172,275,798	172,237,982	172,220,907	172,112,821
Diluted(3)	**179,662,689**	179,590,588	174,380,800	173,644,091	173,543,923	173,417,020	173,264,654	173,120,316
Total assets	**11,905,066**	11,721,953	11,293,248	10,191,592	10,036,672	10,321,117	10,724,492	10,365,651
Total unencumbered assets(2)	**8,413,000**	8,364,500	6,640,600	6,002,800	5,937,900	5,910,900	5,835,600	5,763,400
Debt	**5,128,604**	4,951,171	4,854,527	4,539,594	4,492,948	4,810,106	5,210,123	4,821,695
Total leasable area (sq. ft.)	**34,660,693**	34,663,687	34,118,613	34,225,087	34,185,729	34,036,704	34,056,064	34,051,210
In-place occupancy rate (%)	**97.2**	97.0	97.4	97.3	97.1	97.0	97.0	97.1
Occupancy rate with committed deals (%)	**97.6**	97.2	97.6	97.6	97.3	97.3	97.3	97.4

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

Results of Operations
Net income and comprehensive income, net base rent, rentals from investment properties, NOI, FFO, and related financial and operational metrics noted above are typically not materially impacted by seasonal factors. However, macroeconomic and market trends, as described under "Outlook" in this MD&A, acquisition, Earnout, development and disposition activities and the impacts of the COVID-19 pandemic do have an adverse impact on the demand for space, occupancy and collection levels and, consequently, impact net base rent, common area maintenance ("CAM") and realty tax recoveries, property valuations and ultimately operating performance. Overall, quarterly fluctuations in revenue and operating results are mainly attributable to ECL provisions, occupancy levels, 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 Q3 of 2020 through Q2 of 2022.

Net income and comprehensive income decreased by $208.1 million in Q2 2022 from Q1 2022. The decrease was mainly attributable to the $260.9 lower investment property revaluation gains and $2.1 million higher supplemental costs, partially offset by the higher fair value gains of $43.5 million on revaluation of financial instruments and higher NOI of $6.2 million during the current quarter. Net income and comprehensive income decreased in Q1 2022 from Q4 2021 and increased in Q4 2021 and Q3 2021, mainly attributable to fair value adjustment on revaluation of investment properties. Net income and comprehensive income increased in Q1 2021 from Q4 2020 primarily due to higher interest costs accrued in Q4 2020 related to the redemption of Series M and Series Q unsecured debentures and decrease in fair value loss on revaluation of investment properties. Net income and comprehensive income declined in Q4 2020 from Q3 2020, primarily due to fair value loss on revaluation of properties under development, fair value loss on financial instruments attributed to the increase in the Trust's Unit price, and an increase in interest expense.

Other Measures of Performance
FFO decreased by $3.8 million in Q2 2022 from Q1 2022, mainly attributable to the higher TRS loss of $9.4 million. FFO decreased in Q1 2022 from Q4 2021, mainly attributable to the decrease in NOI and lower TRS gains, partially offset by lower general and administrative expense (net). FFO declined in Q4 2021 from Q3 2021 primarily due to less condominium sales profit, partially offset by TRS fair value gains and higher net rental income. FFO was higher in Q3 and Q2 of 2021 principally due to the Transit City 3 condominium closings in those quarters. FFO decreased in Q1 2021 from Q4 2020, primarily attributed to the recognition of condominium sales profits in Q4 2020 and partially offset by lower interest expenses in Q1 2021 due to the higher interest costs accrued in Q4 2020 related to the redemption of the Series M and Series Q unsecured debentures. FFO decreased in Q4 2020 from Q3 2020, primarily due to a decrease in earnings from equity accounted investments as a result of fewer residential units remaining to close at Transit City 1 and 2 in Q4 2020 as compared to Q3 2020, and an increase in yield maintenance costs associated with the early repayment of debt.

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

Total Assets and Debt
Total assets increased by $183.1 million in Q2 2022 from Q1 2022, which was mainly due to: i) increase in other financial assets of $114.2 million which was driven by a $50.3 million increase in cash held as collateral in connection with the TRS agreement, a $48.4 million increase in TRS receivable, and a $15.5 million increase in the value of interest rate swap agreements; and ii) increase in investment properties of $41.6 million which was mainly driven by fair value gains of $9.7 million and acquisition and development activities during the current quarter. Total debt increased by $177.4 million in Q2 2022 from Q1 2022 as a result of new borrowings. Total assets increased in Q1 2022 from Q4 2021 mainly due to investment properties acquisition and Earnout, and fair value gains on revaluation of investment properties. Total debt increased in Q1 2022 from Q4 2021 as a result of new borrowings. Total assets increased in Q4 2021 from Q3 2021, mainly attributable to the increase in fair value adjustment on revaluation of investment properties and acquisition of SmartVMC West lands. Total debt increased in Q4 2021 from Q3 2021 as a result of operating facilities drawn in Q4 2021 to finance the acquisition of SmartVMC West lands. Total assets increased in Q3 2021 from Q2 2021, mainly resulting from investment properties revaluation gains and increase in equity accounted investments as a result of Q3 2021 earnings. Total debt increased in Q3 2021 from Q2 2021 primarily due to new borrowings. Total assets and debt declined in Q2 2021 from Q1 2021 and in Q1 2021 from Q4 2020, primarily due to the use of cash to redeem unsecured debentures. Total assets and debt increased in Q4 2020 from Q3 2020, principally due to the proceeds from issuance of unsecured debentures, net of repayments. The Trust continues to repay mortgages as they come due to further unencumber its retail properties.

Leasing
The Trust's occupancy rate (inclusive of committed deals) was 97.6% at the end of Q2 2022, representing a 40 basis points increase as compared to Q1 2022, principally due to demand for new locations in all markets and for all store sizes as a result of an increase in customer traffic. The Trust's occupancy rate (inclusive of committed deals) was 97.2% in Q1 2022, which was primarily due to the closure of four Home Outfitters locations. The Trust has released two of these locations subsequently and expects to have the remaining two released by the next quarter given the strong leasing demand. Occupancy rate (inclusive of committed deals) of 97.6% in Q4 2021 was consistent with Q3 2021. Strengthening retail leasing is being experienced across all provinces and improved NOI and occupancy are expected throughout the year.

Section III — Development Activities

Mixed-Use Development Initiatives

The following table summarizes the 282 identified mixed-use, recurring rental income and development income initiatives, which are included in the Trust's large development pipeline:

Description	Underway (Construction underway or expected to commence within next 2 years)	Active (Construction expected to commence within next 3–5 years)	Future (Construction expected to commence after 5 years)	Total
Section A				
Number of projects in which the Trust has an ownership interest				
Residential Rental	24	20	60	104
Seniors' Housing	4	9	14	27
Self-storage	12	7	17	36
Office Buildings	—	1	7	8
Hotels	—	—	3	3
Subtotal – Recurring rental income initiatives	40	37	101	178
Condominium developments	26	22	47	95
Townhome developments	3	1	5	9
Subtotal – Development income initiatives	29	23	52	104
Total	**69**	**60**	**153**	**282**
Section B				
Planning entitlements (#)(1)	**56**	**40**	**89**	**185**
Section C				
Project area (in thousands of sq. ft.) – at 100%(2)				
Recurring rental income initiatives	7,550	6,350	18,100	32,000
Development income initiatives	8,900	5,500	11,900	26,300
Total project area (in thousands of sq. ft.) – at 100%	**16,450**	**11,850**	**30,000**	**58,300**
Trust's share of project area (in thousands of sq. ft.)				
Recurring rental income initiatives	4,600	3,900	12,000	20,500
Development income initiatives	6,300	3,500	9,900	19,700
Total Trust's share of project area (in thousands of sq. ft.)	**10,900**	**7,400**	**21,900**	**40,200**
Section D				
Total estimated costs (in millions of dollars) – at 100% based on current planning budgets(2)	**8,800**	**6,400**	**–** (3)	**15,200**
Trust's share of such estimated costs (in millions of dollars)	**5,900**	**3,900**	**–** (3)	**9,800**

(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 as a result of, among other things, restrictions or delays related to the COVID-19 pandemic. Please refer to the "Forward-Looking Statements" section for more information.

The Trust's mixed-use development initiatives have resulted in the Trust participating in various construction development projects. This includes construction at: i) SmartVMC; ii) 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; and v) a townhome project in Vaughan, Ontario. In addition, the Trust is currently working on development initiatives for many other properties that will primarily consist of residential developments located in Ontario and Quebec.

SmartVMC Development Initiatives

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

i) the 360,000 square-foot KPMG tower, with 98% of the office space leased;
ii) the 225,000 square-foot PwC-YMCA office and community-use complex which is fully leased, with fully occupied office space and community-use space, including a new world-class YMCA facility and municipal library, both of which opened in April 2022;
iii) the new 140,000 square-foot Walmart store which opened in October 2020; and
iv) the development of high-rise residential, with details of each previously announced residential phase discussed below.

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

i) the development of more than 4.0 million square feet (4,600 units) of residential density on the land at SmartVMC previously occupied by a Walmart store, with zoning and site plan applications submitted in 2020 for approval of Phase 1 of 550,000 square feet. Zoning was approved by 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 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	50.0
KPMG Tower	N/A	Retail	30,000 sq. ft.	Completed	50.0
PwC-YMCA Complex/Tower	9	Office	225,000 sq. ft. (1)	Completed	50.0
Office Tower #3 – Proposed	TBD(2)	Office	500,000 sq. ft.	2028	50.0
Office Tower #4 – Proposed	TBD(2)	Office	500,000 sq. ft.	2029	50.0
			1,585,000 sq. ft.		
The Millway	36	Apartments	454 units (3)	2023	50.0
Transit City 1	55	Condo	551 units	Completed (2020)	25.0
Transit City 2	55	Condo	559 units	Completed (2020)	25.0
Transit City 1 and 2 Townhomes	N/A	Townhomes	22 units	Completed (2022)	25.0
Transit City 3	55	Condo	631 units	Completed (2021)	25.0
Transit City 4 and 5	45 and 50	Condo	1,026 units (3)	2023	25.0
ArtWalk Condominiums	38,18 and 6	Condos and Apartments	627 units	2026–2027	50.0
Park Place Condominiums	48 and 56	Condo	1,094 units	2027	66.7
Apple Mill Road and Jane Street	TBD(2)	Condo	798 units	TBD	50.0
			5,762 units		

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

Residential and Other Mixed-Use Development Initiatives

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

#	Project	Type	Estimated Total Building Area (sq. ft./units)	Expected Year of Construction /Completion(1)	Trust's Share (%)
1	Laval Phase 1 (QC)	Residential rental	171 units	Completed (2020)	50.0
2	Mascouche N Phase 1 (QC)	Residential rental	238 units	Partially Opened (2022)	80.0
3	Laval Phase 2 (QC)	Residential rental	211 units	2023	50.0
4	Laurentian Place – Ottawa (ON)	Seniors' apartment	174 units	2024	50.0
5	Laurentian Place – Ottawa (ON)	Retirement residence	228 units	2024	50.0
6	Vaughan NW (ON)	Residential townhomes	174 units	2024	50.0
7	Leaside SmartStop (ON)	Self-storage facility	133,714 sq. ft. (998 units)	Completed (2020)	50.0
8	Vaughan NW SmartStop (ON)	Self-storage facility	118,067 sq. ft. (875 units)	Completed (2021)	50.0
9	Brampton SmartStop (ON)	Self-storage facility	134,687 sq. ft. (1,052 units)	Completed (2021)	50.0
10	Oshawa S SmartStop (ON)	Self-storage facility	132,812 sq. ft. (948 units)	Completed (2021)	50.0
11	Scarborough E SmartStop (ON)	Self-storage facility	136,969 sq. ft. (974 units)	Completed (2021)	50.0
12	Brampton (Kingspoint) SmartStop (ON)	Self-storage facility	133,000 sq. ft. (969 units)	2022	50.0
13	Aurora SmartStop (ON)	Self-storage facility	140,000 sq. ft. (926 units)	2022	50.0
14	Pickering Seaton Lands	Industrial	241,000 sq. ft.	2023	100.0
15	Leaside (ON) (Canadian Tire)	Retail	215,000 sq. ft.	2024	50.0

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

As described below, 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 as a result of, among other things, restrictions or delays related to the COVID-19 pandemic.

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 rezoning application for an initial two-tower 585-unit residential phase submitted in April 2021;

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 an application for the first 35-storey mixed-use tower submitted in Q1 2021;

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 and construction is soon expected to commence. Rezoning application for a seniors' apartment building and separate retirement residence, both of which are to be developed in partnership with Revera, along with three other residential buildings, was recently approved by Council;

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;

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

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;

x. the development of a 35-storey high-rise purpose-built residential rental tower containing 439 units, on Balliol Street in midtown Toronto, Ontario, with zoning and site plan applications submitted in September 2020. A second submission of these applications was made in July 2021. A third submission of these applications was made in March 2022, with approvals expected in Q3 2022;

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. Construction of a second phase is expected to commence in Q1 2023;

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

xiii. the development of the first phase, 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 and a site plan application submitted in May 2020. The site plan application was resubmitted in March 2021 and again in July 2021 with approvals expected in 2022. The building permit application was submitted in October 2021;

xiv. besides the seven self-storage projects completed or under construction, there are seven additional self-storage facilities in Ontario and British Columbia with the Trust's partner, SmartStop, in Markham, Stoney Creek, Toronto (3), Whitby, and Burnaby with zoning and/or site plan approval obtained or applications well underway. Project agreements for another four 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 Q3 2022. Master plan of development is subject to approval;

xvi. the development of a new residential block consisting of a 155-unit condo building in Phase 1 and approximately 345 rental units in Phases 2 and 3 at Laval Centre in Quebec. Application for architecture approval was submitted for the Phase 1 condo and another 155 units in the Phase 2 rental building in Q4 2021 and approval is expected in Q3 2022;

xvii. the Trust has commenced 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;

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 9-storey retirement residences building submitted in Q1 2021 and a site plan application submitted in Q4 2021, to be developed in partnership with the existing partner and Revera;

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

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;

xxii. the development of approximately 900,000 square feet of residential density on the Trust's Parkway Plaza Centre in Stoney Creek, Ontario, with an application for a Phase 1 development for a two-tower (20 and 15 storeys), 400,000 square foot, 520-unit condo project submitted in Q4 2021;

xxiii. During the second quarter, 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. Yields from Phase 1 project are expected to be in the range of 6.0% – 6.5% on completion which is currently scheduled for 2023; and

xxiv. The Trust, together with its partner, Penguin, have also commenced preliminary siteworks for the 215,000 square feet 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 on completion which is currently scheduled for 2024.

Residential Development Inventory

Vaughan NW Residential Development
As reflected in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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 June 30, 2022, 100 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)	**Six Months Ended June 30, 2022**	Year Ended December 31, 2021
Balance – beginning of period	**27,399**	25,795
Development costs	**1,853**	646
Capitalized interest for the period	**497**	958
Balance – end of period	**29,749**	27,399

Properties Under Development

As at June 30, 2022, the fair value of properties under development including properties under development recorded in equity accounted investments totalled $2,307.3 million as compared to $1,970.4 million at December 31, 2021, resulting in a net increase of $336.9 million presented in the following table. The net increase of $336.9 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. For additional details on the factors influencing this change, see "Investment Properties".

(in thousands of dollars)	**June 30, 2022**	December 31, 2021	Variance ($)
Developments	**1,672,446**	1,391,301	281,145
Earnouts subject to option agreements(1)	**49,807**	60,700	(10,893)
Total	**1,722,253**	1,452,001	270,252
Equity accounted investments	**585,053**	518,427	66,626
Total including equity accounted investments(2)	**2,307,306**	1,970,428	336,878

(1) Earnout development costs during the development period are paid by the Trust and funded through interest-bearing secured debt provided by the vendors to the Trust. On completion of the development and the commencement of lease payments by a tenant, the Earnouts will be acquired from the vendors based on predetermined or formula-based capitalization rates ranging from 6.00% to 7.40%, net of land and development costs incurred. Penguin has contractual options to acquire Trust Units and LP Units on completion of Earnouts as shown in Note 11(b) of the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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 0.2 million square feet. The Trust continues to revise its estimates and adjust its plans towards mixed-use developments.

The following table summarizes the expected potential future retail pipeline in properties under development as at June 30, 2022:

(in thousands of square feet)	Committed	Years 0–2	Years 3–5	Beyond Year 5	Total[1]
Developments	220	782	320	241	**1,563**
Earnouts	6	86	50	—	**142**
	226	868	370	241	**1,705**
Mezzanine Financing	—	—	—	488	**488**
	226	868	370	729	**2,193**

(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 three months ended June 30, 2022, the future retail properties under development pipeline increased by 0.01 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 – March 31, 2022	1,694
Add:	
Properties transferred from investment properties to properties under development	14
Less:	
Net adjustment to project densities	6
Completion of Earnouts and Developments	(9)
Net change	11
Future retail properties under development pipeline – June 30, 2022	**1,705**

Committed Retail Pipeline

The following table summarizes the committed investment by the Trust in retail properties under development as at June 30, 2022:

(in thousands of dollars)	Square Feet (in thousands)	Total Estimated Costs	Costs Incurred	Estimated Future Development Costs
Developments	220	101,134	26,655	74,479
Earnouts	6	2,857	3,862	(1,005)
	226	**103,991**	**30,517**	**73,474**

The completion of these committed Earnouts and Developments as currently scheduled is expected to have an average estimated yield of 5.5% in 2022 and 6.1% in 2023.

Uncommitted Retail Pipeline

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

(in thousands of dollars)	Years 0–2	Years 3–5	Beyond Year 5	Total Estimated Costs	Costs Incurred	Future Development Costs
Developments	257,676	139,334	79,509	476,519	164,710	311,809
Earnouts	28,232	13,344	—	41,576	6,201	35,375
	285,908	**152,678**	**79,509**	**518,095**	**170,911**	**347,184**

Approximately 7.1% of the retail properties under development, representing a proportion of gross investment cost (committed and uncommitted) relating to Earnouts ($44.4 million, divided by total estimated costs of $622.1 million), representing 142,000 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 June 30, 2022, $4.4 million of Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, as compared to $42.2 million in the same period in 2021.

	Three Months Ended June 30, 2022		Three Months Ended June 30, 2021	
	Area (sq. ft.)	**Investment ($ millions)**	Area (sq. ft.)	Investment ($ millions)
Earnouts	—	—	22,203	8.0
Retail Developments	—	—	4,055	1.6
Redevelopment – transfers from properties under development to income properties	**9,305**	**4.4**	109,160	25.1
Developments – equity accounted investments	—	—	12,032	7.5
	9,305	**4.4**	147,450	42.2

For the six months ended June 30, 2022, $31.1 million of Earnouts and Developments (including Developments relating to equity accounted investments) were completed and transferred to income properties, as compared to $68.2 million in the same period in 2021.

	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
	Area (sq. ft.)	**Investment ($ millions)**	Area (sq. ft.)	Investment ($ millions)
Earnouts(1)	**1,224**	**0.6**	24,619	8.8
Retail Developments	**3,839**	**4.3**	5,379	2.0
Redevelopment – transfers from properties under development to income properties	**85,712**	**26.2**	115,900	27.3
Developments – equity accounted investments	—	—	12,032	13.0
Self-storage facilities – equity accounted investments	—	—	91,319	17.1
	90,775	**31.1**	249,249	68.2

(1) The Earnouts for the six months ended June 30, 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 six months ended June 30, 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 June 30, 2022:

	Area (sq. ft.)	Total Area (%)	Income ($000s)	Gross Commitment ($000s)	Invested To Date ($000s)	Net Commitment ($000s)	Yield / Cap Rate (%)
Developments							
Committed Developments							
2022	46,655	2.7	1,118	20,572 (2)	8,871 (2)	11,701	5.4 (3)
2023 and beyond	173,263	10.2	4,630	80,563 (2)	17,785 (2)	62,778	5.7 (3)
Total Committed Developments	**219,918**	**12.9**	**5,748**	**101,135**	**26,656**	**74,479**	**5.7**
Uncommitted Developments							
2022	41,069	2.4	519	14,800 (2)	9,904 (2)	4,896	3.5 (3)
2023 and beyond	1,302,456	76.4	24,289	461,719 (2)	154,806 (2)	306,913	5.3 (3)
Total Uncommitted Developments	**1,343,525**	**78.8**	**24,808**	**476,519**	**164,710**	**311,809**	**5.2**
Total Developments	**1,563,443**	**91.7**	**30,556**	**577,654**	**191,366** (1)	**386,288**	**5.3**
Earnouts							
Committed Earnouts							
2022	5,042	0.3	157	2,500	3,548	(1,048)	6.3
2023 and beyond	747	—	23	357	314	43	6.4
Total Committed Earnouts	**5,789**	**0.3**	**180**	**2,857**	**3,862**	**(1,005)**	**6.3**
Uncommitted Earnouts							
2022	—	—	—	—	—	—	—
2023 and beyond	135,929	8.0	2,814	41,576	6,201	35,375	6.8
Total Uncommitted Earnouts	**135,929**	**8.0**	**2,814**	**41,576**	**6,201**	**35,375**	**6.8**
Total Earnouts	**141,718**	**8.3**	**2,994**	**44,433**	**10,063** (1)	**34,370**	**6.7**
Total Before Non-cash Development Cost	**1,705,161**	**100.0**	**33,550**	**622,087**	**201,429**	**420,658**	**5.4**
Non-cash development cost (4)					169,438 (1)		
Land / Intensification projects					1,351,386 (1)		
Equity accounted investments					585,053 (1)		
Total	**1,705,161**	**100.0**	**33,550**	**622,087**	**2,307,306** (1)	**420,658**	**5.4**
Options through Mezzanine Financing	**488,440**						
Total Potential Pipeline	**2,193,601**						

(1) Under "Completed and Future Earnouts and Developments on Existing Properties" in the MD&A for the three and six months ended June 30, 2022, Earnouts of $49.8 million, Developments of $1,672.4 million and Equity Accounted Investments of $585.1 million comprise the total amount of $2,307.3 million. The amounts in the table above have been adjusted for Earnouts that are expected to be completed after the expiry of the Earnout options being reclassified as Developments.

(2) Includes fair value adjustment for land.

(3) On a cost basis, the yield would be 5.1%, 5.6%, 2.9%, and 4.7%, 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 six months ended June 30, 2022. This information should be read in conjunction with the Trust's unaudited interim condensed consolidated financial statements for the six months ended June 30, 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)		**June 30, 2022**			December 31, 2021	
	GAAP Basis	**Proportionate Share Reconciliation**	**Total Proportionate Share[(1)]**	GAAP Basis	Proportionate Share Reconciliation	Total Proportionate Share[(1)]
Assets						
Non-current assets						
Investment properties	**10,285,753**	**905,316**	**11,191,069**	9,847,078	837,451	10,684,529
Equity accounted investments	**650,487**	**(650,487)**	**—**	654,442	(654,442)	—
Mortgages, loans and notes receivable	**352,921**	**(93,702)**	**259,219**	345,089	(69,576)	275,513
Other financial assets	**228,707**	**—**	**228,707**	97,148	—	97,148
Other assets	**82,814**	**7,643**	**90,457**	80,940	7,465	88,405
Intangible assets	**44,473**	**—**	**44,473**	45,139	—	45,139
	11,645,155	**168,770**	**11,813,925**	11,069,836	120,898	11,190,734
Current assets						
Residential development inventory	**29,749**	**81,670**	**111,419**	27,399	67,828	95,227
Current portion of mortgages, loans and notes receivable	**95,254**	**—**	**95,254**	71,947	—	71,947
Amounts receivable and other	**55,829**	**(8,564)**	**47,265**	49,542	(8,637)	40,905
Prepaid expenses, deposits and deferred financing costs	**44,393**	**15,220**	**59,613**	12,289	13,118	25,407
Cash and cash equivalents	**34,686**	**38,728**	**73,414**	62,235	7,922	70,157
	259,911	**127,054**	**386,965**	223,412	80,231	303,643
Total assets	**11,905,066**	**295,824**	**12,200,890**	11,293,248	201,129	11,494,377
Liabilities						
Non-current liabilities						
Debt	**4,750,365**	**179,737**	**4,930,102**	4,176,121	93,465	4,269,586
Other financial liabilities	**278,944**	**—**	**278,944**	326,085	—	326,085
Other payables	**17,732**	**46**	**17,778**	18,243	—	18,243
	5,047,041	**179,783**	**5,226,824**	4,520,449	93,465	4,613,914
Current liabilities						
Current portion of debt	**378,239**	**17,289**	**395,528**	678,406	35,086	713,492
Accounts payable and current portion of other payables	**263,391**	**98,752**	**362,143**	253,078	72,578	325,656
	641,630	**116,041**	**757,671**	931,484	107,664	1,039,148
Total liabilities	**5,688,671**	**295,824**	**5,984,495**	5,451,933	201,129	5,653,062
Equity						
Trust Unit equity	**5,175,826**	**—**	**5,175,826**	4,877,961	—	4,877,961
Non-controlling interests	**1,040,569**	**—**	**1,040,569**	963,354	—	963,354
	6,216,395	**—**	**6,216,395**	5,841,315	—	5,841,315
Total liabilities and equity	**11,905,066**	**295,824**	**12,200,890**	11,293,248	201,129	11,494,377

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

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

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

Quarterly Comparison to Prior Year

(in thousands of dollars)	**Three Months Ended June 30, 2022**			Three Months Ended June 30, 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	**198,296**	**7,018**	**205,314**	193,937	5,039	198,976	6,338
Property operating costs and other	**(73,332)**	**(3,108)**	**(76,440)**	(74,805)	(2,108)	(76,913)	473
	124,964	**3,910**	**128,874**	119,132	2,931	122,063	6,811
Condo and townhome closings revenue and other(2)	**—**	**4,511**	**4,511**	—	52,768	52,768	(48,257)
Condo and townhome cost of sales and other	**—**	**(3,351)**	**(3,351)**	—	(38,740)	(38,740)	35,389
	—	**1,160**	**1,160**	—	14,028	14,028	(12,868)
NOI	**124,964**	**5,070**	**130,034**	119,132	16,959	136,091	(6,057)
Other income and expenses							
General and administrative expense, net	**(7,916)**	**18**	**(7,898)**	(7,304)	(5)	(7,309)	(589)
Earnings from equity accounted investments	**3,785**	**(3,785)**	**—**	21,751	(21,751)	—	—
Earnings from other(3)	**289**	**(289)**	**—**	—	—	—	—
Fair value adjustment on revaluation of investment properties	**9,669**	**1,185**	**10,854**	10,854	7,097	17,951	(7,097)
Gain (loss) on sale of investment properties	**18**	**—**	**18**	(68)	—	(68)	86
Interest expense	**(33,852)**	**(1,637)**	**(35,489)**	(36,653)	(1,354)	(38,007)	2,518
Interest income	**3,866**	**41**	**3,907**	3,395	20	3,415	492
Supplemental costs	**—**	**(603)**	**(603)**	—	(966)	(966)	363
Fair value adjustment on financial instruments	**61,497**	**—**	**61,497**	(14,122)	—	(14,122)	75,619
Acquisition-related costs	**(323)**	**—**	**(323)**	—	—	—	(323)
Net income and comprehensive income	**161,997**	**—**	**161,997**	96,985	—	96,985	65,012

(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.
(3) Represents SmartVMC West's operating results.

For the three months ended June 30, 2022, net income and comprehensive income (as noted in the table above) increased by $65.0 million as compared to the same period in 2021. This increase was primarily attributed to the following:

- $75.6 million increase in fair value adjustment on financial instruments primarily due to: i) $47.5 million higher fair value gains on Units classified as liabilities due to fluctuation in the Trust's unit price, ii) $19.8 million increase in fair value of interest rate swap agreements (see further details in the "Debt" subsection), iii) $16.7 million higher fair value gains relating to unit based incentive programs due to fluctuation in the Trust's unit price, and partially offset by: iv) $8.4 million higher fair value loss of TRS due to fluctuation in the Trust's unit price;
- $2.5 million decrease in interest expense (see further details in the "Interest Income and Interest Expense" subsection);
- $0.5 million increase in interest income; and
- $0.4 million decrease in supplemental costs;

Partially offset by the following:

- $7.1 million decrease in fair value adjustments on revaluation of investment properties;
- $6.1 million decrease in NOI (see further details in the "Net Operating Income" subsection);
- $0.6 million increase in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section); and
- $0.3 million increase in acquisition-related costs.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Six Months Ended June 30, 2022**			Six Months Ended June 30, 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	**400,819**	**13,510**	**414,329**	392,775	10,070	402,845	11,484
Property operating costs and other	**(155,441)**	**(6,121)**	**(161,562)**	(157,506)	(4,361)	(161,867)	305
	245,378	**7,389**	**252,767**	235,269	5,709	240,978	11,789
Condo and townhome closings revenue and other[(2)]	**—**	**4,517**	**4,517**	—	52,933	52,933	(48,416)
Condo and townhome cost of sales and other	**—**	**(3,382)**	**(3,382)**	—	(38,839)	(38,839)	35,457
	—	**1,135**	**1,135**	—	14,094	14,094	(12,959)
NOI	**245,378**	**8,524**	**253,902**	235,269	19,803	255,072	(1,170)
Other income and expenses							
General and administrative expense, net	**(14,783)**	**(104)**	**(14,887)**	(14,784)	(5)	(14,789)	(98)
Earnings from equity accounted investments	**3,211**	**(3,211)**	**—**	37,069	(37,069)	—	—
Earnings from other[(3)]	**594**	**(594)**	**—**	—	—	—	—
Fair value adjustment on revaluation of investment properties	**281,014**	**1,631**	**282,645**	(7,905)	20,930	13,025	269,620
Loss on sale of investment properties	**(104)**	**—**	**(104)**	(58)	—	(58)	(46)
Interest expense	**(69,185)**	**(3,028)**	**(72,213)**	(73,854)	(2,734)	(76,588)	4,375
Interest income	**6,826**	**49**	**6,875**	6,997	42	7,039	(164)
Supplemental costs	**—**	**(3,267)**	**(3,267)**	—	(967)	(967)	(2,300)
Fair value adjustment on financial instruments	**79,479**	**—**	**79,479**	(25,190)	—	(25,190)	104,669
Acquisition-related costs	**(323)**	**—**	**(323)**	—	—	—	(323)
Net income and comprehensive income	**532,107**	**—**	**532,107**	157,544	—	157,544	374,563

(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.
(3) Represents SmartVMC West's operating results.

For the six months ended June 30, 2022, net income and comprehensive income (as noted in the table above) increased by $374.6 million as compared to the same period in 2021. This increase was primarily attributed to the following:

- $269.6 million increase in fair value adjustments on revaluation of investment properties, of which: i) $237.7 million relates to the fair value adjustment associated with certain properties under development, ii) $31.9 million relates to the revaluation of investment properties, principally driven by leasing assumption updates (see details in the "Investment Property" section);
- $104.7 million increase in fair value adjustment on financial instruments primarily due to: i) $50.3 million higher fair value gains on Units classified as liabilities due to fluctuation in the Trust's unit price, ii) $42.1 million increase in fair value of interest rate swap agreements (see further details in the "Debt" subsection), iii) $19.6 million higher fair value gains relating to unit based incentive programs also due to fluctuation in the Trust's unit price, and partially offset by: iv) $7.3 million higher fair value loss of TRS due to fluctuation in the Trust's unit price; and
- $4.4 million decrease in interest expense (see further details in the "Interest Income and Interest Expense" subsection);

Partially offset by the following:

- $2.3 million increase in supplemental costs;
- $1.2 million decrease in NOI (see further details in the "Net Operating Income" subsection);
- $0.3 million increase in acquisition-related costs;
- $0.2 million decrease in interest income; and
- $0.1 million increase in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section).

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 June 30, 2022**			Three Months Ended June 30, 2021			
	Trust portion excluding EAI	**Equity Accounted Investments**	**Total Proportionate Share[1]**	Trust portion excluding EAI	Equity Accounted Investments	Total Proportionate Share[1]	Variance[1]
			(A)			(B)	(A–B)
Net base rent	**127,232**	**4,311**	**131,543**	123,500	3,158	126,658	4,885
Property tax and insurance recoveries	**44,788**	**734**	**45,522**	45,370	565	45,935	(413)
Property operating cost recoveries	**20,331**	**1,036**	**21,367**	18,625	735	19,360	2,007
Miscellaneous revenue	**3,416**	**937**	**4,353**	2,998	581	3,579	774
Rentals from investment properties	**195,767**	**7,018**	**202,785**	190,493	5,039	195,532	7,253
Service and other revenues	**2,529**	**—**	**2,529**	3,444	—	3,444	(915)
Rentals from investment properties and other[2]	**198,296**	**7,018**	**205,314**	193,937	5,039	198,976	6,338
Recoverable tax and insurance costs	**(46,055)**	**(775)**	**(46,830)**	(47,668)	(578)	(48,246)	1,416
Recoverable CAM costs	**(22,299)**	**(991)**	**(23,290)**	(19,736)	(682)	(20,418)	(2,872)
Property management fees and costs	**(882)**	**(243)**	**(1,125)**	(172)	(157)	(329)	(796)
Non-recoverable operating costs	**(2,435)**	**(1,076)**	**(3,511)**	(1,508)	(679)	(2,187)	(1,324)
ECL	**1,237**	**(23)**	**1,214**	(2,262)	(12)	(2,274)	3,488
Property operating costs	**(70,434)**	**(3,108)**	**(73,542)**	(71,346)	(2,108)	(73,454)	(88)
Other expenses	**(2,529)**	**—**	**(2,529)**	(3,459)	—	(3,459)	930
Property operating costs and other[2]	**(72,963)**	**(3,108)**	**(76,071)**	(74,805)	(2,108)	(76,913)	842
Net rental income and other	**125,333**	**3,910**	**129,243**	119,132	2,931	122,063	7,180
Condo and townhome closings revenue	**—**	**4,511**	**4,511**	—	52,768	52,768	(48,257)
Condo and townhome cost of sales	**—**	**(3,106)**	**(3,106)**	—	(38,705)	(38,705)	35,599
Marketing and selling costs	**(369)**	**(245)**	**(614)**	—	(35)	(35)	(579)
Net profit on condo and townhome closings	**(369)**	**1,160**	**791**	—	14,028	14,028	(13,237)
NOI[3]	**124,964**	**5,070**	**130,034**	119,132	16,959	136,091	(6,057)
Net rental income and other as a percentage of net base rent (%)	**98.5**	**90.7**	**98.3**	96.5	92.8	96.4	1.9
Net rental income and other as a percentage of rentals from investment properties (%)	**64.0**	**55.7**	**63.7**	62.5	58.2	62.4	1.3
Net rental income and other as a percentage of rentals from investment properties and other (%)	**63.2**	**55.7**	**62.9**	61.4	58.2	61.3	1.6
Recovery Ratio (including prior year adjustments) (%)	**95.3**	**100.2**	**95.4**	94.9	103.2	95.1	0.3
Recovery Ratio (excluding prior year adjustments) (%)	**94.8**	**99.9**	**94.9**	95.4	113.0	95.7	(0.8)

(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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and June 30, 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".

(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 June 30, 2022 decreased by $6.1 million or 4.5% as compared to the same period in 2021. This decrease was primarily attributed to the following:

- $13.2 million decrease in net profit on condo and townhome unit closings; and
- $2.1 million increase in property management fees and costs and non-recoverable operating costs related to vaccination centres and vacant spaces;

Partially offset by the following:

- $4.9 million net increase in base rent, of which: i) $2.2 million relates to the properties from acquisition, ii) $0.7 million relates to self-storage properties, iii) $0.7 million relates to the Premium Outlet locations in both Toronto and Montreal, and iv) $1.3 million relates to other properties with lease-up, higher short-term and parking revenue;
- $3.5 million decrease in bad debt and expected credit losses; and
- $0.8 million increase in miscellaneous revenue mainly due to percentage rent.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Six Months Ended June 30, 2022**			Six Months Ended June 30, 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	**252,506**	**8,391**	**260,897**	244,830	6,202	251,032	9,865
Property tax and insurance recoveries	**89,850**	**1,504**	**91,354**	92,744	1,221	93,965	(2,611)
Property operating cost recoveries	**47,655**	**1,957**	**49,612**	43,033	1,603	44,636	4,976
Miscellaneous revenue	**5,731**	**1,658**	**7,389**	5,839	1,044	6,883	506
Rentals from investment properties	**395,742**	**13,510**	**409,252**	386,446	10,070	396,516	12,736
Service and other revenues	**5,077**	**—**	**5,077**	6,329	—	6,329	(1,252)
Rentals from investment properties and other[2]	**400,819**	**13,510**	**414,329**	392,775	10,070	402,845	11,484
Recoverable tax and insurance costs	**(93,148)**	**(1,558)**	**(94,706)**	(97,024)	(1,231)	(98,255)	3,549
Recoverable CAM costs	**(52,292)**	**(1,941)**	**(54,233)**	(46,124)	(1,489)	(47,613)	(6,620)
Property management fees and costs	**(1,940)**	**(453)**	**(2,393)**	(461)	(300)	(761)	(1,632)
Non-recoverable operating costs	**(4,939)**	**(2,095)**	**(7,034)**	(2,982)	(1,331)	(4,313)	(2,721)
ECL	**2,350**	**(74)**	**2,276**	(4,571)	(10)	(4,581)	6,857
Property operating costs	**(149,969)**	**(6,121)**	**(156,090)**	(151,162)	(4,361)	(155,523)	(567)
Other expenses	**(5,077)**	**—**	**(5,077)**	(6,344)	—	(6,344)	1,267
Property operating costs and other[2]	**(155,046)**	**(6,121)**	**(161,167)**	(157,506)	(4,361)	(161,867)	700
Net rental income and other	**245,773**	**7,389**	**253,162**	235,269	5,709	240,978	12,184
Condo and townhome closings revenue	**—**	**4,517**	**4,517**	—	52,933	52,933	(48,416)
Condo and townhome cost of sales	**—**	**(3,110)**	**(3,110)**	—	(38,804)	(38,804)	35,694
Marketing and selling costs	**(395)**	**(272)**	**(667)**	—	(35)	(35)	(632)
Net profit on condo and townhome closings	**(395)**	**1,135**	**740**	—	14,094	14,094	(13,354)
NOI[3]	**245,378**	**8,524**	**253,902**	235,269	19,803	255,072	(1,170)
Net rental income and other as a percentage of net base rent (%)	**97.3**	**88.1**	**97.0**	96.1	92.1	96.0	1.0
Net rental income and other as a percentage of rentals from investment properties (%)	**62.1**	**54.7**	**61.9**	60.9	56.7	60.8	1.1
Net rental income and other as a percentage of rentals from investment properties and other (%)	**61.3**	**54.7**	**61.1**	59.9	56.7	59.8	1.3
Recovery Ratio (including prior year adjustments) (%)	**94.5**	**98.9**	**94.6**	94.9	103.8	95.0	(0.4)
Recovery Ratio (excluding prior year adjustments) (%)	**94.3**	**97.7**	**94.3**	95.2	108.6	95.5	(1.2)

(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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and June 30, 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".

(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 six months ended June 30, 2022 decreased by $1.2 million or 0.5% as compared to the same period in 2021. This decrease was primarily attributed to the following:

- $13.4 million decrease in net profit on condo and townhome unit closings;
- $2.7 million increase in other non-recoverable operating costs related to vaccination centres, and vacant space;
- $1.6 million increase in property management fees and costs; and
- $0.7 million increase in net CAM and realty tax recovery shortfall;

Partially offset by the following:

- $9.8 million net increase in base rent, of which: i) $3.6 million relates to the properties from acquisition, ii) $1.4 million relates to self-storage properties, iii) $1.0 million relates to the Premium Outlet locations in both Toronto and Montreal, and iv) $3.8 million relates to other properties with lease-up, higher short-term and parking revenue, and lower rent abatements provided in the comparable period;
- $6.9 million decrease in bad debt and expected credit losses principally due to settlement of certain tenant receivables; and
- $0.5 million increase in miscellaneous revenue mainly due to percentage rent.

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 June 30, 2022**	Three Months Ended June 30, 2021	Variance ($)	Variance (%)
Net rental income	**124,964**	119,147	5,817	4.9
Service and other revenues	**2,529**	3,444	(915)	(26.6)
Other expenses	**(2,529)**	(3,459)	930	(26.9)
NOI[(1)]	**124,964**	119,132	5,832	4.9
NOI from equity accounted investments[(1)]	**5,070**	16,959	(11,889)	(70.1)
Total portfolio NOI before adjustments[(1)]	**130,034**	136,091	(6,057)	(4.5)
Adjustments:				
Royalties	**276**	208	68	32.7
Straight-line rent	**(304)**	(553)	249	(45.0)
Lease termination and other adjustments	**97**	(496)	593	N/R[(2)]
Net profit on condo and townhome closings[(3)]	**(791)**	(14,028)	13,237	N/R[(2)]
Amortization of tenant incentives	**1,725**	1,600	125	7.8
Total portfolio NOI after adjustments[(1)]	**131,037**	122,822	8,215	6.7
NOI sourced from:				
Acquisitions	**(1,699)**	25	(1,724)	N/R[(2)]
Dispositions	**(19)**	(469)	450	(95.9)
Earnouts and Developments	**(863)**	(43)	(820)	N/R[(2)]
Same Properties NOI[(1)]	**128,456**	122,335	6,121	5.0
Add back: Bad debt expense/ECL	**(1,230)**	2,300	(3,530)	N/R[(2)]
Same Properties NOI excluding ECL[(1)]	**127,226**	124,635	2,591	2.1

(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 April 1, 2021 to June 30, 2021 and from April 1, 2022 to June 30, 2022.

The Same Properties NOI for the three months ended June 30, 2022 increased by $6.1 million or 5.0% as compared to the same period in 2021, which was primarily due to the following:

- $4.4 million increase in rental revenue mainly attributable to: i) $1.6 million higher retail rental revenue and percentage rent principally due to the Premium Outlet locations in both Toronto and Montreal, ii) $2.3 million increase in other properties due to lease-up, higher short-term and parking revenue, and iii) $0.5 million higher self-storage facility rental revenue; and
- $3.5 million decrease in bad debt and expected credit losses, which was higher in the comparative period to reflect the impact of the COVID-19 pandemic;

Partially offset by the following:

- $1.7 million increase in non-recoverable operating costs primarily due to non-recoverable management fees, additional vacancy and costs related to vaccination centres.

Excluding the impact of ECL, Same Properties NOI would have been $127.2 million representing an increase of $2.6 million or 2.1% as compared to the same period in 2021.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Six Months Ended June 30, 2022**	Six Months Ended June 30, 2021	Variance ($)	Variance (%)
Net rental income	**245,378**	235,284	10,094	4.3
Service and other revenues	**5,077**	6,329	(1,252)	(19.8)
Other expenses	**(5,077)**	(6,344)	1,267	20.0
NOI(1)	**245,378**	235,269	10,109	4.3
NOI from equity accounted investments(1)	**8,524**	19,803	(11,279)	(57.0)
Total portfolio NOI before adjustments(1)	**253,902**	255,072	(1,170)	(0.5)
Adjustments:				
Royalties	**512**	409	103	25.2
Straight-line rent	**(381)**	(89)	(292)	N/R(2)
Lease termination and other adjustments	**(145)**	(940)	795	(84.6)
Net profit on condo and townhome closings(3)	**(740)**	(14,094)	13,354	N/R(2)
Amortization of tenant incentives	**3,534**	4,074	(540)	(13.3)
Total portfolio NOI after adjustments(1)	**256,682**	244,432	12,250	5.0
Less NOI sourced from:				
Acquisitions	**(3,015)**	125	(3,140)	N/R(2)
Dispositions	**(13)**	(1,038)	1,025	N/R(2)
Earnouts and Developments	**(1,808)**	(191)	(1,617)	N/R(2)
Same Properties NOI(1)	**251,846**	243,328	8,518	3.5
Add back: ECL	**(2,275)**	4,636	(6,911)	N/R(2)
Same Properties NOI excluding ECL(1)	**249,571**	247,964	1,607	0.6

(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 June 30, 2021 and from January 1, 2022 to June 30, 2022.

The Same Properties NOI for the six months ended June 30, 2022 increased by $8.5 million or 3.5% as compared to the same period in 2021, which was primarily due to the following:

- $6.9 million decrease in bad debt and expected credit losses, which was higher in the comparative period to reflect the continued impact of the COVID-19 pandemic; and
- $5.8 million increase in rental revenue mainly attributable to: i) $2.3 million higher retail rental revenue and percentage rent due principally to the Premium Outlet locations in both Toronto and Montreal, ii) $2.8 million increase in other properties due to lease-up, higher short-term and parking revenue, and iii) $0.7 million higher self-storage facility rental revenue;

Partially offset by the following:

- $3.1 million increase in non-recoverable operating costs primarily due to non-recoverable management fees, additional vacancy and costs related to vaccination centres; and
- $1.0 million increase in net CAM recoveries shortfall.

Excluding the impact of ECL, Same Properties NOI would have been $249.6 million representing an increase of $1.6 million or 0.6% 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:

	Rolling 12 Months Ended		
(in thousands of dollars)	**June 30, 2022**	June 30, 2021	Variance ($)
Net income and comprehensive income	**1,362,238**	316,959	1,045,279
Add (deduct) the following items:			
Interest expense	**147,566**	156,129	(8,563)
Interest income	**(12,169)**	(15,167)	2,998
Yield maintenance costs	**—**	11,954	(11,954)
Amortization of equipment and intangible assets	**3,741**	4,540	(799)
Amortization of tenant improvements	**6,964**	8,166	(1,202)
Fair value adjustments on revaluation of investment properties	**(948,875)**	(2,904)	(945,971)
Fair value adjustments on revaluation of financial instruments	**(72,401)**	40,715	(113,116)
Fair value adjustment on TRS	**(1,666)**	1,070	(2,736)
Adjustment for supplemental costs	**4,919**	2,094	2,825
Loss (gain) on sale of investment properties	**20**	(388)	408
Gain on sale of land to co-owners (Transactional FFO)	**336**	2,332	(1,996)
Acquisition-related costs	**3,114**	166	2,948
Adjusted EBITDA(1)	**493,787**	525,666	(31,879)
Adjusted EBITDA(1)	**493,787**	525,666	(31,879)
Less: Condo and townhome closings	**(7,080)**	(61,912)	54,832
Add: ECL	**(3,109)**	19,760	(22,869)
Adjusted EBITDA excluding condo and townhome closings and ECL(1)	**483,598**	483,514	84

(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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 and June 30, 2021, unless otherwise stated, do not include any assumptions, do not include any forward-looking information and are consistent with prior reporting years.

Funds From Operations
FFO is a non-GAAP financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALpac, which published a White Paper describing the intended use of FFO, last revised in 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 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 June 30, 2022**	Three Months Ended June 30, 2021	Variance ($)	Variance (%)
Net income and comprehensive income	**161,997**	96,985	65,012	N/R[7]
Add (deduct):				
Fair value adjustment on revaluation of investment properties[1]	**(9,669)**	(10,854)	1,185	N/R[7]
Fair value adjustment on financial instruments[2]	**(61,497)**	14,122	(75,619)	N/R[7]
(Loss) Gain on derivative – TRS	**(7,843)**	557	(8,400)	N/R[7]
(Loss) Gain on sale of investment properties	**(18)**	68	(86)	N/R[7]
Amortization of intangible assets	**333**	333	—	—
Amortization of tenant improvement allowance and other	**1,578**	1,447	131	9.1
Distributions on Units classified as liabilities recorded as interest expense	**1,083**	970	113	11.6
Distributions on vested deferred units recorded as interest expense	**728**	416	312	75.0
Adjustment on debt modification	**(1,960)**	—	(1,960)	N/R[7]
Salaries and related costs attributed to leasing activities[3]	**1,952**	1,199	753	62.8
Acquisition-related costs	**323**	—	323	N/R[7]
Adjustments relating to equity accounted investments:				
Rental revenue adjustment – tenant improvement amortization	**96**	101	(5)	(5.0)
Indirect interest with respect to the development portion[4]	**1,943**	1,712	231	13.5
Adjustment to indirect interest with respect to Transit City condo closings[4]	**—**	(470)	470	N/R[7]
Fair value adjustment on revaluation of investment properties	**(1,185)**	(7,097)	5,912	N/R[7]
Adjustment for supplemental costs	**603**	966	(363)	(37.6)
FFO[5]	**88,464**	100,455	(11,991)	(11.9)
Adjustments:				
Other adjustments[6]	**982**	625	357	57.1
FFO with adjustments[5]	**89,446**	101,080	(11,634)	(11.5)

(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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022. For details please see discussion in "Results of Operations" above.
(3) Salaries and related costs attributed to leasing activities of $2.0 million were incurred in the three months ended June 30, 2022 (three months ended June 30, 2021 – $1.2 million) and were eligible to be added back to FFO based on the definition of FFO, in the REALpac White Paper published in 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 $1.0 million of costs associated with COVID-19 vaccination centres (three months ended June 30, 2021 – $0.6 million).
(7) N/R – Not representative.

For the three months ended June 30, 2022, FFO decreased by $12.0 million or 11.9% to $88.5 million. This decrease was primarily attributed to:

- $8.4 million decrease in gain on TRS resulting from fluctuations in the Trust's Unit price; and
- $6.1 million decrease in NOI (see details in the "Net Operating Income" subsection);

Partially offset by:

- $0.8 million increase in FFO add back for both salaries and related costs attributed to leasing activities;
- $0.5 million net decrease in interest expense net of adjustment on debt modification;
- $0.5 million increase in interest income;
- $0.5 million decrease in adjustment of indirect interest relating to condominium unit closings in the same period in 2021; and
- $0.2 million increase in FFO add back for tenant incentives amortization.

For the three months ended June 30, 2022, FFO with adjustments decreased by $11.6 million or 11.5% to $89.4 million as compared to the same period in 2021, which was primarily due to the items previously identified partially offset by the $0.4 million increase in vaccination centres costs.

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

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Variance ($)	Variance (%)
Per Unit – basic/diluted(1):				
FFO(2)	**$0.50/$0.49**	$0.58/$0.58	-0.08/-0.09	-13.8/-15.5
FFO with adjustments(2)	**$0.50/$0.50**	$0.59/$0.58	-0.09/-0.08	-15.3/-13.8
FFO with adjustments and Transactional FFO(2)	**$0.50/$0.50**	$0.59/$0.58	-0.09/-0.08	-15.3/-13.8
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition(2)(3)	**$0.55/$0.55**	$0.52/$0.52	0.03/0.03	5.8/5.8

(1) Diluted FFO is adjusted for the dilutive effect of vested deferred units, which are not dilutive for net income purposes. The calculation of diluted FFO is a non-GAAP measure and does not consider the impact of unvested deferred units. To calculate diluted FFO for the three months ended June 30, 2022, 1,540,034 vested deferred units are added back to the weighted average Units outstanding (three months ended June 30, 2021 – 1,268,125 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 June 30, 2022, FFO with adjustments excludes the earnings from SmartVMC West of $0.2 million, and the per Unit calculation excludes the corresponding 5,797,101 SmartVMC West LP Class D Units (three months ended June 30, 2021 – nil).

Year-to-Date Comparison to Prior Year

(in thousands of dollars, except per Unit amounts)	**Six Months Ended June 30, 2022**	Six Months Ended June 30, 2021	Variance ($)	Variance (%)
Net income and comprehensive income	**532,107**	157,544	374,563	N/R(7)
Add (deduct):				
Fair value adjustment on revaluation of investment properties(1)	**(281,014)**	7,905	(288,919)	N/R(7)
Fair value adjustment on financial instruments(2)	**(79,479)**	25,190	(104,669)	N/R(7)
(Loss) gain on derivative – TRS	**(6,238)**	1,070	(7,308)	N/R(7)
Gain (loss) on sale of investment properties	**104**	(186)	290	N/R(7)
Amortization of intangible assets	**666**	666	—	—
Amortization of tenant improvement allowance and other	**3,237**	3,768	(531)	(14.1)
Distributions on Units classified as liabilities recorded as interest expense	**2,127**	1,941	186	9.6
Distributions on vested deferred units recorded as interest expense	**1,405**	948	457	48.2
Adjustment on debt modification	**(1,960)**	—	(1,960)	N/R(7)
Salaries and related costs attributed to leasing activities(3)	**3,778**	2,702	1,076	39.8
Acquisition-related costs	**323**	—	323	N/R(7)
Adjustments relating to equity accounted investments:				
Rental revenue adjustment – tenant improvement amortization	**191**	200	(9)	(4.5)
Indirect interest with respect to the development portion(4)	**3,816**	3,418	398	11.6
Adjustment to indirect interest with respect to Transit City condo closings(4)	**—**	(470)	470	N/R(7)
Fair value adjustment on revaluation of investment properties	**(1,631)**	(20,930)	19,299	(92.2)
Adjustment for supplemental costs	**3,267**	967	2,300	N/R(7)
FFO(5)	**180,699**	184,733	(4,034)	(2.2)
Adjustments:				
Other adjustments(6)	**1,897**	861	1,036	N/R(7)
FFO with adjustments(5)	**182,596**	185,594	(2,998)	(1.6)
Transactional FFO – gain on sale of land to co-owners	**—**	1,587	(1,587)	N/R(7)
FFO with adjustments and Transactional FFO(5)	**182,596**	187,181	(4,585)	(2.4)

(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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022. For details please see discussion in "Results of Operations" above.
(3) Salaries and related costs attributed to leasing activities of $3.8 million were incurred in the six months ended June 30, 2022 (six months ended June 30, 2021 – $2.7 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 costs associated with COVID-19 vaccination centres (six months ended June 30, 2021 – $0.9 million).
(7) N/R – Not representative.

For the six months ended June 30, 2022, FFO decreased by $4.0 million or 2.2% to $180.7 million. This decrease was primarily attributed to:

- $7.3 million decrease in gain on TRS resulting from fluctuations in the Trust's Unit price;
- $1.2 million decrease in NOI (see details in the "Net Operating Income" subsection, including impact of ECL); and
- $0.2 million decrease in interest income;

Partially offset by:

- $2.4 million net decrease in interest expense net of adjustment on debt modification; and
- $2.3 million increase in adjustment for supplemental costs.

For the six months ended June 30, 2022, FFO with adjustments decreased by $3.0 million or 1.6% to $182.6 million as compared to the same period in 2021, which was primarily due to the items previously identified partially offset by $1.0 million increase in vaccination centres costs.

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

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Variance ($)	Variance (%)
Per Unit – basic/diluted[1]:				
FFO[2]	**$1.01/$1.01**	$1.07/$1.06	-0.06/-0.05	-5.6/-4.7
FFO with adjustments[2]	**$1.03/$1.02**	$1.08/$1.07	-0.05/-0.05	-4.6/-4.7
FFO with adjustments and Transactional FFO[2]	**$1.03/$1.02**	$1.08/$1.07	-0.05/-0.05	-4.6/-4.7
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition[2][3]	**$1.07/$1.06**	$1.02/$1.02	0.05/0.04	4.9/3.9

(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 six months ended June 30, 2022, 1,511,087 vested deferred units are added back to the weighted average Units outstanding (six months ended June 30, 2021 – 1,223,828 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 six months ended June 30, 2022, FFO with adjustments excludes the earnings from SmartVMC West of $0.5 million, and the per Unit calculation excludes the corresponding 5,797,101 SmartVMC West LP Class D Units (six months ended June 30, 2021 – nil).

The following table presents FFO excluding anomalous transactions for the three and six months ended June 30, 2022:

	Three Months Ended June 30			**Six Months Ended June 30**		
(in thousands of dollars)	**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
FFO with adjustments[1]	**89,446**	101,080	(11,634)	**182,596**	185,594	(2,998)
Adjusted for:						
ECL	**(1,214)**	2,274	(3,488)	**(2,276)**	4,581	(6,857)
Loss (gain) on derivative – TRS	**7,843**	(557)	8,400	**6,238**	(1,070)	7,308
FFO sourced from condominium and townhome closings	**(1,100)**	(12,891)	11,791	**(1,076)**	(12,891)	11,815
FFO sourced from SmartVMC West acquisition	**(207)**	—	(207)	**(459)**	—	(459)
FFO with adjustments excluding impact of ECL, TRS, condominium and townhome closings, and SmartVMC West acquisition[1]	**94,768**	89,906	4,862	**185,023**	176,214	8,809

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

Weighted Average Number of Units

The weighted average number of Trust Units and exchangeable LP Units is used in calculating the Trust's net income and comprehensive income per Unit, net income and comprehensive income excluding fair value adjustments per Unit, and FFO per Unit. The corresponding diluted per Unit amounts are adjusted for the dilutive effect of the vested portion of deferred units granted under the Trust's DUP unless they are anti-dilutive. To calculate diluted FFO per Unit for the three and six months ended June 30, 2022 and June 30, 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 June 30			Six Months Ended June 30		
(number of Units)	**2022**	2021	Variance	**2022**	2021	Variance
Trust Units	**144,625,322**	144,618,352	6,970	**144,625,322**	144,618,689	6,633
Class B LP Units	**16,424,430**	16,416,667	7,763	**16,424,430**	16,416,667	7,763
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	**4,051,603**	4,034,866	16,737	**4,050,368**	4,028,889	21,479
Class B LP IV Units	**3,112,565**	3,093,910	18,655	**3,106,896**	3,081,115	25,781
Class B Oshawa South LP Units	**710,416**	710,416	—	**710,416**	710,416	—
Class D Oshawa South LP Units	**260,417**	260,417	—	**260,417**	260,417	—
Class B Oshawa Taunton LP Units	**374,223**	374,223	—	**374,223**	374,223	—
Class D Series 1 VMC West LP Units	**3,623,188**	—	3,623,188	**3,623,188**	—	3,623,188
Class D Series 2 VMC West LP Units	**2,173,913**	—	2,173,913	**2,173,913**	—	2,173,913
Class B Boxgrove LP Units	**170,000**	170,000	—	**170,000**	170,000	—
Class B Series ONR LP Units	**1,248,140**	1,248,140	—	**1,248,140**	1,248,140	—
Class B Series 1 ONR LP I Units	**132,881**	132,881	—	**132,881**	132,881	—
Class B Series 2 ONR LP I Units	**139,302**	139,302	—	**139,302**	139,302	—
Total Exchangeable LP Units	**33,497,333**	27,657,077	5,840,256	**33,490,429**	27,638,305	5,852,124
Total Units – Basic	**178,122,655**	172,275,798	5,846,857	**178,115,751**	172,256,994	5,858,757
Vested deferred units	**1,540,034**	1,268,125	271,909	**1,511,087**	1,223,828	287,259
Total Units and vested deferred units – Diluted	**179,662,689**	173,543,923	6,118,766	**179,626,838**	173,480,822	6,146,016
Total Units excluding SmartVMC West LP Class D Units – Basic	**172,325,554**	172,275,798	49,756	**172,318,650**	172,256,994	61,656
Total Units and vested deferred units excluding SmartVMC West LP Class D Units – Diluted	**173,865,588**	173,543,923	321,665	**173,829,737**	173,480,822	348,915

Adjusted Cashflow From Operations

ACFO is a non-GAAP financial measure of operating performance and may not be comparable to similar measures used by other real estate entities. The Trust calculates its ACFO in accordance with REALpac's "White Paper on Adjusted Cashflow From Operations (ACFO)" for IFRS last revised in February 2019. The purpose of the White Paper is to provide reporting issuers and stakeholders with greater guidance on the definitions of ACFO and to help promote more consistent disclosure from reporting issuers. ACFO is intended to be used as a sustainable 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 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 June 30, 2022**	Three Months Ended June 30, 2021	Variance ($)/ (%)
Cash flows provided by operating activities	**43,970**	62,168	(18,198)
Adjustments to working capital items that are not indicative of sustainable cash available for distribution[1]	**25,261**	5,462	19,799
Distributions on Units classified as liabilities recorded as interest expense	**1,083**	970	113
Distributions on vested deferred units recorded as interest expense	**728**	416	312
Expenditures on direct leasing costs and tenant incentives	**1,922**	1,583	339
Expenditures on tenant incentives for properties under development	**596**	458	138
Actual sustaining capital expenditures	**(2,847)**	(1,569)	(1,278)
Actual sustaining leasing commissions	**(419)**	(1,251)	832
Actual sustaining tenant improvements	**(1,506)**	(790)	(716)
Non-cash interest expense, net of other financing costs	**7,252**	12,782	(5,530)
Non-cash interest income	**1,572**	(961)	2,533
Acquisition-related costs, net	**323**	—	323
Distributions from equity accounted investments	**(1,533)**	(962)	(571)
Adjustments relating to equity accounted investments:			
Cash flows from operating activities including working capital adjustments	**2,674**	14,653	(11,979)
Notional interest capitalization[2]	**1,943**	1,712	231
Adjustment to indirect interest with respect to Transit City condo closings[3]	**—**	(470)	470
Actual sustaining capital and leasing expenditures	**(179)**	(14)	(165)
Non-cash interest expense	**31**	59	(28)
ACFO[3]	**80,871**	94,246	(13,375)
Other adjustments[4]	**982**	625	357
ACFO with adjustments[3]	**81,853**	94,871	(13,018)
ACFO[3]	**80,871**	94,246	(13,375)
Distributions declared	**82,422**	79,685	2,737
Surplus of ACFO over distributions declared	**(1,551)**	14,561	(16,112)
Payout Ratio Information:			
Payout Ratio to ACFO[3]	**101.9 %**	84.6 %	17.3 %
Payout Ratio to ACFO with adjustments[3]	**100.7 %**	84.0 %	16.7 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition[3][5]	**90.2 %**	99.3 %	(9.1)%

(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 $1.0 million of costs associated with COVID-19 vaccination centres (three months ended June 30, 2021 – $0.6 million).
(5) For the three months ended June 30, 2022, excludes $2.7 million of distributions declared in connection with SmartVMC West LP Class D units (three months ended June 30, 2021 – $nil).

For the three months ended June 30, 2022, ACFO was $80.9 million as further described in "Results of Operations" section.

The Payout Ratio relating to ACFO for the three months ended June 30, 2022 increased by 17.3% to 101.9% as compared to the same period in 2021, which was primarily due to the items previously identified. The Payout Ratio relating to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition for the three months ended June 30, 2022 decreased by 9.1% to 90.2% as compared to the same period in 2021.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	**Six Months Ended June 30, 2022**	Six Months Ended June 30, 2021	Variance ($)/ (%)
Cash flows provided by operating activities	**146,789**	141,652	5,137
Adjustments to working capital items that are not indicative of sustainable cash available for distribution[1]	**20,872**	7,461	13,411
Distributions on Units classified as liabilities recorded as interest expense	**2,127**	1,941	186
Distributions on vested deferred units recorded as interest expense	**1,405**	948	457
Expenditures on direct leasing costs and tenant incentives	**4,361**	2,644	1,717
Expenditures on tenant incentives for properties under development	**2,276**	730	1,546
Actual sustaining capital expenditures	**(5,022)**	(2,930)	(2,092)
Actual sustaining leasing commissions	**(929)**	(1,855)	926
Actual sustaining tenant improvements	**(3,454)**	(1,247)	(2,207)
Non-cash interest expense, net of other financing costs	**(8,953)**	11,189	(20,142)
Non-cash interest income	**733**	(239)	972
Acquisition-related costs, net	**323**	—	323
Gain on sale of land to co-owners	**—**	1,587	(1,587)
Distributions from equity accounted investments	**(1,959)**	(1,570)	(389)
Adjustments relating to equity accounted investments:			
Cash flows from operating activities including working capital adjustments	**3,796**	16,204	(12,408)
Notional interest capitalization[2]	**3,816**	3,418	398
Adjustment to indirect interest with respect to Transit City condo closings[2]	**—**	(470)	470
Actual sustaining capital and leasing expenditures	**(272)**	(88)	(184)
Non-cash interest expense	**116**	26	90
ACFO[3]	**166,025**	179,401	(13,376)
Other adjustments[4]	**1,897**	861	1,036
ACFO with adjustments[3]	**167,922**	180,262	(12,340)
ACFO[3]	**166,025**	179,401	(13,376)
Distributions declared	**164,761**	159,345	5,416
Surplus of ACFO over distributions declared	**1,264**	20,056	(18,792)
Payout Ratio Information:			
Payout Ratio to ACFO[3]	**99.2 %**	88.8 %	10.4 %
Payout Ratio to ACFO with adjustments[3]	**98.1 %**	88.4 %	9.7 %
Payout Ratio to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition[3][5]	**92.3 %**	96.5 %	(4.2)%

(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 costs associated with COVID-19 vaccination centres (six months ended June 30, 2021 – $0.9 million).
(5) For the six months ended June 30, 2022, excludes $5.4 million of distributions declared in connection with SmartVMC West LP Class D units (six months ended June 30, 2021 – $nil).

For the six months ended June 30, 2022, ACFO was $166.0 million as further described in "Results of Operations" section.

The Payout Ratio relating to ACFO for the six months ended June 30, 2022 increased by 10.4% to 99.2% as compared to the same period in 2021, which was primarily due to the items previously identified. The Payout Ratio relating to ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition for the six months ended June 30, 2022 decreased by 4.2% to 92.3% as compared to the same period in 2021.

The following table presents ACFO excluding anomalous transactions for the three and six months ended June 30, 2022:

	Three Months Ended June 30			Six Months Ended June 30		
(in thousands of dollars)	**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
ACFO with adjustments[1]	**81,853**	94,871	(13,018)	**167,922**	180,262	(12,340)
Adjusted for:						
Loss (gain) on derivative – TRS	**7,843**	(557)	8,400	**6,238**	(1,070)	7,308
ACFO sourced from condominium and townhome closings	**(1,100)**	(14,028)	12,928	**(1,076)**	(14,094)	13,018
ACFO sourced from SmartVMC West acquisition	**(207)**	—	(207)	**(459)**	—	(459)
ACFO with adjustments excluding impact of TRS, condominium and townhome closings, and SmartVMC West acquisition[1]	**88,389**	80,286	8,103	**172,625**	165,098	7,527

(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".

Determination of Distributions

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

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

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

Distributions and ACFO Highlights

	Three Months Ended June 30			Six Months Ended June 30		
(in thousands of dollars)	**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
Cash flows provided by operating activities	**43,970**	62,168	(18,198)	**146,789**	141,652	5,137
Distributions declared	**82,422**	79,685	2,737	**164,761**	159,345	5,416
ACFO[1]	**80,871**	94,248	(13,377)	**166,025**	179,401	(13,376)
Shortfall of cash flows provided by operating activities over distributions declared[2]	**(38,452)**	(17,517)	(20,935)	**(17,972)**	(17,693)	(279)
(Shortfall) surplus of ACFO over distributions declared[2]	**(1,551)**	14,563	(16,114)	**1,264**	20,056	(18,792)
Cash flows provided by operating activities excluding impact of SmartVMC West LP	**43,763**	62,168	(18,405)	**146,330**	141,652	4,678
Distributions declared excluding impact of SmartVMC West LP Class D distributions	**79,703**	79,685	18	**159,399**	159,345	54
ACFO excluding impact of SmartVMC West LP[1]	**80,664**	94,248	(13,584)	**165,566**	179,401	(13,835)
Shortfall of cash flows provided by operating activities over distributions declared excluding impact of SmartVMC West LP Class D distributions[2]	**(35,940)**	(17,517)	(18,423)	**(13,069)**	(17,693)	4,624
Surplus of ACFO over distributions declared excluding impact of SmartVMC West LP Class D distributions	**961**	14,563	(13,602)	**6,167**	20,056	(13,889)

(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) Notwithstanding the shortfalls noted above, the Trust does not believe that this will have any impact on the Trust's ability to make cash distributions in the foreseeable future.

For the three and six months ended June 30, 2022 and June 30, 2021, the $38.5 million and $18.0 million shortfall of cash flows provided by operating activities over distributions declared was primarily due to higher prepaid operating costs including, but not limited to, $34.2 million increase in prepaid expenses, deposits and deferred financing costs and other, principally due to an increase in prepaid realty taxes.

For the three months ended June 30, 2022, the $1.6 million shortfall of ACFO over distributions declared was primarily due to $2.4 million net increase in both tenant improvements and leasing and related costs. The shortfall was funded by proceeds from dispositions of investment properties, proceeds from the revolving unsecured debt facilities, and cash-on-hand.

The following tables illustrate: i) the annualized surplus of cash flows provided by operating activities over distributions declared, ii) ACFO, and iii) ACFO-related payout ratios, for the 12 and 24 months ended June 30, 2022 and June 30, 2021:

		Rolling 12 Months Ended	
(in thousands of dollars)		**June 30, 2022**	June 30, 2021
Cash flows provided by operating activities	**(A)**	**376,760**	312,124
Distributions declared	**(B)**	**324,169**	318,623
ACFO[1]	**(C)**	**339,680**	365,096
Surplus (shortfall) of cash provided by operating activities over distributions declared	**(A – B)**	**52,591**	(6,499)
Surplus of ACFO over distributions declared	**(C – B)**	**15,511**	46,473
Payout Ratio to Cash flows provided by operating activities		**86.0 %**	102.1 %
Payout Ratio to ACFO[1]		**95.4 %**	87.3 %
Cash flows provided by operating activities excluding impact of SmartVMC West LP	**(D)**	**376,301**	312,124
Distributions declared excluding impact of SmartVMC West LP Class D distributions	**(E)**	**318,807**	318,623
ACFO excluding impact of SmartVMC West LP[1]	**(F)**	**339,221**	365,096
Surplus (shortfall) of cash provided by operating activities over distributions declared excluding impact of SmartVMC West LP Class D distributions	**(D – E)**	**57,494**	(6,499)
Surplus of ACFO over distributions declared excluding impact of SmartVMC West LP Class D distributions	**(F – E)**	**20,414**	46,473
Payout Ratio to Cash flows provided by operating activities excluding impact of SmartVMC West LP Class D units		**84.7 %**	102.1 %
Payout Ratio to ACFO excluding impact of SmartVMC West LP Class D units[1]		**94.0 %**	87.3 %

(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".

		Rolling 24 Months Ended	
(in thousands of dollars)		**June 30, 2022**	June 30, 2021
Cash flows provided by operating activities	**(A)**	**688,884**	649,897
Distributions declared	**(B)**	**642,792**	635,049
ACFO[1]	**(C)**	**704,776**	698,773
Surplus of cash provided by operating activities over distributions declared	**(A – B)**	**46,092**	14,848
Surplus of ACFO over distributions declared	**(C – B)**	**61,984**	63,724
Payout Ratio to Cash flows provided by operating activities		**93.3 %**	97.7 %
Payout Ratio to ACFO[1]		**91.2 %**	90.9 %
Cash flows provided by operating activities excluding impact of SmartVMC West LP	**(D)**	**688,425**	649,897
Distributions declared excluding impact of SmartVMC West LP Class D distributions	**(E)**	**637,430**	635,049
ACFO excluding impact of SmartVMC West LP[1]	**(F)**	**704,317**	698,773
Surplus of cash provided by operating activities over distributions declared excluding impact of SmartVMC West LP Class D distributions	**(D – E)**	**50,995**	14,848
Surplus of ACFO over distributions declared excluding impact of SmartVMC West LP Class D distributions	**(F – E)**	**66,887**	63,724
Payout Ratio to Cash flows provided by operating activities excluding impact of SmartVMC West LP Class D units		**92.6 %**	97.7 %
Payout Ratio to ACFO excluding impact of SmartVMC West LP Class D units[1]		**90.5 %**	90.9 %

(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".

General and Administrative Expense

The following tables summarize general and administrative expense before allocation, and general and administrative expense, net (as presented in the unaudited interim condensed consolidated statements of income and comprehensive income for the three and six months ended June 30, 2022):

Quarterly Comparison to Prior Year

(in thousands of dollars)	Note[1]		Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Variance ($)
Salaries and benefits			**15,112**	12,851	2,261
Performance compensation (EIP, LTIP)			**1,811**	1,679	132
DUP			**848**	1,004	(156)
Services fee – by Penguin	18		**1,818**	1,625	193
Professional fees			**1,724**	1,522	202
Public company costs			**525**	613	(88)
Amortization of intangible assets			**333**	333	—
Office rent, information technology, marketing, communications and other employee expenses			**2,541**	2,241	300
Other costs[2]			**311**	427	(116)
Subtotal			**25,023**	22,295	2,728
Previously capitalized general and administrative costs – Transit City phases			**60**	733	(673)
Previously capitalized general and administrative expenses on sale of real estate assets			**332**	—	332
Total general and administrative expense before allocation		**(A)**	**25,415**	23,028	2,387
Less:					
Allocated to property operating costs			**(4,479)**	(3,674)	(805)
Capitalized to properties under development and other assets			**(10,492)**	(8,605)	(1,887)
Total amounts allocated and capitalized		**(B)**	**(14,971)**	(12,279)	(2,692)
Time billings, leasing, management fees, development fees and other fees	18		**(2,262)**	(3,095)	833
Shared service costs charged to Penguin	18		**(267)**	(350)	83
Total amounts charged		**(C)**	**(2,529)**	(3,445)	916
Total amounts allocated, capitalized and charged		**(D = B + C)**	**(17,500)**	(15,724)	(1,776)
General and administrative expense, net		**(E = A + D)**	**7,916**	7,304	612

(1) The Note reference relates to the corresponding Note disclosure in the unaudited interim condensed consolidated financial statements for the three months ended June 30, 2022.
(2) Other costs represent previously capitalized G&A costs for development projects that have been discontinued.

Total general and administrative expense before allocation
For the three months ended June 30, 2022, total general and administrative expense before allocation was $25.4 million, representing an increase of $2.4 million or 10.4% as compared to the same period in 2021. This increase can be attributed primarily to an increase in salaries and related costs.

Total amounts allocated, capitalized and charged
For the three months ended June 30, 2022, total amounts allocated, capitalized and charged to Penguin and others was $17.5 million, representing an increase of $1.8 million or 11.3% as compared to the same period in 2021. This increase can be attributed primarily to an increase in the amounts capitalized to properties under development and other assets.

Year-to-Date Comparison to Prior Year

(in thousands of dollars)	Note[1]		Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Variance ($)
Salaries and benefits			**30,400**	26,933	3,467
Performance compensation (EIP, LTIP)			**4,080**	2,990	1,090
DUP			**1,576**	1,806	(230)
Services fee – by Penguin	18		**3,641**	3,416	225
Professional fees			**2,964**	2,906	58
Public company costs			**688**	765	(77)
Amortization of intangible assets			**666**	666	—
Office rent, information technology, marketing, communications and other employee expenses			**5,152**	4,449	703
Other costs[2]			**427**	1,531	(1,104)
Subtotal			**49,594**	45,462	4,132
Previously capitalized general and administrative costs – Transit City phases			**60**	733	(673)
Previously capitalized general and administrative expenses on sale of real estate assets			**332**	—	332
Total general and administrative expense before allocation		**(A)**	**49,986**	46,195	3,791
Less:					
Allocated to property operating costs			**(9,136)**	(7,611)	(1,525)
Capitalized to properties under development and other assets			**(21,092)**	(17,791)	(3,301)
Total amounts allocated and capitalized		**(B)**	**(30,228)**	(25,402)	(4,826)
Time billings, leasing, management fees, development fees and other fees	18		**(4,443)**	(5,396)	953
Shared service costs charged to Penguin	18		**(533)**	(613)	80
Total amounts charged		**(C)**	**(4,976)**	(6,009)	1,033
Total amounts allocated, capitalized and charged		**(D = B + C)**	**(35,204)**	(31,411)	(3,793)
General and administrative expense, net		**(E = A + D)**	**14,782**	14,784	(2)

(1) The Note reference relates to the corresponding Note disclosure in the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.
(2) Other costs represent previously capitalized G&A costs for development projects that have been discontinued.

Total general and administrative expense before allocation
For the six months ended June 30, 2022, total general and administrative expense before allocation was $50.0 million, representing an increase of $3.8 million or 8.2% as compared to the same period in 2021. This increase can be attributed primarily to:

- $3.5 million increase in salaries and related costs; and
- $1.3 million increase in EIP expense principally resulting from the inclusion of additional participants in this program;

Partially offset by:

- $0.5 million decrease in DUP and LTIP expense;
- $0.3 million net decrease in other costs; and
- $0.2 million net decrease in previously capitalized expense 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 six months ended June 30, 2022, total amounts allocated, capitalized and charged to Penguin and others was $35.2 million, representing an increase of $3.8 million or 12.1% as compared to the same period in 2021. This increase can be attributed primarily to:

- $3.3 million increase in the amounts capitalized to properties under development and other assets; and
- $1.5 million increase in allocation of non-recoverable property operating costs;

Partially offset by:

- $1.0 million decrease in fees charged to Penguin principally resulting from lower disposition activity in the current year.

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 found new ways to enhance their customers' experience. Notwithstanding that most if not all COVID-19 related measures have now been lifted, tenants retained the strategic changes established during the pandemic including flexible hours, reconfigured store layouts, click and collect, and convenient delivery. Tenant confidence grew 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 offering with medical, daycare, health foods, furniture, entertainment/experiential, pet supplies, takeout food, specialty foods and more all growing their store counts. As at June 30, 2022, the Trust's occupancy levels inclusive of committed leases was 97.6% (March 31, 2022 – 97.2%) and in-place occupancy was 97.2% (March 31, 2022 – 97.0%). The increase in occupancy was principally driven by the higher demand for high traffic and dominant shopping centres including Walmart, grocery and pharmacy.

Occupancy

	June 30, 2022	December 31, 2021	Variance
Total leasable area (in sq. ft.)	**34,660,693**	34,118,613	542,080
In-place occupancy rate (%)	**97.2**	97.4	(0.2)
Committed occupancy rate (%)	**97.6**	97.6	—

New Leasing Activity

During the three months ended June 30, 2022, the Trust completed new leases with a wide variety of tenants, with uses such as medical, grocery, food service, entertainment and wellness. Many of the Trust's existing tenants continued their growth plans with retailers in pharmacy, general merchandise, pet stores and home furnishings expanding their brick-and-mortar footprint nationally. During the second quarter of 2022, the Trust executed 152,089 square feet of new leasing.

The following table presents a continuity of the Trust's in-place occupancy rate for the three months ended June 30, 2022:

(in square feet)	**Vacant Area**	**Occupied Area**	**Leasable Area**	**In-place Occupancy Rate (%)**
Beginning balance – April 1, 2022	1,047,281	33,616,406	34,663,687	97.0
New vacancies	72,377	(72,377)	—	
New leases	(152,089)	152,089	—	
Subtotal	967,569	33,696,118	34,663,687	
Acquisitions	—	2,726	2,726	
Transferred from properties under development to income properties	—	9,305	9,305	
Transferred from income properties to properties under development	(14,411)	—	(14,411)	
Other including unit area remeasurements	719	(1,333)	(614)	
Ending balance – June 30, 2022	**953,877**	**33,706,816**	**34,660,693**	**97.2**

Renewal Activity

For the six months ended June 30, 2022, the Trust achieved a tenant renewal rate of 83.2% (June 30, 2021 – 72.6%) for tenants with expiring leases.

Renewal Summary

	June 30, 2022	June 30, 2021	Variance
Space expiring in calendar year (in sq. ft.)	**5,035,660**	4,180,424	855,236
Renewed (in sq. ft.)	**3,742,237**	2,830,853	911,384
Near completion (in sq. ft.)	**445,510**	202,159	243,351
Total renewed and near completion (in sq. ft.)	**4,187,747**	3,033,012	1,154,735
Retention rate (including near completion) (%)	**83.2**	72.6	10.6
Renewed rental rate (in dollars per sq. ft.) – including Anchors	**11.47**	13.17	(1.70)
Renewed rental rate (in dollars per sq. ft.) – excluding Anchors	**17.23**	17.57	(0.34)
Renewed rent change (including Anchors, %)	**2.6**	0.6	2.0
Renewed rent change (excluding Anchors, %)	**3.6**	(2.4)	6.0

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 97.0% and 96.8%, respectively, and account for nearly 90% of revenue and fair value, properties in the secondary markets reflect a higher in-place occupancy rate of 99.0%.

Portfolio Summary by Market Type

Market	Number of Properties	Area (000 sq. ft.)	Gross Revenue (%)	Income Property Fair Value (%)	In-place Occupancy (%)
Greater-VECTOM	108	23,342	71.8	76.1	97.0
Primary	31	6,582	16.6	13.6	96.8
Secondary	27	4,737	11.6	10.3	99.0
Total	**166**	**34,661**	**100.0**	**100.0**	**97.2**

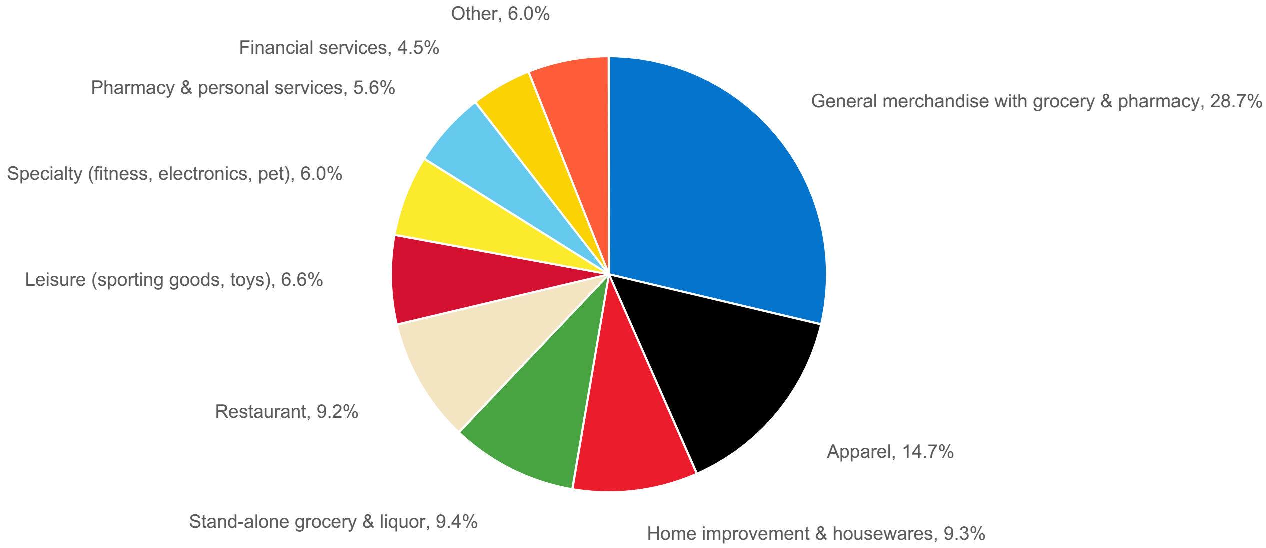
Tenant Categories

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 June 30, 2022

Category	Total (%)	Greater-VECTOM (%)	Primary (%)	Secondary (%)
General merchandise with grocery & pharmacy	28.7	24.3	35.7	46.2
Apparel	14.7	15.2	13.6	12.9
Home improvement & housewares	9.3	9.8	8.5	7.4
Stand-alone grocery & liquor	9.4	9.8	8.5	8.0
Restaurant	9.2	10.3	6.9	5.8
Leisure (sporting goods, toys)	6.6	6.8	7.8	4.0
Specialty (fitness, electronics, pet)	6.0	5.7	6.8	6.9
Pharmacy & personal services	5.6	6.6	3.9	2.5
Financial services	4.5	4.9	4.0	2.5
Other	6.0	6.6	4.3	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 June 30, 2022.



Top 25 Tenants

The 25 largest tenants (by annualized gross rental revenue) accounted for 62.1% of portfolio revenue as at June 30, 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	205.4	25.4	14,182,181	40.9
2	Winners, HomeSense, Marshalls	56	36.5	4.5	1,433,970	4.1
3	Canadian Tire, Mark's and FGL Sports	71	35.9	4.4	1,386,246	4.0
4	Loblaws, Shoppers Drug Mart	24	22.4	2.8	899,056	2.6
5	Sobeys	16	17.0	2.1	722,818	2.1
6	Dollarama	59	16.2	2.0	576,377	1.7
7	Lowes, RONA	8	15.4	1.9	870,545	2.5
8	LCBO	37	13.1	1.6	350,225	1.0
9	Michaels	24	12.4	1.5	478,041	1.4
10	Best Buy	18	12.1	1.5	437,074	1.3
11	Recipe Unlimited	56	11.8	1.5	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	61	8.9	1.1	321,054	0.9
15	Bulk Barn	52	8.3	1.0	245,545	0.7
16	Bonnie Togs	42	7.6	0.9	198,843	0.6
17	GoodLife Fitness Clubs	11	7.5	0.9	255,759	0.7
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	7.0	0.9	258,244	0.7
21	Metro	9	6.7	0.8	315,438	0.9
22	Sleep Country	38	6.7	0.8	181,572	0.5
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	**504.2**	**62.1**	**25,079,520**	**72.3**

(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 June 30, 2022:

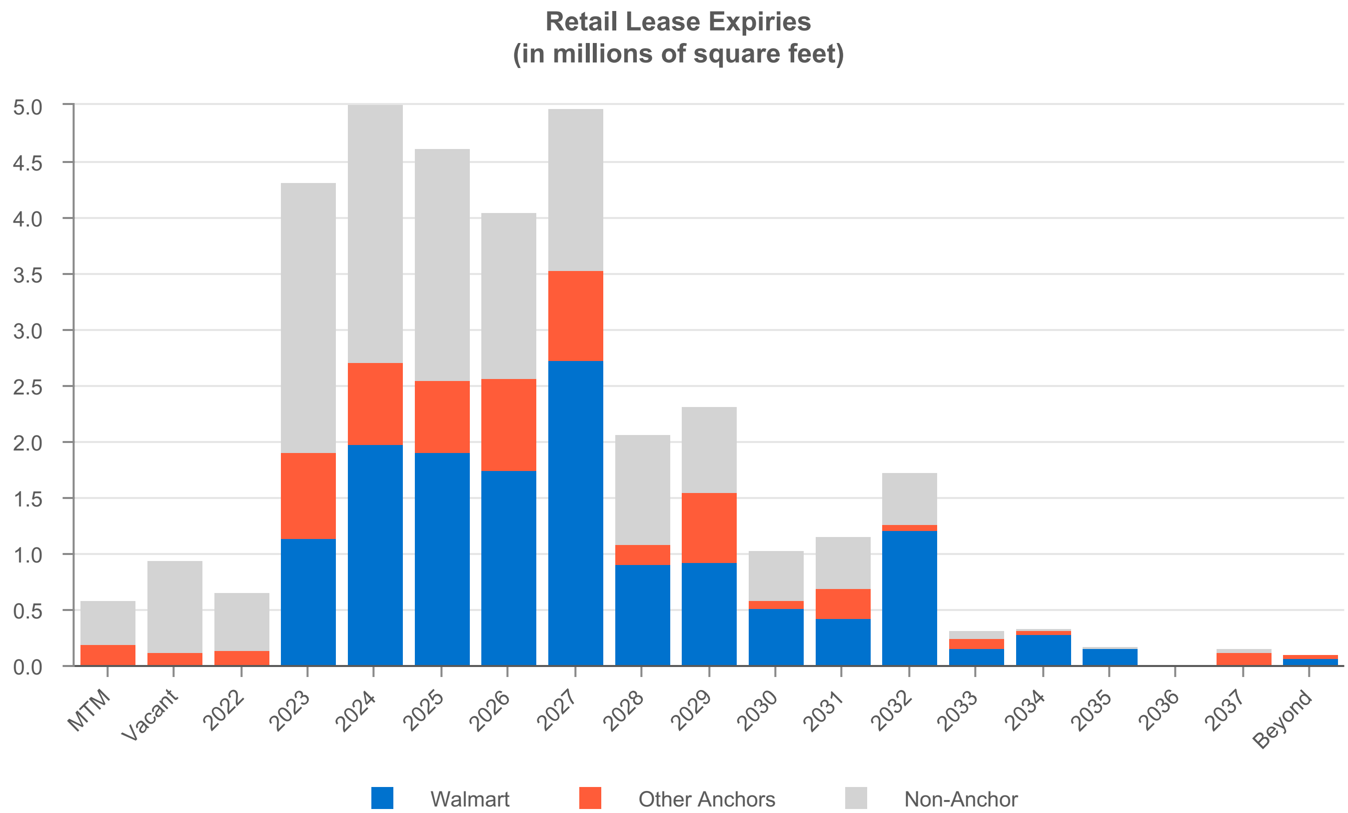
Year of Expiry	Total Area (sq. ft.)	Percentage of Total Area (%)	Annualized Base Rent ($000s)	Average Base Rent psf[1] ($)
Month-to-month and holdovers	584,905	1.7	12,979	22.19
2022	640,975	1.8	11,712	18.27
2023	4,264,108	12.3	67,533	15.84
2024	5,041,765	14.5	78,663	15.60
2025	4,612,011	13.3	65,070	14.11
2026	4,052,921	11.7	59,272	14.62
2027	4,963,270	14.3	65,684	13.23
2028	2,040,763	5.9	36,508	17.89
2029	2,300,955	6.6	39,029	16.96
2030	994,291	2.9	19,846	19.96
2031	1,076,990	3.1	19,828	18.41
2032	1,710,747	4.9	25,920	15.15
Beyond	1,072,493	3.2	16,170	15.08
Vacant	953,877	2.8	—	—
Total retail	**34,310,071**	**99.0**	**518,214**	**15.54**
Total office	350,622	1.0		
Total retail and office	**34,660,693**	**100.0**		

(1) The total average base rent per square foot excludes vacant space of 953,877 square feet.

The following table presents total retail and office lease expiries for the portfolio excluding Anchor tenants as at June 30, 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	387,886	1.1	2.6	10,082	25.99
2022	494,502	1.4	3.4	9,899	20.02
2023	2,381,676	6.9	16.2	48,615	20.41
2024	2,318,604	6.7	15.8	50,742	21.88
2025	2,053,504	5.9	14.0	42,342	20.62
2026	1,474,917	4.3	10.0	33,429	22.67
2027	1,422,916	4.1	9.7	31,429	22.09
2028	980,192	2.8	6.7	23,600	24.08
2029	753,748	2.2	5.1	20,236	26.85
2030	431,094	1.2	2.9	11,189	25.96
2031	461,854	1.3	3.1	11,107	24.05
2032	434,748	1.3	3.0	9,792	22.52
Beyond	142,113	0.4	1.0	3,334	23.46
Vacant	834,418	2.4	5.7	—	—
Total retail	**14,572,172**	**42.0**	**99.2**	**305,796**	**22.26**
Total office	123,528	0.4	0.8		
Total retail and office	**14,695,700**	**42.4**	**100.0**		

(1) The total average base rent per square foot excludes vacant space of 834,418 square feet.


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

Section VI — Asset Profile

Investment Properties

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

(in thousands of dollars)	**Six Months Ended June 30, 2022** Income Properties	**Properties Under Development**	**Total Investment Properties**	Year Ended December 31, 2021 Income Properties	Properties Under Development	Total Investment Properties
Investment properties						
Balance – beginning of period	**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	**102,124**	**25,986**	**128,110**	22,015	499,700	521,715
Earnout Fees on properties subject to development management agreements	**612**	**—**	**612**	2,397	—	2,397
Transfer to income properties from properties under development	**24,300**	**(24,300)**	**—**	40,555	(40,555)	—
Transfer from income properties to properties under development	**(3,849)**	**3,849**	**—**	(2,400)	2,400	—
Transfer from properties under development to equity accounted investments	**—**	**—**	**—**	—	(6,850)	(6,850)
Capital expenditures	**5,023**	**—**	**5,023**	17,472	—	17,472
Leasing costs	**929**	**—**	**929**	3,057	—	3,057
Development expenditures (1)	**—**	**32,394**	**32,394**	—	53,186	53,186
Capitalized interest	**—**	**15,315**	**15,315**	—	14,333	14,333
Dispositions	**(384)**	**(24,338)**	**(24,722)**	(62,865)	(37,285)	(100,150)
Fair value adjustment on revaluation of investment properties	**39,668**	**241,346**	**281,014**	107,416	384,112	491,528
Balance – end of period (A)	**8,563,500**	**1,722,253**	**10,285,753**	8,395,077	1,452,001	9,847,078
Investment properties classified as equity accounted investments(2)						
Balance – beginning of period	**319,024**	**518,427**	**837,451**	234,566	315,628	550,194
Additions (deductions):						
Acquisitions	**—**	**4,824**	**4,824**	—	11,791	11,791
Transfer to income properties from properties under development	**943**	**(943)**	**—**	46,579	(46,579)	—
Transfer from the Trust's investment properties	**—**	**—**	**—**	—	6,850	6,850
Capital expenditures	**211**	**—**	**211**	139	—	139
Development expenditures (1)	**—**	**59,427**	**59,427**	—	77,645	77,645
Capitalized interest	**—**	**1,895**	**1,895**	—	3,030	3,030
Dispositions	**—**	**(123)**	**(123)**	74	—	74
Fair value adjustment on revaluation of investment properties	**85**	**1,546**	**1,631**	37,666	150,062	187,728
Balance – end of period (B)	**320,263**	**585,053**	**905,316**	319,024	518,427	837,451
Total balance (including investment properties classified as equity accounted investments) – end of period (Investment Properties – non-GAAP) (A + B)(2)	**8,883,763**	**2,307,306**	**11,191,069**	8,714,101	1,970,428	10,684,529

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

The gross leasable retail and office area consists of 34.7 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 July 1, 2019 to June 30, 2022, the Trust has had approximately 78.7% (by value) or 62.0% (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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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) as recorded in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, with a total carrying value of $1,045.6 million (December 31, 2021 – $2,195.9 million) were valued by external national appraisers, and investment properties with a total carrying value of $9,240.2 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 June 30, 2022 was 6.35% (December 31, 2021 – 6.34%).

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

		June 30, 2022			
		Terminal Capitalization Rate		Discount Rate	
Valuation Method	Carrying Value	Weighted Average (%)	Range (%)	Weighted Average (%)	Range (%)
Income properties					
Discounted cash flow	**8,563,500**	**5.84**	**4.18 – 7.43**	**6.35**	**4.58 – 7.93**
Properties under development					
Land, development and construction costs recorded at market value	**1,605,955**	**N/A**	**N/A**	**N/A**	**N/A**
Discounted cash flow	**116,298**	**6.54**	**5.64 – 7.80**	**5.95**	**4.89 – 7.30**
	1,722,253				
Total	**10,285,753**				

		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	6.53	5.64 – 7.80	5.92	4.89 – 7.30
	1,452,001				
Total	9,847,078				

During the six months ended June 30, 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. As driven by the Trust's vast pipeline of mixed-use initiatives, the Trust expects to continue to recognize fair value increments through the planning, zoning and development progress of its investment properties.

The effect of the COVID-19 pandemic on the real estate market, both in duration and in scale, is uncertain. However, given the dynamic environment and the Trust's income properties portfolio, management has re-assessed the valuation of certain investment properties based on the Trust's continued ability to lease and generate NOI in the foreseeable future. This re-assessment has resulted in a net fair value adjustment (gain) on revaluation of investment properties of $43.3 million (excluding fair value adjustments on properties under development as noted above, and investment properties recorded in equity accounted investments) for the six months ended June 30, 2022, which was primarily attributed to leasing assumption updates during the six months ended June 30, 2022. See further discussion on the impact of COVID-19 on the Trust's operations in the "Results of Operations" section above.

Acquisitions of Investment Properties

In 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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

In addition, see "Equity Accounted Investments" below for acquisitions completed during the three and six months ended June 30, 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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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.

Equity Accounted Investments

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

	Six Months Ended June 30, 2022			Year Ended December 31, 2021		
(in thousands of dollars)	**Investment in Associates**	**Investment in Joint Ventures**	**Total**	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of period	**489,230**	**165,212**	**654,442**	354,992	108,212	463,204
Operating Activities:						
Earnings (losses)	**3,598**	**(387)**	**3,211**	183,431	27,989	211,420
Distributions – VMC Residences condominium unit closings(1)	**(24,321)**	**—**	**(24,321)**	(52,824)	—	(52,824)
Distributions – operating activities	**(1,725)**	**(234)**	**(1,959)**	(3,358)	(714)	(4,072)
Financing Activities:						
Fair value adjustment on loan	**1,981**	**—**	**1,981**	3,995	—	3,995
Investing Activities:						
Cash contribution	**3,796**	**15,062**	**18,858**	6,355	29,589	35,944
Property contribution	**—**	**—**	**—**	—	6,850	6,850
Return of contributions	**(1,725)**	**—**	**(1,725)**	(3,361)	(6,714)	(10,075)
Investment – end of period	**470,834**	**179,653**	**650,487**	489,230	165,212	654,442

(1) During the six months ended June 30, 2022, the distribution in the amount of $24.3 million was satisfied by a non-cash settlement of the PCVP 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 June 30, 2022 (in thousands of dollars)	**Income Properties**	**Properties Under Development**	**Residential Development Inventory**	**Other Assets**	**Total Assets**
Rental					
Residential	**74,181**	**182,152**	**—**	**22,702**	**279,035**
Self-storage facilities	**135,441**	**69,081**	**—**	**4,230**	**208,752**
Retail	**133,723**	**4,678**	**—**	**3,506**	**141,907**
Office	**220,207**	**—**	**—**	**22,380**	**242,587**
Mixed-use	**130,462**	**853,711**	**—**	**172,245** (1)	**1,156,418**
Condominium and townhome residential development inventory	**—**	**—**	**321,659**	**68,086** (2)	**389,745**
	694,014	**1,109,622**	**321,659**	**293,149**	**2,418,444**

(1) Consists of loans receivable of $158.8 million in connection with the 700 Applewood purchase (see also the "Debt" section), and cash and cash equivalents of $9.5 million.
(2) Consists of notes receivable of $2.3 million in connection with the Transit City condominium closings, and cash and cash equivalents of $57.3 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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022:

			Ownership Interest (%), As at	
Business Focus	**Partner(s)**	**Principal Intended Activity**	**June 30, 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 20, "Related party transactions" in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

In 2019, the Trust acquired, as part of a 50:50 joint arrangement with Penguin, through PCVP, a 50% interest in a parcel of land ("700 Applewood") with approximately 15.5 acres in Vaughan, Ontario, proximate to SmartVMC to relocate Walmart from SmartVMC and for other future developments, for a purchase price of $109.2 million paid in cash, adjusted for other working capital amounts. In connection with this acquisition, an interest-free loan with a value of $98.7 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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022), along with an offsetting non-interest-bearing note payable of an equal amount (see Note 10(b)(iii), footnote 2 in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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.

The following table shows the development facilities available:

(in thousands of dollars)	**June 30, 2022**	December 31, 2021
Development facilities – beginning of period	**753,562**	796,740
Reduction	**(4,434)**	(131,154)
Repayments	**(7,222)**	(48,500)
Letters of credit released	**—**	(21,024)
Additional development credit facilities obtained	**13,234**	157,500
Development facilities – end of period	**755,140**	753,562
Amount drawn on development credit facilities	**(418,425)**	(317,105)
Letters of credit – outstanding	**(64,713)**	(42,832)
Remaining unused development credit facilities	**272,002**	393,625
Trust's share of remaining unused development credit facilities	**102,163**	146,742

PCVP and VMC Residences had the following credit facilities available:

As at			**June 30, 2022**		December 31, 2021	
(in thousands of dollars)	**Maturity in**	**Annual Interest Rate (%)(1)**	**Facility Amount**	**The Trust's Share**	Facility Amount	The Trust's Share
PCVP						
Development credit facility	December 2022	BA + 1.35	**15,876**	**7,938**	15,876	7,938
Construction credit facility	June 2027	BA + 1.20	**400,000**	**200,000**	386,766	193,383
Letters of credit facility(2)	May 2023	N/A	**60,000**	**30,000**	60,000	30,000
			475,876	**237,938**	462,642	231,321
VMC Residences						
Development credit facility	April 2022	BA + 1.75	**—**	**—**	11,656	2,914
Development credit facility	September 2023	BA + 1.60	**279,264**	**69,816**	279,264	69,816
			279,264	**69,816**	290,920	72,730
			755,140	**307,754**	753,562	304,051

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

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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022:

As at		**June 30, 2022**		December 31, 2021	
Business Focus	Joint Venture Partner	**Number of Projects**	**Ownership Interest (%)**	Number of Projects	Ownership Interest (%)
Retail investment properties		**1**	**30.0**	1	30.0
Joint Venture: 1500 Dundas East LP	*Fieldgate*				
Self-storage facilities		**13**	**50.0**	10	50.0
Joint Ventures: Leaside SAM LP, Oshawa South Self Storage LP, Bramport SAM LP, Vaughan NW SAM LP, Dupont Self Storage LP, Aurora Self Storage LP, Scarborough East Self Storage LP, Kingspoint Self Storage LP, Jane Self Storage LP, Gilbert Self Storage LP, Boxgrove Self Storage LP, Whitby Self Storage LP and Regent Self Storage LP	*SmartStop*				
Seniors' apartments		**1**	**50.0**	1	50.0
Joint Venture: Vaughan NW SA PropCo LP	*Revera*				
Retirement residences					
Joint Ventures: Vaughan NW RR (PropCo and OpCo LPs), Baymac RR PropCo LP, Oakville Garden Drive RR PropCo LP and Markham Main Street RR PropCo LP	*Revera*	**4**	**50.0**	5	50.0
Joint Ventures: Ottawa SW (PropCo and OpCo LPs)	*Groupe Sélection*	**1**	**50.0**	1	50.0
Residential apartments					
Joint Venture: Laval C Apartments LP	*Jadco*	**1**	**50.0**	1	50.0
Joint Venture: Balliol/Pailton LP	*Greenwin*	**1**	**75.0**	1	75.0
Joint Venture: Mascouche North Apartments LP	*Cogir*	**1**	**80.0**	1	80.0
Total		**23**		21	

Acquisitions/new property contributions completed during the six months ended June 30, 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.

See also Note 4, "Investment properties", in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.

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:

(in thousands of dollars)	**June 30, 2022**	December 31, 2021
Development facilities – beginning of period	**177,922**	95,417
Repayment	**—**	—
Additional development facility obtained[1]	**25,000**	69,100
Development facilities – end of period	**202,922**	164,517
Amount drawn on development facility – Laval C Apartments	**(7,344)**	(35,417)
Amount drawn on development facility – Markham Main Street	**(10,000)**	(10,000)
Amount drawn on development facility – Self-storage	**(101,170)**	(85,213)
Amount drawn on development facility – Mascouche	**(19,829)**	—
Letters of credit – outstanding	**(887)**	(887)
Remaining unused development facilities	**63,692**	33,000
Trust's share of remaining unused development facilities	**31,846**	16,500

(1) This additional development facility was provided by the Trust to fund construction costs relating to additional self-storage facilities. See details in table below.

As at June 30, 2022 and December 31, 2021, the Trust's joint ventures had the following credit facilities:

As at			**June 30, 2022**		December 31, 2021	
(in thousands of dollars)	**Maturity in**	**Annual Interest Rate (%)[1]**	**Facility Amount**	**The Trust's Share**	Facility Amount	The Trust's Share
Laval C Apartments LP						
Construction facility – Tower A[2]	February 2022	BA + 1.60	**—**	**—**	35,417	17,709
Construction facility – Tower B[2]	November 2024	BA + 1.60	**48,822**	**24,411**	—	—
SmartStop						
Construction facility[3]	May 2024	BA + 2.20	**118,100**	**59,050**	118,100	59,050
Markham Main Street						
Development facility	December 2023	BA + 1.75	**11,000**	**5,500**	11,000	5,500
Mascouche North Apartments LP						
Construction facility[3]	August 2022	BA + 1.20	**25,000**	**20,000**	—	—
			202,922	**108,961**	164,517	82,259

(1) Annual interest rate is a function of BA rates plus a premium.
(2) Management is renegotiating the facility.
(3) This construction facility was provided by the Trust and is used to fund construction and development costs.

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)	**June 30, 2022**	December 31, 2021	Variance ($)
Amounts receivable and other			
Tenant receivables	**31,492**	36,305	(4,813)
Unbilled other tenant receivables	**14,068**	11,847	2,221
Receivables from related party – excluding equity accounted investments	**5,138**	6,966	(1,828)
Receivables from related party – equity accounted investments	**883**	581	302
Other non-tenant receivables	**1,939**	1,414	525
Other(1)	**13,491**	11,383	2,108
	67,011	68,496	(1,485)
Allowance for ECL	**(11,182)**	(18,954)	7,772
Amounts receivable and other, net of allowance for ECL	**55,829**	49,542	6,287
Prepaid expenses, deposits and deferred financing costs	**44,393**	12,289	32,104
	100,222	61,831	38,391

(1) The amount includes a related party amount of $9.1 million (December 31, 2021 – $8.0 million).

As at June 30, 2022, total amounts receivable and other, net of allowance for ECL, and prepaid expenses, deposits and deferred financing costs increased by $38.4 million as compared to December 31, 2021. This increase was primarily attributed to the following:

- $32.1 million increase in prepaid expenses, deposits and deferred financing costs, principally due to an increase in prepaid realty taxes;
- $7.8 million decrease in allowance for ECL;
- $2.2 million increase in unbilled other tenant receivables, principally due to CAM/realty tax adjustments; and
- $2.1 million increase in other amounts receivable;

Partially offset by:

- $4.8 million decrease in tenant receivables due to collections, billing adjustments and write-offs that pertain to tenant lease settlements; and
- $1.0 million decrease in non-tenant receivables.

Tenant receivables

Approximately 60% of the Trust's tenant base are businesses offering "essential" services and approximately 98% of the Trust's tenant billings for the six months ended June 30, 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 June 30, 2022 and December 31, 2021:

(in thousands of dollars)	**June 30, 2022**	December 31, 2021
Tenant receivables	**31,492**	36,305
Unbilled other tenant receivables	**14,068**	11,847
Total tenant receivables	**45,560**	48,152
Less: Allowance for ECL	**11,182**	18,954
Total tenant receivables net of allowance for ECL	**34,378**	29,198

Mortgages, Loans and Notes Receivable

The following table summarizes mortgages, loans and notes receivable:

(in thousands of dollars)	**June 30, 2022**	December 31, 2021	Variance ($)
Mortgages, loans and notes receivable			
Mortgages receivable (Mezzanine Financing)(1)	**139,286**	139,589	(303)
Loans receivable(2)	**305,965**	274,523	31,442
Notes receivable(1)	**2,924**	2,924	—
	448,175	417,036	31,139

(1) The amount is due from Penguin.
(2) Includes $115.5 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	Extended Maturity Date(3)	Annual Variable Interest Rate at Period-End (%)	Potential Area Upon Exercising Purchase Option (sq. ft.)
Aurora (South), ON(5)(8)	16,295	272	31,733	16,295	August 2028	N/A	5.79	57,741
Innisfil, ON(2)(7)(9)	16,781	3,857	33,100	16,781	October 2023	N/A	6.34	—
Salmon Arm, BC(2)(4)	16,247	8,557	29,920	16,247	August 2028	N/A	6.46	—
Pitt Meadows, BC(6)(8)	32,595	7,174	85,653	32,595	November 2023	August 2028	5.20	25,003
Vaughan (7 & 427), ON(5)(8)	19,991	5,625	36,100	19,991	December 2023	August 2028	4.93	76,000
Caledon (Mayfield), ON(7)(8)	10,979	2,349	26,688	10,979	April 2024	August 2028	5.06	101,865
Toronto (StudioCentre), ON(2)(6)(8)	26,398	1,490	50,524	26,398	August 2028	N/A	4.85	227,831
	139,286	**29,324**	**293,718**	**139,286**			**5.44** (1)	**488,440**

(1) Represents the weighted average interest rate on the loan balance.
(2) The Trust owns a 50% interest in these properties, with the other 50% interest owned by Penguin. These loans are secured against Penguin's interest in the property.
(3) The maturity dates for these mortgages are automatically extended to August 31, 2028 unless written notice is delivered from the borrower. During the extended maturity period, the mortgages receivable accrue interest at a variable rate based on the Canadian Banker's Acceptance rate plus 4.00% to 5.00%.
(4) The weighted average interest rate on this mortgage is subject to an upper limit of 6.50%.
(5) The weighted average interest rate on this mortgage is subject to an upper limit of 6.75%.
(6) The weighted average interest rate on this mortgage is subject to an upper limit of 6.90%.
(7) The weighted average interest rate on this mortgage is subject to an upper limit of 7.00%.
(8) The Trust has a purchase option from the borrower in these properties upon a certain level of development and leasing being achieved. As at June 30, 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%.
(9) This property was disposed in October 2021, and $6.2 million of interest accrued on this mortgage receivable was repaid upon the disposition. A vendor take-back loan was issued to the purchaser, with Penguin assigning its 50% interest in the vendor take-back loan to the Trust as security for the mortgage receivable (see also Note 6, "Mortgages, loans and notes receivable" in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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 $100.8 million (December 31, 2021 – $103.8 million) on the existing credit facilities may be accrued on certain of the mortgages receivable before cash interest must be paid.

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

The following table illustrates the activity in mortgages receivable:

	Three Months Ended June 30		**Six Months Ended June 30**	
(in thousands of dollars)	**2022**	2021	**2022**	2021
Balance – beginning of period	**138,846**	143,841	**139,589**	144,205
Interest accrued	**1,651**	1,343	**2,975**	2,674
Interest payments	**(1,211)**	(571)	**(4,349)**	(2,266)
Principal advances	**—**	—	**3,800**	—
Principal repayments	**—**	(1,215)	**(2,729)**	(1,215)
Balance – end of period	**139,286**	143,398	**139,286**	143,398

Loans Receivable
The following table summarizes loans receivable:

(in thousands of dollars)

Issued to	**June 30, 2022**	December 31, 2021
Penguin	**115,545**	116,966
Equity accounted investments	**173,015**	139,152
Unrelated parties	**17,405**	18,405
	305,965	274,523

See also Note 6(b) in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022 for more details about loans receivable, including committed facilities, maturity dates and interest rates.

The following table illustrates the activity in loans receivable:

	Three Months Ended June 30		**Six Months Ended June 30**	
(in thousands of dollars)	**2022**	2021	**2022**	2021
Balance – beginning of period	**293,817**	249,996	**274,523**	241,683
Loans issued	**10,745**	—	**24,284**	3,308
Principal advances	**3,909**	24,742	**8,834**	31,533
Interest accrued	**1,211**	1,117	**2,326**	2,203
Fair value adjustments(1)	**1,107**	1,109	**2,212**	2,197
Principal repayments	**(4,824)**	(53,380)	**(6,214)**	(57,340)
Balance – end of period	**305,965**	223,584	**305,965**	223,584

(1) $2.2 million recorded during the six months ended June 30, 2022 (six months ended June 30, 2021 – $2.2 million) in connection with the loan issued as part of the 700 Applewood purchase.

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

Total Return Swap Receivable

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

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

The following table summarizes the activity in the TRS receivable:

	Six Months Ended June 30, 2022		Year Ended December 31, 2021	
(in thousands of dollars, except Unit amounts)	**Notional Trust Units (#)**	**Carrying Value ($)**	Notional Trust Units (#)	Carrying Value ($)
Balance – beginning of period	**1,456,000**	**46,869**	—	—
Additions	**2,043,500**	**56,917**	1,456,000	42,342
Distributions received	**N/A**	**(1,347)**	N/A	(1,115)
Fair value adjustments	**N/A**	**(6,238)**	N/A	5,642
Balance – end of period	**3,499,500**	**96,201**	1,456,000	46,869
Average Unit cost before distributions		**$ 28.36**		$ 29.08

Section VII — Financing and Capital Resources

Capital Resources and Liquidity

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

(in thousands of dollars)	**June 30, 2022**	December 31, 2021	Variance ($)
Cash and cash equivalents	**34,686**	62,235	(27,549)
Remaining operating facilities[1]	**250,918**	341,715	(90,797)
	285,604	403,950	(118,346)
Operating facility – accordion feature	**250,000**	250,000	—
	535,604	653,950	(118,346)

(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 June 30, 2022, the Trust's cash and cash equivalents decreased by $27.5 million as compared to December 31, 2021, which is primarily due to the following:

- $371.2 million representing net repayment of debt, which is principally due to the $182.8 million repayment of secured debt, $165.0 million repayment of revolving operating facility and $23.5 million repayment of other unsecured debt;
- $238.1 million representing net additions to investing activities including investment properties, equity accounted investments, equipment, and Earnouts and Developments;
- $165.1 million of distributions paid on Trust Units, non-controlling interests and Units classified as liabilities;
- $28.2 million relating to increases in mortgages and loans receivable net of repayments; and
- $0.9 million relating to the payment of lease liabilities;

Partially offset by the following:

- $360.0 million relating to both the establishment of a new financing facility for SmartVMC West and draws on existing construction facilities;
- $250.0 million relating to the proceeds from revolving unsecured debt facility;
- $146.8 million of cash provided by operating activities; and
- $24.8 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 June 30, 2022 is 51.9% (December 31, 2021 – 50.8%). Including the Trust's capital resources as at June 30, 2022, the Trust could invest an additional $1,316.5 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 $6.3 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 June 30, 2022.

The following table presents the estimated amount and timing of certain of the Trust's future obligations including development obligations as at June 30, 2022:

	Total	2022	2023	2024	2025	2026	Thereafter
Secured debt	**1,168,775**	101,296	238,028	151,032	510,449	98,121	69,849
Unsecured debt	**3,627,512**	13,153	200,000	327,000	590,000	400,000	2,097,359
Revolving operating facilities	**385,000**	—	385,000	—	—	—	—
Interest obligations(1)	**642,817**	118,256	136,068	121,357	106,318	83,934	76,884
Accounts payable	**251,313**	251,313	—	—	—	—	—
Other payable	**38,306**	11,607	8,037	72	8,590	—	10,000
Long term incentive plan	**741**	—	741	—	—	—	—
	6,114,464	**495,625**	**967,874**	**599,461**	**1,215,357**	**582,055**	**2,254,092**
Mortgage receivable advances (repayments)(2)	**154,432**	430	6,768	32,749	(30,502)	7,408	137,579
Development obligations (commitments)	**20,408**	20,408	—	—	—	—	—
Total	**6,289,304**	**516,463**	**974,642**	**632,210**	**1,184,855**	**589,463**	**2,391,671**

(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 $139.3 million at June 30, 2022, and further forecasted commitments of $154.4 million, mature over a period extending to 2028 if the Trust does not exercise its option to acquire the investment properties. Refer to Note 6, "Mortgages, loans and notes receivable", in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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 June 30, 2022:

(in thousands of dollars)	Total	2022	2023	2024	2025	2026	Thereafter
Secured and unsecured debt	**660,380**	31,590	151,671	281,667	7,164	7,452	180,836
Development obligations (commitments)(1)	**214,637**	76,289	102,784	31,096	4,468	—	—
Total	**875,017**	**107,879**	**254,455**	**312,763**	**11,632**	**7,452**	**180,836**

(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 June 30, 2022:

(in thousands of dollars)	Total	2022	2023	2024	2025	2026	Thereafter
Secured and unsecured debt	**284,444**	15,558	41,582	140,320	3,044	3,163	80,777
Development obligations (commitments)(1)	**90,831**	34,741	37,821	15,577	2,692	—	—
Total Trust's share	**375,275**	**50,299**	**79,403**	**155,897**	**5,736**	**3,163**	**80,777**

(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)	June 30, 2022	December 31, 2021
Current assets	**259,911**	223,412
Less: Current liabilities	**(641,630)**	(931,484)
Working capital deficiency	**(381,719)**	(708,072)
Adjusted by: Current portion of debt included in current liabilities	**(378,239)**	(678,406)
Net working capital deficiency	**(3,480)**	(29,666)

As at June 30, 2022 the Trust experienced a working capital deficiency of $381.7 million (December 31, 2021 – $708.1 million deficiency). This deficiency includes mortgages, unsecured debentures and operating lines of credit of $378.2 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 $3.5 million as at June 30, 2022 (December 31, 2021 – $29.7 million deficiency).

The Trust has an unencumbered asset pool 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 of Productive Capacity

Differentiating between those costs incurred to achieve the Trust's longer-term goals to produce increased cash flows and Unit distributions, and those costs incurred to maintain the level and quality of the Trust's existing cash flows is key in the Trust's consideration of capital expenditures. Acquisitions of investment properties and the development of new and existing investment properties (see also "Completed and Future Earnouts and Developments on Existing Properties" in this MD&A) are the two main areas of capital expenditures that are associated with increasing or enhancing the productive capacity of the Trust (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 June 30			Six Months Ended June 30		
(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	**1,952**	1,199	753	**3,778**	2,702	1,076
Actual sustaining leasing commissions	**419**	1,251	(832)	**929**	1,855	(926)
Actual sustaining tenant improvements	**1,506**	790	716	**3,454**	1,247	2,207
Total actual sustaining leasing and related costs	**3,877**	3,240	637	**8,161**	5,804	2,357
Actual sustaining capital expenditures (recoverable and non-recoverable)	**2,847**	1,569	1,278	**5,022**	2,930	2,092
Total actual sustaining leasing costs and capital expenditures	**6,724**	4,809	1,915	**13,183**	8,734	4,449
Weighted average number of Units outstanding – diluted	**179,662,689**	173,543,923	6,118,766	**179,626,838**	173,480,822	6,146,016
Per Unit – diluted ($)	**0.04**	0.03	0.01	**0.07**	0.05	0.02

For the six months ended June 30, 2022, the total sustaining leasing costs and capital expenditures were $13.2 million, as compared to $8.7 million in the same period in 2021, representing an increase of $4.4 million. This increase is primarily due to the following:

- $2.4 million net increase in both tenant improvements and leasing and related costs (note that the decrease in actual sustaining leasing commissions of $0.9 million is attributed to a similar increase that occurred in the second quarter of 2021); and
- $2.1 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	June 30, 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	**1,167,493**	**3.0**	**3.67**	1,294,546	3.2	3.49
Unsecured debt	**3,405,087**	**4.8**	**3.25**	3,066,794	5.4	3.24
Unsecured loan from equity accounted investments	**171,984**	**N/A**	**—**	195,562	N/A	—
Revolving operating facilities	**384,040**	**3.2**	**3.23**	297,625	3.4	1.49
Total debt before equity accounted investments	**5,128,604**	**N/A**	**—**	4,854,527	N/A	—
Less: Unsecured loan from equity accounted investments(1)	**(87,419)**	**N/A**	**—**	(111,484)	N/A	—
Subtotal	**5,041,185**	**4.3**	**3.29**	4,743,043	4.7	3.14
Share of secured debt (equity accounted investments)	**136,539**	**11.1**	**3.62**	117,946	11.5	3.26
Share of unsecured debt (equity accounted investments)	**147,905**	**1.7**	**3.15**	122,089	2.2	1.87
Share of debt classified as equity accounted investments	**284,444**	**6.2**	**3.38**	240,035	6.7	2.55
Total debt including equity accounted investments	**5,325,630**	**4.4**	**3.30**	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 six months ended June 30, 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	7,042	360,000	251,415	64,162	2,212	**684,831**
Scheduled amortization	(21,849)	—	—	(1,187)	—	**(23,036)**
Repayments	(169,399)	(20,000)	(165,000)	(18,500)	(1,725)	**(374,624)**
Amortization of acquisition fair value adjustments	(247)	—	—	(71)	—	**(318)**
Financing costs incurred, net of additions	483	(1,707)	—	6	—	**(1,218)**
Balance – June 30, 2022	**1,167,493**	**3,405,087**	**384,040**	**284,445**	**84,565**	**5,325,630**

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 (%)
2022	21,238	80,058		101,296	9	3.77
2023	38,599	199,428	(1)	238,027	20	4.19
2024	32,336	118,696		151,032	13	3.63
2025	21,736	488,713	(2)	510,449	44	3.27
2026	11,240	86,881		98,121	8	3.86
Thereafter	21,650	48,200		69,850	6	4.84
Total	**146,799**	**1,021,976**		**1,168,775**	**100**	**3.66**
Acquisition date fair value adjustment				767		
Unamortized financing costs				(2,049)		
				1,167,493		**3.67**

(1) Includes construction loans in the amount of $18.3 million, which bear interest at Canadian Banker's Acceptance rate plus 170 basis points.

(2) Includes loan in the amount of $99.1 million entered concurrently with the TRS.

Unsecured Debt

The following table summarizes the components of unsecured debt:

(in thousands of dollars)	**June 30, 2022**	December 31, 2021
Unsecured debentures (a)	**2,651,449**	2,650,571
Credit facilities (b)	**753,638**	416,223
	3,405,087	3,066,794
Other unsecured debt from equity accounted investments (c)	**171,984**	195,562
	3,577,071	3,262,356

a) *Unsecured debentures*

The following table summarizes unsecured debentures issued and outstanding:

(in thousands of dollars)

Series	Maturity Date	Annual Interest Rate (%)	**June 30, 2022**	December 31, 2021
Series I	May 30, 2023	3.985	**200,000**	200,000
Series N	February 06, 2025	3.556	**160,000**	160,000
Series O	August 28, 2024	2.987	**100,000**	100,000
Series P	August 28, 2026	3.444	**250,000**	250,000
Series S	December 21, 2027	3.834	**250,000**	250,000
Series U	December 20, 2029	3.526	**450,000**	450,000
Series V	June 11, 2027	3.192	**300,000**	300,000
Series W	December 11, 2030	3.648	**300,000**	300,000
Series X	December 16, 2025	1.740	**350,000**	350,000
Series Y	December 18, 2028	2.307	**300,000**	300,000
		3.167 (1)	**2,660,000**	2,660,000
		Unamortized financing costs	**(8,551)**	(9,429)
			2,651,449	2,650,571

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

Unsecured debenture activities for the six months ended June 30, 2022

There is no significant activity relating to unsecured debentures during the six months ended June 30, 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 2021, DBRS confirmed the Trust's BBB(high) rating and changed the trend from stable to negative.

b) Credit facilities

The following table summarizes the activity for unsecured credit facilities:

(in thousands of dollars) (Issued in)	Maturity Date	Annual Interest Rate (%)	Facility Amount	June 30, 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**	—
Revolving:					
May 2020	May 11, 2024	BA + 1.20	60,000	**57,000**	17,000
			760,000	**757,000**	417,000
	Less:				
	Unamortized financing costs			**(1,403)**	(777)
	Unamortized debt modification adjustments			**(1,959)**	—
				753,638	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 3.26% per annum. The weighted average term to maturity of the interest rate swaps is 2.76 years. Hedge accounting has not been applied to the interest rate swap agreements. See additional details in the table below.

The following table summarizes the fair value gain (loss) as at June 30, 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	June 30, 2022	December 31, 2021
80,000	January 31, 2025	2.980	BA + 1.20	**5,587**	(3,556)
150,000	July 31, 2026	3.520	BA + 1.20	**9,346**	(3,887)
170,000	June 24, 2024	3.146	BA + 1.20	**16,456**	(8,618)
11,403	November 3, 2025	3.470	BA + 1.20	**505**	(291)
				31,894	(16,352)

c) Other unsecured debt from equity accounted investments

Other unsecured debt net of fair value adjustments totalling $172.0 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

As at June 30, 2022, the Trust had:

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

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

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

(in thousands of dollars)	Annual Interest Rate (%)	Facility Amount	Amount Drawn	Outstanding Letters of Credit	Remaining Undrawn Facilities June 30, 2022	Remaining Undrawn Facilities December 31, 2021
Revolving facility maturing August 2026	BA + 1.20	500,000	**235,000**	**14,082**	**250,918**	341,715
Revolving facility maturing February 2024(1)	US$ LIBOR + 1.20	150,000	**149,040**	**—**	**—**	—
		650,000	**384,040**		**250,918**	341,715

(1) The Trust has drawn in U.S. dollars the equivalent of CAD $150.0 million, which was translated to $149.0 million as at June 30, 2022 (December 31, 2021 – $147.6 million).

In addition to the letters of credit outstanding on the Trust's revolving operating facilities (see above), the Trust also has $29.1 million of letters of credit outstanding with other financial institutions as at June 30, 2022 (December 31, 2021 – $26.5 million).

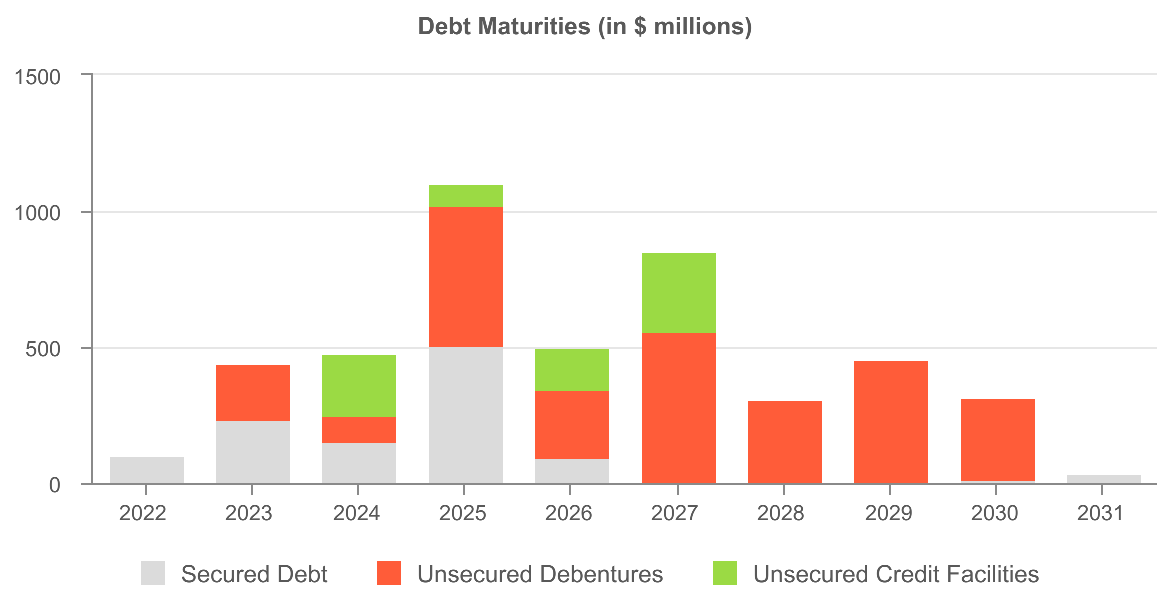
Unencumbered Assets

As at June 30, 2022, the Trust had $8.4 billion of unencumbered assets (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 72.5% 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 2022 to be $368.3 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 June 30, 2022:



(1) Excludes revolving operating facilities of $384.0 million.

Interest Income and Interest Expense

Interest Income

The following table summarizes the components of interest income:

	Three Months Ended June 30			Six Months Ended June 30		
(in thousands of dollars)	**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
Mortgage interest	**1,651**	1,343	308	**2,975**	2,674	301
Loan interest	**1,815**	1,223	592	**3,217**	2,400	817
Notes receivable interest	**66**	66	—	**131**	131	—
Bank interest	**334**	763	(429)	**503**	1,792	(1,289)
	3,866	3,395	471	**6,826**	6,997	(171)

For the six months ended June 30, 2022, interest income decreased by $0.2 million as compared to the six months ended June 30, 2021. This decrease was primarily attributed to:

- $1.2 million decrease in bank interest as a result of additional cash available in Q1 and Q2 2021 that was used in Q2 2021 to repay and redeem unsecured debentures (see "Debt" subsection for details), partially offset by $0.3 million higher interest income from mortgages and $0.8 million higher interest income from loans issued under self-storage facilities.

Interest Expense

The following table summarizes the components of interest expense:

		Three Months Ended June 30			Six Months Ended June 30		
(in thousands of dollars)		**2022**	2021	Variance ($)	**2022**	2021	Variance ($)
Interest at stated rates		**38,900**	38,412	488	**76,629**	77,141	(512)
Amortization of acquisition date fair value adjustments on assumed debt		**(122)**	(132)	10	**(247)**	(270)	23
Adjustment on debt modification		**(1,960)**	—	(1,960)	**(1,960)**	—	(1,960)
Amortization of deferred financing costs		**884**	1,008	(124)	**1,906**	2,045	(139)
Distributions on Units classified as liabilities – excluding SmartVMC West		**933**	972	(39)	**1,902**	1,941	(39)
Distributions on Units classified as liabilities – SmartVMC West		**2,718**	—	2,718	**5,362**	—	5,362
Distributions on vested deferred units		**728**	416	312	**1,405**	948	457
Total interest expense before capitalized interest	**(A)**	**42,081**	40,676	1,405	**84,997**	81,805	3,192
Less:							
Interest capitalized to properties under development – excluding SmartVMC West		**(3,542)**	(3,781)	239	**(7,092)**	(7,473)	381
Interest capitalized to properties under development – SmartVMC West		**(1,866)**	—	(1,866)	**(3,086)**	—	(3,086)
Interest capitalized to residential development inventory		**(252)**	(242)	(10)	**(497)**	(478)	(19)
Distributions capitalized to properties under development – SmartVMC West(1)		**(2,569)**	—	(2,569)	**(5,137)**	—	(5,137)
Total capitalized interest	**(B)**	**(8,229)**	(4,023)	(4,206)	**(15,812)**	(7,951)	(7,861)
Interest expense net of capitalized interest expense	**(C = A + B)**	**33,852**	36,653	(2,801)	**69,185**	73,854	(4,669)
Capitalized interest as a percentage of interest expense	**(D = B / A)**	**19.6 %**	9.9 %	9.7 %	**18.6 %**	9.7 %	8.9 %

(1) During the six months ended June 30, 2022, $5.1 million of distributions to SmartVMC West LP Class D Unitholders initially classified as interest expense, were capitalized to properties under development (six months ended June 30, 2021 – $nil).

For the six months ended June 30, 2022, interest expense net of capitalized interest totalled $69.2 million, representing a decrease of $4.7 million as compared to the six months ended June 30, 2021, which was primarily due to the following:

- $7.9 million increase in interest and distributions capitalized to properties under development principally due to SmartVMC West;
- $4.0 million decrease in interest on unsecured debentures principally due to the repayment and redemption of unsecured debentures totalling $300.0 million in January 2021 and $323.1 million in June 2021 for which funds were raised in December 2020 through the issuance of Series X and Series Y debentures (see "Debt" subsection for details);
- $2.4 million decrease in mortgage interest due to repayment of mortgages; and
- $2.0 million increase in adjustment on debt modification;

Partially offset by:

- $5.8 million increase in interest due to increased use of operating facilities and other bank facilities for the acquisitions in December 2021 and January 2022; and
- $5.4 million increase in distributions on Units classified as liabilities principally due to distributions on SmartVMC West.
- $0.4 million increase in distributions on vested deferred units due to the increase in vested deferred units as compared to the same period in 2021.

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 six months ended June 30, 2022, the Trust was in compliance with all financial covenants.

Ratio	Calculation	Threshold	**June 30, 2022**	December 31, 2021
Interest coverage ratio(1)	*Adjusted EBITDA / Adjusted interest expense including capitalized interest(6)*	≥ 1.65X	**3.3X**	3.4X
Fixed charge coverage ratio(3)	*Adjusted EBITDA / Debt service expense(7)*	≥ 1.5X	**2.6X**	2.6X
Debt to aggregate assets(3)(4)(5)	*Net debt / Aggregate assets(8)*	≤ 65%	**43.0 %**	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%	**42.6 %**	42.7 %
Debt to Gross Book Value (excluding convertible debentures)(1)(4)(5)	*Net debt / Gross book value(9)*	≤ 60%	**51.9 %**	50.8 %
Debt to Gross Book Value (including convertible debentures)(1)(4)(5)	*Net debt / Gross book value(10)*	≤ 65%	**51.9 %**	50.8 %
Secured debt to aggregate assets(3)(5)	*Secured debt including EAI / Aggregate assets(11)*	≤ 40%	**9.7 %**	12.4 %
Unsecured to secured debt ratio(2)(5)	*Unsecured debt including EAI / Secured debt including EAI(12)*	N/A	**77%/23%**	71%/29%
Unencumbered assets to unsecured debt(3)(5)	*Unencumbered assets / Unsecured debt including EAI(13)*	≥ 1.3X	**2.1X**	1.9X
Adjusted Debt to Adjusted EBITDA(2)(5)	*Adjusted debt / Adjusted EBITDA(14)*	N/A	**10.0X**	9.2X
Adjusted Debt to Adjusted EBITDA (excluding TRS debt)(2)(5)	*Adjusted debt (excluding TRS debt) / Adjusted EBITDA(14)*	N/A	**9.8X**	9.1X
Unitholders' equity (in thousands)(1)(3)(15)		≥ $2,000,000	**$6,216,395**	$5,841,315

(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 June 30, 2022, cash-on-hand of $133.2 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."
(14) This ratio is calculated as: Adjusted Debt/Adjusted EBITDA. Adjusted debt is calculated as total debt including equity accounted investments as referenced in "Debt," less excess cash-on-hand and less loans receivable. The calculation of Adjusted EBITDA is referenced in the "Non-GAAP Measures." When calculating this ratio excluding TRS debt, Adjusted debt as calculated above further minus debt borrowed concurrent with entering the TRS agreement as referenced in "Debt".
(15) As at June 30, 2022, Unitholders' equity including LP Units classified as liabilities amounted to $6,433.5 million (December 31, 2021 – $6,095.5 million).

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	June 30, 2022	December 31, 2021	Variance (#)
Trust Units	N/A	**144,625,322**	144,625,322	—
Smart Limited Partnership	Class B	**16,424,430**	16,424,430	—
Smart Limited Partnership II	Class B	**756,525**	756,525	—
Smart Limited Partnership III	Class B	**4,051,603**	4,039,184	12,419
Smart Limited Partnership IV	Class B	**3,112,565**	3,093,910	18,655
Smart Oshawa South Limited Partnership	Class B	**710,416**	710,416	—
Smart Oshawa Taunton Limited Partnership	Class B	**374,223**	374,223	—
Smart Boxgrove Limited Partnership	Class B	**170,000**	170,000	—
Total Units classified as equity		**170,225,084**	170,194,010	31,074
Smart Limited Partnership	Class D	**311,022**	311,022	—
Smart Limited Partnership	Class F	**8,708**	8,708	—
Smart Oshawa South Limited Partnership	Class D	**260,417**	260,417	—
ONR Limited Partnership	Class B	**1,248,140**	1,248,140	—
ONR Limited Partnership I	Class B	**272,183**	272,183	—
SmartVMC West Limited Partnership	Class D	**5,797,101**	5,797,101	—
Total Units classified as liabilities		**7,897,571**	7,897,571	—
Total Units		**178,122,655**	178,091,581	31,074

As of August 11, 2022, the Trust has 170,225,084 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)	**Six Months Ended June 30, 2022**	Year Ended December 31, 2021
Unitholders' Equity – beginning of period	**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	**964**	1,738
Net income and comprehensive income	**532,107**	987,676
Distributions	**(157,741)**	(315,254)
Unitholders' Equity – end of period	**6,216,395**	5,841,315
LP Units classified as liabilities – beginning of period	**254,223**	48,479
Issuance of LP Units	**—**	181,236
Change in carrying value	**(37,119)**	24,508
LP Units classified as liabilities – end of period	**217,104**	254,223
Unitholders' Equity and LP Units classified as liabilities – end of period	**6,433,499**	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 six months ended June 30, 2022, the Trust paid $165.0 million in cash distributions (for the six months ended June 30, 2021 – $159.3 million in cash distributions). The following table summarizes declared distributions:

	Three Months Ended June 30		**Six Months Ended June 30**	
(in thousands of dollars)	**2022**	2021	**2022**	2021
Distributions declared on:				
Trust Units	**66,892**	66,892	**133,781**	133,775
LP Units	**11,840**	11,821	**23,677**	23,629
Other non-controlling interest	**—**	—	**283**	—
Distributions on Units classified as equity	**78,732**	78,713	**157,741**	157,404
Distributions on LP Units classified as liabilities – excluding SmartVMC West	**972**	972	**1,941**	1,941
Distributions on LP Units classified as liabilities – SmartVMC West	**2,718**	—	**5,362**	—
Distributions on LP Units classified as liabilities	**3,690**	972	**7,303**	1,941
Total distributions declared	**82,422**	79,685	**165,044**	159,345

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 June 30, 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 June 30, 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 24.5% 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 June 30, 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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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 new non-competition agreement with Penguin replaced and superseded the previous non-competition agreement extending the term by five years and broadening restricted competing initiatives to include various forms of mixed-use development.

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

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

	Three Months Ended June 30, 2022	**Six Months Ended June 30, 2022**	Year Ended December 31, 2021
Balance – beginning of period	**11,161**	**8,500**	—
Amortization costs capitalized to properties under development(1)	**1,171**	**2,559**	5,198
Fair value adjustment to financial instruments	**(1,898)**	**(625)**	3,302
Balance – end of period	**10,434**	**10,434**	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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 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 8 referring to Other assets
- Note 9 referring to Amounts receivable and other
- Note 11 referring to Other financial liabilities
- Note 12 referring to Accounts and other payables (including future land obligations)
- Note 16 referring to Rentals from investment properties and other
- Note 17 referring to Property operating costs and other, and
- Note 18 relating to General and administrative expenses, 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:

		Three Months Ended June 30		Six Months Ended June 30	
	Note[1]	**2022**	2021	**2022**	2021
Related party transactions with Penguin					
Acquisitions and Earnouts:					
Earnouts		**—**	8,202	**7,363**	10,340
Revenues:					
Service and other revenues:					
Management fee and other services revenue pursuant to the Development and Services Agreement		**662**	1,498	**1,234**	2,154
Supplement to the Development Services Agreement fees – time billings		**1,274**	1,274	**2,548**	2,548
Support services		**266**	350	**532**	934
	16	**2,202**	3,122	**4,314**	5,636
Interest income from mortgages and loans receivable	6	**2,020**	1,549	**3,673**	3,083
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of $74 (three months ended June 30, 2021 – $69))		**254**	45	**366**	306
		4,476	4,716	**8,353**	9,025
Expenses and other payments:					
Fees paid – capitalized to properties under development	18	**1,819**	1,625	**3,642**	3,416
EIP – capitalized to properties under development		**—**	1,361	**2,559**	2,433
Development fees and interest expense (capitalized to investment properties)		**—**	12	**—**	114
Opportunity fees capitalized to properties under development[2]		**15**	788	**30**	1,557
Marketing, time billings and other administrative costs (included in general and administrative expense and property operating costs)		**1**	24	**1**	44
Disposition fees (included in general and administrative expenses)		**—**	222	**48**	280
		1,835	4,032	**6,280**	7,844
Related party transactions with PCVP					
Revenues:					
Interest income from mortgages and loans receivable	6	**327**	637	**649**	1,284
Expenses and other payments:					
Rent and operating costs (included in general and administrative expense and property operating costs)	17, 18	**740**	667	**1,344**	1,344

(1) Relates to the corresponding Note disclosure in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.
(2) These amounts include prepaid land costs that will offset the purchase price of future Earnouts.

(in thousands of dollars)	Note[1]	June 30, 2022	December 31, 2021
Related party balances with Penguin disclosed elsewhere in the financial statements			
Receivables:			
Amounts receivable and other[2]	9	**14,261**	14,953
Mortgages receivable	6(a)	**139,286**	139,589
Loans receivable	6(b)	**115,545**	116,966
Notes receivable	6(c)	**2,924**	2,924
Total receivables		**272,016**	274,432
Payables and other accruals:			
Accounts payable and accrued liabilities	12	**2,223**	3,370
Future land development obligations	12	**18,798**	18,931
Total payables and other accruals		**21,021**	22,301

(1) The Note reference relates to the corresponding Note disclosure in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.
(2) Excludes amounts receivable presented below as part of balances with equity accounted investments. This amount includes amounts receivable of $5.1 million and other of $9.1 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:

As at	Note[1]	June 30, 2022	December 31, 2021
Related party balances disclosed elsewhere in the financial statements			
Amounts receivable[2]	9	**883**	581
Loans receivable[3]	6(b)	**173,015**	139,152
Other unsecured debt[4]	10(b)(iii)	**171,984**	195,562

(1) The Note reference relates to the corresponding Note disclosure in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022.
(2) Amounts receivable includes Penguin's portion, which represents $0.01 million (December 31, 2021 – $0.004 million) relating to Penguin's 50% investment in PCVP and 25% investment in Residences LP.
(3) Loans receivable includes Penguin's portion, which represents $23.9 million (December 31, 2021 – $23.6 million) relating to Penguin's 50% investment in PCVP.
(4) 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:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands of dollars)	**2022**	2021	**2022**	2021
Legal fees incurred from a law firm in which a partner is a Trustee:				
Capitalized to investment properties	**539**	72	**1,122**	150
Included in general and administrative expense	**121**	434	**685**	925
	660	506	**1,807**	1,075

Section IX — Accounting Policies, Risk Management and Compliance

Significant Accounting Estimates and Policies

In preparing the Trust's unaudited interim condensed consolidated financial statements and accompanying notes, it is necessary for management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the period. The significant items requiring estimates are discussed in the Trust's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, and the notes contained therein.

The Trust's MD&A for the year ended December 31, 2021 also contains a discussion of the significant accounting policies most affected by estimates and judgments used in the preparation of the audited consolidated financial statements for the year ended December 31, 2021. Management determined that as at June 30, 2022, there is no change to the assessment of significant accounting policies most affected by estimates and judgments described in the Trust's MD&A for the year ended December 31, 2021, with the following additions:

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract
On January 1, 2022, the Trust adopted the amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts, Cost of Fulfilling a Contract. The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. There was no material impact to the Trust's unaudited interim condensed consolidated financial statements on the adoption.

Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
On January 1, 2022, the Trust adopted the amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities. The amendments clarify the types of fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendments specify that only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf, should be included. There was no material impact to the Trust's unaudited interim condensed consolidated financial statements on the adoption.

Risks and Uncertainties

The ability of the Trust to meet its performance targets is dependent on its success in mitigating the various forms of risks that it has identified. For a comprehensive list of risks and uncertainties pertinent to the Trust, please see the risk factors disclosed in the Trust's Annual Information Form for the year ended December 31, 2021 under the headings "Risk Factors" and the Trust's MD&A for the year ended December 31, 2021 under the heading "Risks and Uncertainties".

Income Taxes and the REIT Exception

In accordance with the Declaration of Trust, distributions to Unitholders are declared at the discretion of the 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 June 30, 2022.

Environmental, Social and Governance

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

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

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

No changes were made to the Trust's internal controls over financial reporting during the three and six months ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

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

Section X — Glossary of Terms

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