SMARTCENTRES
REAL ESTATE INVESTMENT TRUST

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SMARTCENTRES REAL ESTATE INVESTMENT TRUST RELEASES SECOND QUARTER RESULTS FOR 2022

- **Received zoning approvals for over 3.8 million square feet of residential development in the second quarter on 3 projects in the Greater Toronto Area, including Vaughan, Scarborough, and Pickering;**
- **In excess of 3.0 million square feet of construction activity is currently underway, principally on high rise residential projects in Toronto, Montreal, and Ottawa;**
- **Shopping centre leasing activity continues to improve with occupancy levels, inclusive of committed deals, increasing to 97.6% in Q2 2022, representing a 40 basis points increase from Q1 2022;**
- **Net income and comprehensive income per Unit increased by $0.34 to $0.90 as compared to the same period in 2021;**
- **Net rental income and other increased by $5.8 million or 4.9% as compared to the same period in 2021;**
- **Same Properties NOI inclusive of ECL(1) increased by $6.1 million or 5.0% as compared to the same period in 2021. Same Properties NOI excluding ECL(1) increased by $2.6 million or 2.1% as compared to the same period in 2021;**
- **FFO per unit with adjustments and excluding various anomalous items(1) increased by $0.03 or 5.8% to $0.55 as compared to the same period in 2021;**
- **Completed the purchase of approximately 38 acres of industrial lands in Pickering, adjacent to Hwy 407, and construction has now commenced on 241,000 square feet of industrial space for the 16-acre Phase 1 development, of which 53% has already been pre-leased by a growing Canadian furniture retailer;**
- **Received municipal approvals and commenced construction of an approximate 200,000 square foot flagship Canadian Tire store on Laird Drive in Toronto together with approximately 25,000 square feet of additional retail space. Completion is scheduled for 2024.**

TORONTO, ONTARIO - (August 11, 2022) SmartCentres Real Estate Investment Trust ("SmartCentres", the "Trust" or the "REIT") (TSX: SRU.UN) is pleased to report its financial and operating results for the quarter ended June 30, 2022.

"We continue to see improvement in customer traffic to our shopping centres which in turn generated steady increased levels of leasing activity that began earlier in 2022. We anticipate that this momentum will continue for the rest of 2022 which should have a positive impact on both our occupancy and earnings. We are pleased with this noticeable improvement in leasing activity and the associated improvement in metrics. Cash collections continue to improve, again exceeding 98% for the quarter, and we expect these levels to return to pre-COVID levels over the remainder of the year. Notwithstanding the recent upward movement in interest rates, our Walmart-anchored retail portfolio continues to demonstrate its strength and alignment with Canadian consumers; and thus has maintained its value for IFRS purposes during the quarter.

The improvement in our operating performance is further reflected in our financial results for the quarter. Our FFO per Unit as adjusted for anomalous items(1) increased by $0.03 or 5.8% to $0.55, and net income and comprehensive income per Unit increased by $0.34 or 60.8% to $0.90, as compared to the same quarter in the prior year".

At SmartVMC, currently our largest development initiative, but just one of many master-planned projects, beginning in Q3 2020, we have thus far closed on 1,763 units in the first three Transit City condominium phases, resulting in $0.38 in FFO per Unit(1) and $0.39 in net income and comprehensive income per Unit. Excitement around SmartVMC continues as the 120,000 square foot world class YMCA opened during the quarter, a huge step in the evolution at this city's growth. Through our residential banner, SmartLiving, our mixed-use intensification program continues to be a source of additional accretive growth, demonstrated by the launch of presale activity at Park Place where to date we have pre-sold approximately 50% of units released, demonstrating that SmartVMC operates outside the ebb and flow of other one-off residential developments owing to its master plan around mass transit and its strategic location in the GTA. Park Place, which includes approximately 1100 units in two stunning 56 and 48 storey towers, will be built on approximately two acres of the 53 acres of the recently acquired western lands at SmartVMC. At the Artwalk, another neighborhood within VMC, we have presold 100% of units released and we expect to begin construction of this multi-phased project later this year on a portion of lands previously occupied by Walmart at SmartVMC. Also, during the quarter, we successfully closed all 22 presold townhomes at Transit City and construction is progressing on time and on budget for the fourth and fifth fully sold-out phases of Transit City condominiums with full deposits representing 20% of each unit's purchase price having now been received, with closings expected to commence early in 2023. The 454-unit Millway rental tower is also proceeding on time and on budget with initial tenancies expected to begin later this year. We intend to develop approximately 20.0 million square feet of mixed-use space at SmartVMC alone, on which together with the City of Vaughan, we are also planning a 9-acre park which, over time, will become the focal point of this landmark city centre development.

Not that long ago our company was primarily focused on value-oriented retail with Walmart as its driving force. Today, our platform has evolved in new areas of growth. In 2015, we expanded our focus to various mixed-use forms of real estate including office, self-storage, condominiums and townhomes, high-rise rentals and seniors housing. SmartCentres now possesses industry leading, in-house expertise in all of these areas. Most notably, through our SmartLiving platform, we now have an internal team of professionals who facilitate the development, sales, construction, leasing, and management of our residential program across the country; a platform that did not exist a mere seven years ago. And now, with the acquisition of 32 acres of development lands in Pickering, we have begun our first initiative into the industrial sector; more to come. These evolving stages of growth in multiple disciplines permit us to continue to diversify our asset base and plant seeds for growth in NAV and FFO for many years into the future," said Mitchell Goldhar, Executive Chairman and CEO of SmartCentres REIT.

(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 additional information, please see "Non-GAAP Measures" in this Press Release.

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" in the Trust's MD&A 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, total return swap ("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 additional information, please see "Non-GAAP Measures" in this Press Release.
(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 additional information, please see "Non-GAAP Measures" in this Press Release.
(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 additional information, please see "Non-GAAP Measures" in this Press Release.
(3) Includes the Trust's proportionate share of equity accounted investments.
(4) See "Non-GAAP Measures" in this Press Release 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 additional information, please see "Non-GAAP Measures" in this Press Release.
(3) Includes the Trust's proportionate share of equity accounted investments.
(4) See "Non-GAAP Measures" in this Press Release 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.

Operational Highlights

For the three months ended June 30, 2022, net income and comprehensive income 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 in the Trust's MD&A), 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 in the Trust's MD&A);
- $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 net operating income (see further details in the "Net Operating Income" subsection in the Trust's MD&A);
- $0.6 million increase in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section in the Trust's MD&A); and
- $0.3 million increase in acquisition-related costs.

For the six months ended June 30, 2022, net income and comprehensive income 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 in the Trust's MD&A);
- $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 in the Trust's MD&A), 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 in the Trust's MD&A);

Partially offset by the following:

- $2.3 million increase in supplemental costs;
- $1.2 million decrease in net operating income (see further details in the "Net Operating Income" subsection in the Trust's MD&A);
- $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 in the Trust's MD&A).

Development and Intensification Summary

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
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**
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**
Trust's share of such estimated costs (in millions of dollars)	**5,900**	**3,900**	– (1)	**9,800**

(1) 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.

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.

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 additional information, please see "Non-GAAP Measures" in this Press Release.

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 additional information, please see "Non-GAAP Measures" in this Press Release.
(2) Includes additional partnership profit and other revenues.
(3) Represents SmartVMC West's operating results.

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 additional information, please see "Non-GAAP Measures" in this Press Release.
(2) Includes additional partnership profit and other revenues.
(3) Represents SmartVMC West's operating results.

FFO, FFO with adjustments, and FFO with adjustments and Transactional FFO

The following tables reconciles net income and comprehensive income to FFO, FFO with adjustments, and FFO with adjustments and Transactional FFO:

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” in the Trust’s MD&A.
(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” in the Trust’s MD&A.
(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 additional information, please see “Non-GAAP Measures” in this Press Release.
(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.

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” in the Trust’s MD&A.
(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” in the Trust’s MD&A.
(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 additional information, please see “Non-GAAP Measures” in this Press Release.
(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.

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 additional information, please see “Non-GAAP Measures” in this Press Release.

ACFO and ACFO with adjustments

The following table reconciles cash flows provided by operating activities to ACFO and ACFO with adjustments:

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 in the Trust's MD&A.
(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 additional information, please see "Non-GAAP Measures" in this Press Release.
(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).

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 in the Trust's MD&A.
(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 additional information, please see "Non-GAAP Measures" in this Press Release.
(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).

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 additional information, please see "Non-GAAP Measures" in this Press Release.

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 additional information, please see "Non-GAAP Measures" in this Press Release.
(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 additional information, please see "Non-GAAP Measures" in this Press Release.

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 additional information, please see "Non-GAAP Measures" in this Press Release.
(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 additional information, please see "Non-GAAP Measures" in this Press Release.

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 additional information, please see "Non-GAAP Measures" in this Press Release.
(2) N/R – Not representative.
(3) Includes marketing costs.

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 additional information, please see "Non-GAAP Measures" in this Press Release.
(2) N/R – Not representative.

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 additional information, please see "Non-GAAP Measures" in this Press Release.

Non-GAAP Measures

The non-GAAP measures used in this Press Release, including but not limited to, FFO per Unit, Unencumbered Assets, NOI, Debt to Aggregate Assets, Interest Coverage Ratio, Adjusted Debt to Adjusted EBITDA, Unsecured/Secured Debt Ratio, FFO, FFO with adjustments, FFO per Unit with adjustments, Transactional FFO, ACFO, Payout Ratio to ACFO, Same Properties NOI, Investment properties – non-GAAP, Debt – non-GAAP, Debt to Gross Book Value, Unencumbered Assets to Unsecured Debt, Weighted Average Interest Rate, and Total Proportionate Share, do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and are therefore unlikely to be comparable to similar measures presented by other issuers. Additional information regarding these non-GAAP measures is available in the Management's Discussion and Analysis of the Trust for the three and six months ended June 30, 2022, dated August 11, 2022 (the "MD&A), and is incorporated by reference. The information is found in the "Presentation of Certain Terms Including Non-GAAP Measures" and "Non-GAAP Measures" sections of the MD&A, which is available on SEDAR at www.sedar.com. Reconciliations of non-GAAP financial measures to the most directly comparable IFRS measures are found in the following sections of this Press Release: "Proportionately Consolidated Balance Sheets (including the Trust's interests in equity accounted investments)", "Proportionately Consolidated Statements of Income and Comprehensive Income (including the Trust's Interests in Equity Accounted Investments)", "FFO, FFO with adjustments, and FFO with adjustments and Transactional FFO", "ACFO and ACFO with adjustments", "Net Operating Income", "Same Properties NOI", and "Adjusted EBITDA".

Full reports of the financial results of the Trust for the three and six months ended June 30, 2022 are outlined in the unaudited interim condensed consolidated financial statements and the related MD&A of the Trust for the three and six months ended June 30, 2022, which are available on SEDAR at www.sedar.com.

Conference Call

SmartCentres will hold a conference call on Friday, August 12, 2022 at 10:00 a.m. (ET). Participating on the call will be members of SmartCentres' senior management.

Investors are invited to access the call by dialing 1-855-353-9183 and then keying in the participant access code 37281#. You will be required to identify yourself and the organization on whose behalf you are participating.

A recording of this call will be made available Friday, August 12, 2022 beginning at 8:30 p.m. (ET) through to 8:30 p.m. (ET) on Friday, August 19, 2022. To access the recording, please call 1-855-201-2300, enter the conference access code 37281# and then key in the playback access code 0112310#.

About SmartCentres

SmartCentres Real Estate Investment Trust is one of Canada's largest fully integrated REITs, with a best-in-class portfolio featuring 185 strategically located properties in communities across the country. SmartCentres has approximately $11.9 billion in assets and owns 34.7 million square feet of income producing value-oriented retail and first-class office space with 97.6% occupancy, on 3,500 acres of owned land across Canada.

SmartCentres continues to focus on enhancing the lives of Canadians by planning and developing complete, connected, mixed-use communities on its existing retail properties. Project 512, a publicly announced $15.2 billion intensification program ($9.8 billion at SmartCentres' share) represents the REIT's current major development focus on which construction is expected to commence within the next five years. This intensification program consists of rental apartments, condos, seniors' residences and hotels, to be developed under the SmartLiving banner, and retail, office, and storage facilities, to be developed under the SmartCentres banner.

SmartCentres' intensification program is expected to produce an additional 58.3 million square feet (40.2 million square feet at SmartCentres' share) of space, 28.3 million square feet (18.3 million square feet at SmartCentres' share) of which has or will commence construction within the next five years. From shopping centres to city centres, SmartCentres is uniquely positioned to reshape the Canadian urban and urban-suburban landscape.

Included in this intensification program is the Trust's share of SmartVMC which, when completed, is expected to include approximately 20.0 million square feet of mixed-use space in Vaughan, Ontario. Construction of the first five sold-out phases of Transit City Condominiums that represent 2,789 residential units continues to progress. Final closings of the first three phases of Transit City Condominiums began ahead of budget and ahead of schedule in August 2020 and all 1,741 units, in addition to the 22 townhomes that complete these phases, have now closed. The fourth and fifth sold-out phases representing 1,026 units are currently under construction and are expected to close in 2023.

Certain statements in this Press Release are "forward-looking statements" that reflect management's expectations regarding the Trust's future growth, results of operations, performance and business prospects and opportunities. More specifically, certain statements including, but not limited to, statements related to SmartCentres' expectations relating to cash collections, SmartCentres' expected or planned development plans and joint venture projects, including the described type, scope, costs and other financial metrics and the expected timing of construction and condominium closings and statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions 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 the Trust's Unitholders and financial analysts in understanding 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, including risks associated with potential acquisitions not being completed or not being completed on the contemplated terms, public health crises such as the COVID-19 pandemic, real property ownership and development, debt and equity financing for development, interest and financing costs, construction and development risks, and the ability to obtain commercial and municipal consents for development. These risks and others are more fully discussed under the heading "Risks and Uncertainties" and elsewhere in SmartCentres' most recent Management's Discussion and Analysis, as well as under the heading "Risk Factors" in SmartCentres' most recent annual information form. Although the forward-looking statements contained in this Press Release are based on what management believes to be reasonable assumptions, SmartCentres cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. These forward-looking statements are made as at the date of this Press Release and SmartCentres assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by applicable securities legislation.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: a stable retail environment; a continuing trend toward land use intensification, including residential development in urban markets and continued growth along transportation nodes; access to equity and debt capital markets to fund, at acceptable costs, future capital requirements and to enable our refinancing of debts as they mature; that requisite consents for development will be obtained in the ordinary course, construction and permitting costs consistent with the past year and recent inflation trends.

For more information, please visit www.smartcentres.com or contact:

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