2021 FIRST QUARTER REPORT

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended
March 31, 2021 and 2020

THE SHAPE OF THINGS TO COME

SMARTCENTRES®
REAL ESTATE INVESTMENT TRUST

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

As at	Note	**March 31, 2021**	December 31, 2020
Assets			
Non-current assets			
Investment properties	4	**8,856,167**	8,850,390
Mortgages, loans and notes receivable	5	**274,181**	263,558
Equity accounted investments	6	**433,307**	463,204
Other assets	7	**90,040**	88,141
Intangible assets		**46,137**	46,470
		9,699,832	9,711,763
Current assets			
Residential development inventory		**26,124**	25,795
Current portion of mortgages, loans and notes receivable	5	**122,580**	125,254
Amounts receivable and other	8	**58,008**	58,644
Deferred financing costs	8	**1,250**	1,173
Prepaid expenses and deposits	8	**13,375**	7,269
Cash and cash equivalents		**399,948**	794,594
		621,285	1,012,729
Total assets		**10,321,117**	10,724,492
Liabilities			
Non-current liabilities			
Debt	9	**4,333,239**	4,355,862
Other payables	10	**19,091**	19,385
Other financial liabilities	11	**101,994**	86,728
		4,454,324	4,461,975
Current liabilities			
Current portion of debt	9	**476,867**	854,261
Accounts payable and current portion of other payables	10	**239,940**	241,281
		716,807	1,095,542
Total liabilities		**5,171,131**	5,557,517
Equity			
Trust Unit equity		**4,301,217**	4,317,357
Non-controlling interests		**848,769**	849,618
		5,149,986	5,166,975
Total liabilities and equity		**10,321,117**	10,724,492

Commitments and contingencies (Note 24)

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

Approved by the Board of Trustees.

Michael Young
Trustee

Garry Foster
Trustee

SMARTCENTRES REAL ESTATE INVESTMENT TRUST
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in thousands of Canadian dollars)

For the three months ended March 31,	Note	**2021**	2020
Net rental income and other			
Rentals from investment properties and other	15	**198,838**	206,727
Property operating costs and other	16	**(82,701)**	(82,900)
Net rental income and other		**116,137**	123,827
Other income and expenses			
General and administrative expense, net	17	**(7,480)**	(5,614)
Earnings from equity accounted investments	6	**15,318**	4,698
Fair value adjustment on revaluation of investment properties	22	**(18,759)**	(63,382)
Gain on sale of investment properties		**10**	3
Interest expense	9(d)	**(37,201)**	(34,518)
Interest income		**3,602**	3,279
Fair value adjustment on financial instruments	22	**(11,068)**	38,089
Acquisition-related costs		**—**	(2,181)
Net income and comprehensive income		**60,559**	64,201
Net income and comprehensive income attributable to:			
Trust Units		**50,761**	53,920
Non-controlling interests		**9,798**	10,281
		60,559	64,201

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

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

For the three months ended March 31,	Note	**2021**	2020
Cash provided by (used in)			
Operating activities			
Net income and comprehensive income		**60,559**	64,201
Add (deduct):			
Fair value adjustments	22	**29,827**	25,293
Gain on sale of investment properties		**(10)**	(3)
Earnings from equity accounted investments, net of distributions	6	**(14,710)**	(4,054)
Acquisition-related costs		**—**	2,181
Interest expense	9(d)	**37,201**	34,518
Other financing costs		**(261)**	(120)
Interest income		**(3,602)**	(3,279)
Amortization of other assets and intangible assets		**5,624**	2,274
Lease obligation interest		**140**	137
Deferred unit compensation expense, net of redemptions	11	**578**	(574)
LTIP amortization, net of payment	11	**(764)**	—
Cash interest paid	9(d)	**(35,344)**	(29,188)
Interest received		**2,880**	592
Expenditures on direct leasing costs and tenant incentives		**(1,061)**	(855)
Expenditures on tenant incentives for properties under development		**(272)**	(710)
Changes in other non-cash operating items	18	**(1,300)**	(11,251)
Cash flows provided by operating activities		**79,485**	79,162
Financing activities			
Repayment of unsecured debentures	9(b)	**(300,000)**	—
Proceeds from issuance of unsecured debt		**4,526**	460,000
Repayments of secured debt		**(57,823)**	(11,923)
Repayments of other unsecured debt		**(2,586)**	—
Distributions paid on Trust Units		**(66,884)**	(49,896)
Distributions paid on non-controlling interests and Units classified as liabilities		**(16,230)**	(12,601)
Payment of lease liability		**(468)**	(44)
Cash flows (used in) provided by financing activities		**(439,465)**	385,536
Investing activities			
Acquisitions and Earnouts of investment properties	3	**(12,930)**	(541)
Additions to investment properties		**(22,958)**	(20,908)
Additions to equity accounted investments		**(385)**	(51,842)
Additions to equipment	7	**(45)**	(105)
Advances of mortgages and loans receivable	5	**(6,791)**	(7,211)
Repayments of mortgages and loans receivable		**3,960**	—
Net proceeds from sale of investment properties		**4,483**	—
Cash flows used in investing activities		**(34,666)**	(80,607)
(Decrease) increase in cash and cash equivalents during the period		**(394,646)**	384,091
Cash and cash equivalents – beginning of period		**794,594**	55,374
Cash and cash equivalents – end of period		**399,948**	439,465

Supplemental cash flow information (see Note 18)

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

SMARTCENTRES REAL ESTATE INVESTMENT TRUST

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

For the three months ended March 31, 2021 and March 31, 2020
(in thousands of Canadian dollars)

		Attributable to Unitholders			Attributable to LP Units Classified as Non-Controlling Interests				
	Note	Trust Units (Note 13)	Retained Earnings	Unit Equity	LP Units (Note 13)	Retained Earnings	LP Unit Equity	Other Non-Controlling Interest (Note 19)	Total Equity
Equity – January 1, 2021		**3,090,188**	**1,227,169**	**4,317,357**	**640,206**	**205,927**	**846,133**	**3,485**	**5,166,975**
Issuance of Units	13	**—**	**—**	**—**	**1,161**	**—**	**1,161**	**—**	**1,161**
Unit issuance costs		**(18)**	**—**	**(18)**	**—**	**—**	**—**	**—**	**(18)**
Net income and comprehensive income		**—**	**50,761**	**50,761**	**—**	**9,694**	**9,694**	**104**	**60,559**
Distributions	14	**—**	**(66,883)**	**(66,883)**	**—**	**(11,808)**	**(11,808)**	**—**	**(78,691)**
Equity – March 31, 2021		**3,090,170**	**1,211,047**	**4,301,217**	**641,367**	**203,813**	**845,180**	**3,589**	**5,149,986**
Equity – January 1, 2020		3,072,821	1,419,857	4,492,678	633,358	238,541	871,899	3,175	5,367,752
Issuance of Units	13	17,354	—	17,354	—	—	—	—	17,354
Unit issuance costs		(23)	—	(23)	—	—	—	—	(23)
Net income and comprehensive income		—	53,920	53,920	—	10,180	10,180	101	64,201
Distributions	14	—	(67,318)	(67,318)	—	(11,631)	(11,631)	—	(78,949)
Equity – March 31, 2020		3,090,152	1,406,459	4,496,611	633,358	237,090	870,448	3,276	5,370,335

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

SMARTCENTRES REAL ESTATE INVESTMENT TRUST

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021 and March 31, 2020
(in thousands of Canadian dollars, except Unit, square foot and per Unit amounts)

1. Organization

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

These unaudited interim condensed consolidated financial statements have been approved for issue by the Board of Trustees on May 12, 2021. The Board of Trustees has the power to amend the unaudited interim condensed consolidated financial statements after issue.

As at March 31, 2021, the Penguin Group of Companies (“Penguin”), owned by Mitchell Goldhar, owned approximately 21.5% (December 31, 2020 – 21.4%) of the issued and outstanding Units of the Trust and Limited Partnerships (see also Note 19, “Related party transactions”).

2. Summary of significant accounting policies

2.1 Basis of presentation

These unaudited interim condensed consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of unaudited interim condensed consolidated financial statements, International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). The unaudited interim condensed consolidated financial statements contain disclosures that are supplemental to the Trust’s annual consolidated financial statements. They do not include all the information and disclosures required by IFRS applicable for annual consolidated financial statements and, therefore, they should be read in conjunction with the annual audited consolidated financial statements as at and for the years ended December 31, 2020 and 2019.

2.2 Accounting policies

The accounting policies followed in these unaudited interim condensed consolidated financial statements are consistent with the policies and method of their application used in the preparation of the audited consolidated financial statements as at and for the years ended December 31, 2020 and 2019, with the following additions:

Total return swap (“TRS”)

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

The total return to the Trust includes the total return generated by the underlying notional Trust Units, plus any appreciation, if there is any, in the market value of the notional Trust Units, less the amount equal to any depreciation, if there is any, in the market value of the underlying notional Trust Units. The total return swap agreement requires the exchange of net contractual payments periodically without the exchange of the notional principal amounts on which the payments are based. Changes in market value are recorded in the net income and comprehensive income. The Trust has funded the total return swap agreement by a loan from the counterparty. The loan is measured at amortized cost.

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

The Trust's accounting policy for the initial recognition of its total return swap agreement is included under Note 2.11 of the Trust's consolidated financial statements for the year ended December 31, 2020.

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

	Classification under IFRS 9
Financial asset	
Total return swap agreement	FVTPL

Interest Rate Benchmark Reform
On January 1, 2021, the Trust has adopted amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 as issued in August 2020. There was no impact to the Trust's unaudited interim condensed consolidated financial statements on adoption.

Reclassification of comparative figures
The comparative figures relating to the long term incentive plan ("LTIP") liability, in the amount of $1,540, have been reclassified from other payables (see also Note 10, "Accounts and other payables") to other financial liabilities (see also Note 11, "Other financial liabilities") to conform with the current period presentation.

3. Acquisitions and Earnouts

Acquisitions and Earnouts completed during the three months ended March 31, 2021

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

b) During the three months ended March 31, 2021, pursuant to development management agreements referred to in Note 4, "Investment properties" (see also Note 19, "Related party transactions"), the Trust completed the purchase of:

   i) An Earnout transaction on a parcel of land totalling 13.2 acres located in Niagara Falls, Ontario. The purchase price was $1,415, of which $466 was satisfied through the issuance of 19,954 Class B Series 6 Smart LP III Units (see also Note 11(b)) and the balance was paid in cash, adjusted for other working capital amounts. This parcel of land was subsequently disposed (see also, Note 4, "Investment properties").

   ii) An Earnout totalling 2,416 square feet of development space in Aurora, Ontario with a purchase price of $723, of which $695 was satisfied through the issuance of 26,317 Class B Series 1 LP IV Units (see also Note 11(b)) and the balance paid in cash, adjusted for other working capital amounts.

The following table summarizes the consideration for Acquisitions and Earnouts completed for the three months ended March 31, 2021:

	Note	**Acquisitions**	**Earnouts**	**Total**
Cash		**12,222**	**708**	**12,930**
LP Units issued	4(d)(ii)	**—**	**1,161**	**1,161**
Adjustments for other working capital amounts		**15**	**269**	**284**
		12,237	**2,138**	**14,375**

Acquisitions and Earnouts completed during the three months ended March 31, 2020

During the three months ended March 31, 2020, pursuant to development management agreements referred to in Note 4, "Investment Properties" (see also Note 19, "Related party transactions), the Trust completed the purchase of Earnouts totalling 1,936 square feet of development space with a purchase price of $291, of which $77 was satisfied through the issuance of 3,822 Class F Series 3 Smart LP Units (see also Note 11, "Other financial liabilities") and the balance paid in cash, adjusted for other working capital amounts.

The following table summarizes the consideration for Acquisitions and Earnouts completed for the three months ended March 31, 2020:

	Note	Total
Cash		541
LP Units issued	4(d)(ii)	77
Amounts previously funded and other adjustments		(327)
		291

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

See also Note 6, “Equity accounted investments”, for additional details on acquisitions/new property contributions reflected in equity accounted investments.

4. Investment properties

The following table summarizes the activities in investment properties:

		Three Months Ended March 31, 2021			Year Ended December 31, 2020		
	Note	**Income Properties**	**Properties Under Development**	**Total**	Income Properties	Properties Under Development	Total
Balance – beginning of period		**8,267,430**	**582,960**	**8,850,390**	8,488,669	561,397	9,050,066
Additions (deductions):							
Acquisitions, Earnouts and related adjustments of investment properties		**(260)**	**13,402**	**13,142**	—	21,678	21,678
Earnout Fees on properties subject to development management agreements	4(d)(ii)	**683**	**—**	**683**	291	—	291
Transfer to income properties from properties under development		**2,450**	**(2,450)**	**—**	39,748	(39,748)	—
Transfer from income properties to properties under development		**(2,400)**	**2,400**	**—**	(70,236)	70,236	—
Transfer from properties under development to equity accounted investments		**—**	**(6,850)**	**(6,850)**	—	(6,125)	(6,125)
Capital expenditures		**2,093**	**—**	**2,093**	8,445	—	8,445
Leasing costs		**—**	**—**	**—**	1,732	—	1,732
Development expenditures		**—**	**19,515**	**19,515**	—	50,728	50,728
Capitalized interest		**—**	**3,692**	**3,692**	—	17,689	17,689
Dispositions		**—**	**(7,739)**	**(7,739)**	—	(19,063)	(19,063)
Fair value adjustment on revaluation of investment properties	22	**(22,878)**	**4,119**	**(18,759)**	(201,219)	(73,832)	(275,051)
Balance – end of period		**8,247,118**	**609,049**	**8,856,167**	8,267,430	582,960	8,850,390

The historical costs of both income properties and properties under development as at March 31, 2021 totalled $6,574,001 and $819,165, respectively (December 31, 2020 – $6,570,845 and $793,666, respectively).

Secured debt with a carrying value of $1,276,917 (December 31, 2020 – $1,327,760) is secured by investment properties with a fair value of $2,945,267 (December 31, 2020 – $3,014,790).

Presented separately from investment properties is $77,723 (December 31, 2020 – $81,511) of net straight-line rent receivables and tenant incentives (these amounts are included in “Other assets”, see Note 7) arising from the recognition of rental revenues on a straight-line basis and amortization of tenant incentives over the respective lease terms. The fair value of investment properties has been reduced by these amounts.

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

i) Income properties

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

ii) Properties under development

For the three months ended March 31, 2021, the Trust applied a change in the valuation method used to estimate the value of properties under development. Properties under development are valued using two primary methods: (i) discounted cash flow method less construction costs to complete development, leasing costs and other fees, and Earnout Fees, if any; or (ii) with reference to land, development and construction costs recorded at market value, factoring in development risks such as planning, zoning, timing and market conditions. The Trust changed its valuation method as it believes that the discounted cash flow valuation method represents the Trust's estimate of fair values of properties under development based on expectations of changes in rental rates, occupancy rates, lease renewal rates, downtime on lease expiries, among others, as a result of the impact of COVID-19. This change in valuation method for properties under development also aligns with the valuation method used to determine fair value for income properties.

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

			March 31, 2021			
			Terminal Capitalization Rate		**Discount Rate**	
Class	**Valuation Method**	**Carrying Value**	**Weighted Average (%)**	**Range (%)**	**Weighted Average (%)**	**Range (%)**
Income properties	Discounted cash flow	**8,247,118**	**5.94**	**4.25 – 7.79**	**6.46**	**4.65 – 8.54**

Class	**Valuation Method**	**Carrying Value**	**Weighted Average Discount Rate (%)**
Properties under development	Land, development and construction costs recorded at market value	**441,749**	**N/A**
	Discounted cash flow	**167,300**	**6.63**
		609,049	
Balance – end of period		**8,856,167**	

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

Class	Valuation Method	Carrying Value	Weighted Average Capitalization Rate (%)
Properties under development	Land, development and construction costs recorded at market value	416,964	N/A
	Direct income capitalization	165,996	6.22
		582,960	
Balance – end of period		8,850,390	

The estimates of fair value are most sensitive to changes in the discount rates and forecasted future cash flows for each property. The sensitivity analysis in the table below indicates the approximate impact on the fair values of the Trust's investment property portfolio resulting from changes in discount rates and in assuming no changes in other assumptions.

Rate Sensitivity (%)	**(1.00)**	**(0.50)**	**(0.25)**	**+0.25**	**+0.50**	**+1.00**
Increase (decrease) in fair value of income properties due to:						
Changes in discount rates	1,779,000	804,600	384,300	(353,900)	(678,200)	(1,256,400)

Forecasted Future Cash Flows Sensitivity (%)	**(10.00)**	**(5.00)**	**(2.50)**	**+2.50**	**+5.00**	**+10.00**
Increase (decrease) in fair value of income properties due to:						
Changes in forecasted future cash flows	(837,800)	(419,300)	(210,100)	208,700	418,000	836,200

b) Dispositions

Disposition of investment properties during the three months ended March 31, 2021

In January 2021, the Trust sold a parcel of land totalling 13.2 acres located in Niagara Falls, Ontario, for gross proceeds of $4,725, of which $1,415 was paid in cash and the balance was granted as an interest-bearing loan to the purchaser. See also Note 3, “Acquisitions and Earnouts” and Note 5, “Mortgages, loans and notes receivable”.

In February 2021, the Trust contributed its interest in a parcel of land totalling 1.5 acres located in Brampton, Ontario for a value of $3,250 to a joint venture, Kingspoint Self Storage LP, for development of a self-storage facility (see also, Note 6(b)).

In March 2021, the Trust sold a parcel of land totalling 2.4 acres located in Mascouche, Quebec, for gross proceeds of $3,068, which was satisfied by cash.

In March 2021, the Trust contributed its interest in a parcel of land totalling 2.7 acres located in Mascouche, Quebec for a value of $3,600 to a joint venture, Mascouche North Apartments Limited Partnership, for development of a rental apartment complex (see also, Note 6(b)).

Disposition of investment properties during the three months ended March 31, 2020

There were no dispositions of investment properties during the three months ended March 31, 2020.

c) Leasehold property interests

At March 31, 2021, 16 (December 31, 2020 – 16) investment properties with a fair value of $972,205 (December 31, 2020 – $978,410) are leasehold property interests accounted for as leases.

i) Leasehold property interests without bargain purchase options

The Trust prepaid its entire lease obligations for the 14 leasehold interests with Penguin noted above (see also Note 19, “Related party transactions”) in the amount of $889,931 (December 31, 2020 – $889,931), including prepaid land rent of $229,846 (December 31, 2020 – $229,846).

ii) Leasehold property interests with bargain purchase options

One leasehold interest commenced in 2003 under the terms of a 35-year lease with Penguin (see also Note 19, “Related party transactions”). The lease requires a $10,000 payment at the end of the lease term in 2038 to exercise a purchase option, which is considered to be a bargain purchase option. The Trust prepaid its entire lease obligation for this property of $57,997 (December 31, 2020 – $57,997). As the Trust expects to exercise the purchase option in 2038, the purchase option price has been included in accounts payable in the amount of $2,002 (December 31, 2020 – $1,957), net of imputed interest at 9.18% of $7,998 (December 31, 2020 – $8,043) (see also Note 10, “Accounts and other payables”).

A second leasehold interest was acquired on February 11, 2015 and includes a land lease that expires on September 1, 2054. The land lease requires monthly payments ranging from $450 to $600 annually until September 1, 2054, and a $6,000 payment between September 1, 2023 and September 1, 2025 to exercise a purchase option that is considered to be a bargain purchase option. As the Trust expects to exercise the purchase option on September 1, 2023, the purchase option price and the monthly payments up to September 1, 2023 have been included in accounts payable, net of imputed interest at 6.25% of $932 (December 31, 2020 – $1,027), in the amount of $6,193 (December 31, 2020 – $6,211) (see also Note 10, “Accounts and other payables”).

d) Properties under development

The following table presents properties under development:

As at	**March 31, 2021**	December 31, 2020
Properties under development not subject to development management agreements (i)	**546,558**	521,149
Properties under development subject to development management agreements (ii)	**62,491**	61,811
	609,049	582,960

For the three months ended March 31, 2021, the Trust capitalized a total of $3,692 (three months ended March 31, 2020 – $4,533) of borrowing costs related to properties under development.

i) Properties under development not subject to development management agreements

During the three months ended March 31, 2021, the Trust completed the development and leasing of certain properties under development not subject to development management agreements, for which the value of land and development costs incurred has been reclassified from properties under development to income properties.

For the three months ended March 31, 2021, the Trust incurred land and development costs of $2,411 (three months ended March 31, 2020 – $8,636).

ii) Properties under development subject to development management agreements

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

In certain events, the developer/vendor may sell a portion of undeveloped land to accommodate the construction plan that provides the best use of the property, reimbursing the Trust its costs related to such portion, and provides a profit based on a pre-negotiated formula. Pursuant to the development management agreements, the developers/vendors assume responsibility for managing the development of the land on behalf of the Trust and are granted the right for a period of up to 10 years to earn an Earnout Fee (subject to options and extensions in certain circumstances). On completion and rental of additional space on these properties, the Trust is obligated to pay the Earnout Fee and to purchase the additional developments, at a total price calculated by a formula using the net operating rents and predetermined negotiated capitalization rates, on the date rent becomes payable on the additional space (“Gross Cost”). The Earnout Fee is calculated as the Gross Cost less the associated land and development costs incurred by the Trust.

For certain of these properties under development, Penguin and others have been granted Earnout options that give them the right, at their option, to invest up to 40% of the Earnout Fee for one of the agreements and up to 30% to 40% of the Gross Cost for the remaining agreements in Trust Units, Class B, D and F Smart LP Units, Class B and D Smart LP III Units, Class B Smart LP IV Units, Class B and D Smart Oshawa South LP Units, Class B and D Smart Oshawa Taunton LP Units, Class B Smart Boxgrove LP Units and Class B ONR LP I Units at predetermined option strike prices subject to a maximum number of units. On December 9, 2020, the Trust entered into an Omnibus Settlement Agreement with Mitchell Goldhar that provided a right to extend the terms of certain Earnout agreements for an additional two years. As a result, the Earnout agreements for Earnout options that were originally set to expire between 2020 to 2025 may be extended to 2022 to 2027. See also Note 11, “Other financial liabilities”.

The following table summarizes the Earnout options that were elected to exercise which resulted in proceeds (see also Note 11(b)):

		Three Months Ended March 31	
Unit Type	Class and Series	**2021**	2020
Smart Limited Partnership	Class F Series 3	**—**	77
Smart Limited Partnership III	Class B Series 6	**466**	—
Smart Limited Partnership IV	Class B Series 1	**695**	—
		1,161	77

The following table summarizes the development costs incurred (exclusive of the cost of land previously acquired) and Earnout Fees paid to vendors relating to the completed retail spaces (see also Note 3, “Acquisitions and Earnouts”) that have been reclassified to income properties:

	Three Months Ended March 31	
	2021	2020
Development costs incurred	**1,126**	—
Earnout Fees paid	**683**	291
	1,809	291

5. Mortgages, loans and notes receivable

The following table summarizes mortgages, loans and notes receivable:

As at	Note	**March 31, 2021**	December 31, 2020
Mortgages receivable (a)	19	**143,841**	144,205
Loans receivable (b)		**249,996**	241,683
Notes receivable (c)	19	**2,924**	2,924
		396,761	388,812
Current		**122,580**	125,254
Non-current		**274,181**	263,558
		396,761	388,812

a) Mortgages receivable of $143,841 (December 31, 2020 – $144,205) are provided pursuant to agreements with Penguin (see also Note 19, "Related party transactions"). These amounts are provided to fund costs associated with both the original acquisition and development of seven (December 31, 2020 – seven) properties across Ontario, Quebec and British Columbia. The Trust is committed to lend up to $311,083 (December 31, 2020 – $312,778) to assist with the further development of these properties.

The following table provides further details on the mortgages receivable (by maturity date) provided to Penguin:

Property	**Committed**	**Maturity Date**	**Extended Maturity Date**[3]	**Annual Variable Interest Rate at Period-End (%)**	**Purchase Option of Property (%)** [1]	**March 31, 2021**	December 31, 2020
Aurora (South), ON[5]	38,964	March 2022	August 2028	3.41	50.00	**17,001**	16,858
Innisfil, ON[2][7]	39,740	May 2022	August 2028	4.15	—	**22,392**	22,164
Salmon Arm, BC[2][4]	30,080	May 2022	August 2028	4.15	—	**15,528**	15,370
Pitt Meadows, BC[6]	85,653	November 2023	August 2028	3.81	50.00	**30,958**	30,669
Vaughan (7 & 427), ON[5]	36,100	December 2023	August 2028	3.53	50.00	**19,073**	18,908
Caledon (Mayfield), ON[7]	26,689	April 2024	August 2028	3.67	50.00	**10,457**	10,363
Toronto (StudioCentre), ON[2][6]	53,857	June 2024	August 2028	3.58	25.00	**28,432**	29,873
	311,083			**3.76** [8]		**143,841**	144,205

(1) The Trust has a purchase option from the borrower in these properties upon a certain level of development and leasing being achieved. As at March 31, 2021, it is management's expectation that the Trust will exercise these purchase options.
(2) The Trust owns a 50% interest in these properties, with the other 50% interest owned by Penguin. These loans are secured against Penguin's interest in the property.
(3) The maturity date for this mortgage is 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 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) Represents the weighted average interest rate.

Mortgages receivable amendments

The mortgages receivable commitments for Mirabel (Shopping Centre), Quebec and Mirabel (Option Lands), Quebec, which had never been drawn, have been terminated effective November 5, 2020.

On December 9, 2020, the maturity dates of all mortgages receivable outstanding, including purchase options where applicable, were extended up to August 31, 2028. These extensions were provided principally because of delays associated with market conditions, anticipated municipal and related approvals, and development-related complexities. The committed facilities on these mortgages receivable were amended to reflect an increase from $279,048 to $312,778 which has been reduced to $311,083 resulting from $1,695 in payments received during the three months ended March 31, 2021.

In addition, the interest rates on these mortgages receivable were amended pursuant to independent opinions obtained that provided current market-based interest rates for such loans with similar security. Interest on these mortgages accrues monthly as follows: from December 9, 2020 to the maturity date of each mortgage, at a variable rate based on the 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 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 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 $107,840 (December 31, 2020 – $109,171) on the existing credit facilities may be accrued on certain of the mortgages receivable before cash interest must be paid.

The mortgage security includes a first or second charge on properties, assignments of rents and leases and general security agreements. In addition, $143,841 (December 31, 2020 – $144,205) of 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 March 31	
	2021	2020
Balance – beginning of period	**144,205**	138,762
Interest accrued	**1,331**	1,870
Interest payments	**(1,695)**	—
Balance – end of period	**143,841**	140,632

b) The following table presents loans receivable (by maturity date):

Issued to	**Committed**	**Maturity Date**	**Interest Rate (%)**	**Note**	**March 31, 2021**	December 31, 2020
Penguin(1)	N/A	January 2021	Interest-free	19	**—**	3,460
Penguin(2)	19,148	June 2021	Variable	19	**9,388**	9,349
Penguin(3)	26,227	June 2021	Variable	19	**14,686**	14,587
Penguin(4)	N/A	December 2029	Interest-free	19 ,9(b)(iii)	**77,335**	76,747
Total loans issued to Penguin					**101,409**	104,143
PCVP(5)	N/A	June 2021	2.76	19	**95,656**	95,008
Self-storage facilities(6)	65,500	July 2023	Variable		**46,773**	39,682
Total loans issued to equity accounted investments					**142,429**	134,690
Selection Group(7)	N/A	April 2021	Variable		**2,850**	2,850
Other(8)	N/A	January 2023	5.00		**3,308**	—
Greenwin(9)	11,694	September 2024	Variable		**—**	—
Greenwin(10)	1,280	January 2025	Variable		**—**	—
Total loans issued to unrelated parties					**6,158**	2,850
					249,996	241,683

(1) In August 2020, this non-interest bearing, unsecured loan was issued to the holders of Class G Series 1 Units of Smart Boxgrove LP in the amount of $3,460 pursuant to the amended and restated Smart Boxgrove Limited Partnership agreement. Such loan had limited recourse up to the amount of $3,460 and was due and payable on or before the fifth business day after year end (December 31, 2020). As such, in January 2021, Smart Boxgrove LP made a distribution to the holders of Class G Series 1 Units in an amount equal to the outstanding loan amount, which was set-off to repay the aggregate amount of loans issued.

(2) This loan receivable was provided pursuant to a development management agreement with Penguin with a total loan facility of $19,148. Repayment of the pro rata share of the outstanding loan amount is due upon the completion of each Earnout event. The loan bears interest at 10 basis points plus the lower of: (i) the Canadian prime rate plus 45 basis points, and (ii) the Canadian Dealer Offer Rate plus 145 basis points.

(3) In March 2019, the Trust entered into a loan agreement with Penguin for a non-revolving principal advance facility of $13,227 and a non-revolving construction facility of $13,000, which combine for a total loan facility of $26,227, bearing interest accruing at a fixed rate of 2.76% and a variable rate based on banker's acceptance rate plus 150 basis points, respectively. The loan security includes a first or second charge on the property, assignments of rents and leases and general security agreements, and is guaranteed by Penguin. The principal advance facility was advanced in full in March 2019. Unless prepaid in accordance with the terms of the loan agreement, principal and any accrued and unpaid interest in respect of the loan receivable shall be repaid in full in June 2021.

(4) This loan receivable relates to the acquisition of a parcel of land in Vaughan, Ontario, through PCVP in December 2019 ("700 Applewood purchase"). In March 2020, the Trust assumed this loan receivable from Penguin in regards to PCVP. The loan has a principal amount outstanding of $103,264, is non-interest bearing, and is repayable at the end of 10 years. As at March 31, 2021, the loan balance of $77,336 is net of a cumulative fair value adjustment totalling $25,928. See also Note 9(b)(iii) reflecting the corresponding non-interest bearing loan payable amount.

(5) In April 2019, the Trust entered into a loan agreement with PCVP (in which the Trust has a 50% interest) for a total loan facility of $90,600, bearing interest accruing at 2.76% per annum. The loan security includes a first or second charge on properties, assignments of rents and leases and general security agreements, and is guaranteed by Penguin up to its 50% share of the loan. This loan facility was advanced in full in April 2019. Unless prepaid in accordance with the terms of the loan agreement, principal and any accrued and unpaid interest in respect of the loan receivable shall be repaid in full in June 2021. The Trust reflects the activity from the PCVP as an equity accounted investment (see also Note 6, "Equity accounted investments") and 100% of the loan provided to the PCVP is recorded in the consolidated financial statements for the three months ended March 31, 2021.

(6) In July 2020, the Trust entered into a loan agreement with its partner SmartStop to provide funding for the development of self-storage facilities. The loan agreement matures in July 2023 and bears interest at a variable rate based on banker's acceptance rate plus 245 basis points. See further details in Note 6(b).

(7) In April 2020, the Trust entered into a loan agreement, with Selection Group, whereby the Trust loaned Selection Group funds for the acquisition of development lands in Ottawa, Ontario (see also Note 6, "Equity accounted investments") for a non-revolving term acquisition credit facility of $2,850. This loan has been contributed by Selection Group to a joint venture with the Trust. This loan will mature at the earlier of: (i) the date of the first disbursement of the construction financing, and (ii) the date 12 months from the date of obtaining an advance of the facility and bears interest at the prime rate of interest plus 2% per annum. The maturity date of this loan is expected to be extended.

(8) In January 2021, the Trust entered into a loan agreement pursuant to the closing of the Niagara Falls parcel sale to a third party. The Trust agreed to take back a first charge of the purchase price. The loan agreement matures in January 2023 and bears interest at 5% per annum, calculated semi-annually.

(9) In September 2019, the Trust entered into a loan agreement with Greenwin to use in acquiring a 50% interest in development lands in Barrie, Ontario. As at March 31, 2021, the total remaining credit facility was $11,694. The loan security includes a first charge on the development lands and is guaranteed by Greenwin. This loan matures in September 2024, and bears interest at the greater of: (i) 7.0% per annum, and (ii) the Trust's weighted average cost of capital plus 1.25% per annum. In August 2020, Greenwin repaid this loan in advance of the maturity date.

(10) In January 2020, the Trust entered into a loan agreement with Greenwin, whereby the Trust assisted Greenwin to fund its 25% interest in development lands in Toronto, Ontario (see also Note 6, "Equity accounted investments"). As at March 31, 2021, the total remaining non-revolving term acquisition credit facility was $1,280. The loan agreement also includes a non-revolving put exercise credit facility in an amount equal to the put purchase price plus any associated closing costs at the time of exercise. The loan security includes a first charge on the development lands and is guaranteed by Greenwin. This loan matures in January 2025, and bears interest at the greater of: (i) 7.0% per annum, and (ii) the Trust's weighted average cost of capital plus 1.25% per annum. In August 2020, Greenwin repaid this loan in advance of the maturity date.

The following table illustrates the activity in loans receivable:

	Three Months Ended March 31	
	2021	2020
Balance – beginning of period	**241,683**	131,119
Loans issued[1]	**3,308**	85,238
Advances	**6,791**	259
Interest accrued	**1,086**	816
Fair value adjustments[2]	**1,088**	—
Repayments	**(3,960)**	—
Balance – end of period	**249,996**	217,432

(1) During the three months ended March 31, 2021, a vendor take-back loan was issued to an unrelated party totalling $3,308, as described in footnote 8 in the table above (March 31, 2020 – Includes loans issued to Penguin totalling $78,286).

(2) Represents the fair value adjustment of $1,088 recorded during the three months ended March 31, 2021 (three months ended March 31, 2020 – $nil) in connection with the loan issued as part of the 700 Applewood purchase. See details in footnote 4 in table above.

c) Notes receivable of $2,924 (December 31, 2020 – $2,924) have been granted to Penguin (see also Note 19, "Related party transactions"). As at March 31, 2021, these secured demand notes bear interest at the rate of 9.00% per annum (December 31, 2020 – 9.00%).

The estimated fair values of mortgages, loans and notes receivable are based on their respective current market rates, bearing similar terms and risks. This information is disclosed in Note 12, "Fair value of financial instruments".

6. Equity accounted investments

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

	Three months ended March 31, 2021			Year Ended December 31, 2020		
	Investment in Associates	**Investment in Joint Ventures**	**Total**	Investment in Associates	Investment in Joint Ventures	Total
Investment – beginning of period	**354,992**	**108,212**	**463,204**	294,499	50,877	345,376
Operating Activities:						
Earnings (losses)	**7,931**	**7,387**	**15,318**	62,369	(397)	61,972
Distributions from operations[1]	**(53,324)**	**(108)**	**(53,432)**	(3,987)	(783)	(4,770)
Financing Activities:						
Fair value adjustment on loan	**982**	**—**	**982**	4,218	—	4,218
Loan repayment	**—**	**—**	**—**	(3,987)	—	(3,987)
Investing Activities:						
Cash contribution (distributions)	**(498)**	**883**	**385**	4,061	(7,121)	(3,060)
Property contribution	**—**	**6,850**	**6,850**	—	2,036	2,036
Acquisition and related costs[2]	**—**	**—**	**—**	(2,181)	63,600	61,419
Investment – end of period	**310,083**	**123,224**	**433,307**	354,992	108,212	463,204

(1) During the three months ended March 31, 2021, the distribution in the amount of $52,824 was satisfied by a non-cash settlement of the PCVP loan payable (see Note 9(b)(iii)).
(2) Represents the contribution of funds to acquire an interest in equity accounted investments.

a) Investment in associates

The following table summarizes the Trust's ownership interest in investment in associates as reflected in the Trust's unaudited interim condensed consolidated financial statements:

		Ownership Interests (%)	
As at	Principal Intended Activity	**March 31, 2021**	December 31, 2020
PCVP	Own, develop and operate investment properties	**50.0**	50.0
Residences LP	Own, develop and sell two residential condominium towers and 22 townhomes (Transit City 1 and 2)	**25.0**	25.0
Residences III LP	Own, develop and sell a residential condominium tower (Transit City 3)	**25.0**	25.0
East Block Residences LP	Own, develop and sell two residential condominium towers (Transit City 4 and 5)	**25.0**	25.0

In 2012, the Trust entered into the Penguin-Calloway Vaughan Partnership ("PCVP") with Penguin (see also Note 19, "Related party transactions") to develop the Vaughan Metropolitan Centre ("SmartVMC"), which is expected to consist of approximately 11.0 million square feet of mixed-use space once fully developed, on 53 acres of development land in Vaughan, Ontario.

In 2017, the Trust entered into the VMC Residences Limited Partnership ("Residences LP") and VMC Residences III Limited Partnership ("Residences III LP") with Penguin and CentreCourt Developments, to develop three residential condominium towers and a related parking facility, located on the SmartVMC site.

In 2018, the Trust entered into the VMC East Block Residences Limited Partnership ("East Block Residences LP") with Penguin and CentreCourt Developments, to develop two additional residential condominium towers, located on the SmartVMC site.

In 2019, the Trust acquired, through PCVP, a 50% interest in a parcel of land ("700 Applewood") with approximately 15.5 acres in Vaughan, Ontario, proximate to SmartVMC available for development, which is a 50:50 joint arrangement with Penguin, for a purchase price of $109,218 paid in cash, adjusted for other working capital amounts.

In connection with this acquisition, an interest-free loan receivable with a principal amount of $103,264 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 5(b), footnote 4), along with an offsetting non-interest bearing note payable of an equal amount (see Note 9(b)(iii), footnote 2).

Note that the limited partnerships involved in residential condominium developments, as noted in the above table: Residences LP, Residences III LP and East Block Residences LP, are hereinafter collectively referred to as "VMC Residences".

i) Summary of balance sheets

The following table summarizes the balance sheets for investment in associates:

As at	**March 31, 2021**			December 31, 2020		
	PCVP	**VMC Residences**	**Total**	PCVP	VMC Residences	Total
Non-current assets	**944,857**	**2,270**	**947,127**	920,064	—	920,064
Current assets	**18,978**	**441,185**	**460,163**	20,019	632,691	652,710
Total assets	**963,835**	**443,455**	**1,407,290**	940,083	632,691	1,572,774
Non-current liabilities[1]	**188,056**	**36,471**	**224,527**	171,382	28,268	199,650
Current liabilities	**188,501**	**350,878**	**539,379**	197,187	360,690	557,877
Total liabilities	**376,557**	**387,349**	**763,906**	368,569	388,958	757,527
Net assets	**587,278**	**56,106**	**643,384**	571,514	243,733	815,247
Trust's share of net assets before adjustments	**293,639**	**10,893**	**304,532**	285,757	60,934	346,691
Trust's additional investment	**—**	**4,179**	**4,179**	—	6,862	6,862
Fair value adjustment on loan	**1,372**	**—**	**1,372**	1,439	—	1,439
Trust's share of net assets	**295,011**	**15,072**	**310,083**	287,196	67,796	354,992

(1) Balance as at March 31, 2021 includes loan payable to the Trust of $95,656 (December 31, 2020 – $95,008), see also Note 5(b).

The following table summarizes existing commitments with various development construction contracts:

As at	**March 31, 2021**		December 31, 2020	
	Commitments	**Trust's Share**	Commitments	Trust's Share
PCVP	**32,405**	**16,202**	25,070	12,535
Residences LP	**269**	**67**	9,199	2,300
Residences III LP	**3,697**	**924**	15,449	3,862
East Block Residences LP	**143,481**	**35,870**	86,554	21,638
	179,852	**53,063**	136,272	40,335

ii) Summary of earnings

The following tables summarize the earnings for investment in associates:

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	PCVP	**VMC Residences**	**Total**	PCVP	VMC Residences	Total
Revenue						
Rental revenue(1)	**6,937**	**—**	**6,937**	7,553	1,835	9,388
Condominium sales revenue	**—**	**675**	**675**	—	—	—
Operating expense						
Rental operating costs	**(2,926)**	**—**	**(2,926)**	(3,044)	—	(3,044)
Condominium cost of sales	**—**	**(394)**	**(394)**	—	—	—
Revenue net of operating expense	**4,011**	**281**	**4,292**	4,509	1,835	6,344
Fair value adjustment on revaluation of investment properties	**13,344**	**—**	**13,344**	5,378	—	5,378
Interest expense	**(1,666)**	**—**	**(1,666)**	(1,442)	—	(1,442)
Earnings	**15,689**	**281**	**15,970**	8,445	1,835	10,280
Trust's share of earnings (losses) before supplemental cost and additional profit sharing	**7,846**	**70**	**7,916**	4,224	458	4,682
Additional Trust's share of earnings(2)	**—**	**16**	**16**	—	—	—
Supplemental cost	**(1)**	**—**	**(1)**	(398)	—	(398)
Trust's share of earnings	**7,845**	**86**	**7,931**	3,826	458	4,284

(1) Includes office rental revenue from the Trust in the amount of $677 for the three months ended March 31, 2021 (three months ended March 31, 2020 – $651).
(2) Additional profit allocated to the Trust for Transit City 1 and 2 closings pursuant to the development agreement and limited partnership agreement.

In accordance with the Supplemental Development Fee Agreement, the Trust invoiced PCVP a net amount of $2 related to associated development fees for the three months ended March 31, 2021 (three months ended March 31, 2020 – $796).

iii) Summary of development credit facilities

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

The following table shows the development facilities available:

As at	**March 31, 2021**	December 31, 2020
Development facilities – beginning of period	**796,740**	768,302
Reduction	**—**	(36,072)
Repayments and adjustments	**—**	(204,390)
Letters of credit released	**(111)**	(1,100)
Additional development credit facilities obtained	**—**	270,000
Development facilities – end of period	**796,629**	796,740
Amount drawn on development credit facility	**(260,198)**	(227,327)
Letters of credit – outstanding	**(79,879)**	(79,816)
	456,552	489,597
Trust's share of remaining unused development credit facilities	**164,788**	177,884

The PCVP and VMC Residences had the following credit facilities available:

As at			**March 31, 2021**		December 31, 2020	
	Maturity in	**Annual Interest Rate (%)[1]**	**Facility Amount**	**The Trust's Share**	Facility Amount	The Trust's Share
PCVP						
Development credit facility	December 2022	BA + 1.35	**15,876**	**7,938**	15,876	7,938
Development credit facility	June 2021	BA + 1.45	**48,500**	**24,250**	48,500	24,250
Construction credit facility	August 2022	BA + 2.20	**270,000**	**135,000**	270,000	135,000
Letters of credit facility	May 2021	0.75	**35,000**	**17,500**	35,000	17,500
			369,376	**184,688**	369,376	184,688
VMC Residences						
Development credit facility	December 2021	BA + 1.75	**14,512**	**3,628**	14,512	3,628
Development credit facility	February 2022	BA + 1.75	**132,577**	**33,144**	132,688	33,172
Development credit facility	September 2023	BA + 1.60	**280,164**	**70,041**	280,164	70,041
			427,253	**106,813**	427,364	106,841
			796,629	**291,501**	796,740	291,529

(1) Annual interest rate is a function of banker's acceptance ("BA") rates plus a premium.

b) *Investment in joint ventures*

The following table summarizes the Trust's ownership interest in each joint venture investment grouped by their principal intended activities as reflected in the Trust's unaudited interim condensed consolidated financial statements:

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

Acquisitions/new property contributions completed during the three months ended March 31, 2021

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

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

See also Note 4, "Investment properties".

i) Summary of balance sheets

The following table summarizes the balance sheets for investment in joint ventures:

As at	March 31, 2021	December 31, 2020
Non-current assets	**404,319**	370,555
Current assets	**4,415**	4,028
Total assets	**408,734**	374,583
Non-current liabilities	**163,518**	139,155
Current liabilities	**11,544**	28,781
Total liabilities	**175,062**	167,936
Net assets	**233,672**	206,647
Trust's share of net assets	**123,224**	108,212

The joint ventures listed above have entered into various development construction contracts with existing commitments totalling $16,782, of which the Trust's share is $8,413 (December 31, 2020 – $21,498, of which the Trust's share is $10,777).

ii) Summary of earnings

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

	Three Months Ended March 31	
	2021	2020
Revenue	**4,143**	2,794
Operating expense	**(1,875)**	(959)
Revenue net of operating expense	**2,268**	1,835
Fair value adjustments on revaluation of investment properties	**14,166**	481
Interest expense	**(1,319)**	(584)
Loss on sale of investment properties	**—**	(215)
Earnings	**15,115**	1,517
Trust's share of earnings	**7,387**	414

iii) Summary of credit facilities

Development financing includes a credit facility relating to Laval C Apartments comprising a pre-development and construction facility, and a construction facility relating to four self-storage facilities. From time to time, the facility amounts may be reduced through repayments and through amended agreements with the financial institutions from which the facilities were obtained. The development facilities are presented as follows:

As at	March 31, 2021	December 31, 2020
Development facility – beginning of period	**95,417**	35,417
Additional development facility obtained(1)	**—**	60,000
Development facilities – end of period	**95,417**	95,417
Amount drawn on development facility – Laval C Apartments	**(35,417)**	(35,417)
Amount drawn on development facility – Self-storage	**(46,773)**	(39,682)
Letters of credit – outstanding	**(706)**	(706)
Remaining unused development facilities	**12,521**	19,612
Trust's share of remaining unused development facilities	**6,261**	9,806

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

As at March 31, 2021 and December 31, 2020, the Trust's joint ventures had the following credit facilities:

As at			March 31, 2021		December 31, 2020	
	Maturity in	Annual Interest Rate (%)(1)	Facility Amount	The Trust's Share	Facility Amount	The Trust's Share
Laval C Apartments LP						
Pre-development and construction facility	February 2022	BA + 1.60	**35,417**	**17,709**	35,417	17,709
SmartStop						
Construction facility(2)	May 2021	BA + 2.45	**60,000**	**30,000**	60,000	30,000
			95,417	**47,709**	95,417	47,709

(1) Annual interest rate is a function of BA rates plus a premium.

(2) This construction facility was provided by the Trust and is used to fund construction costs for the following SmartStop locations: Leaside, Bramport, Vaughan NW, and Oshawa South. In addition, the Trust has a separate facility with a large Canadian financial institution to draw from in order to assist with funding requirements for the self-storage facilities. As at March 31, 2021, the Trust has not drawn on this separate facility (December 31, 2020 - $nil).

7. Other assets

The following table presents the components of other assets:

As at	March 31, 2021	December 31, 2020
Straight-line rent receivables	**42,624**	44,786
Tenant incentives	**35,099**	36,725
	77,723	81,511
Equipment	**1,001**	1,273
Right-of-use assets	**4,899**	5,357
Total return swap receivable	**6,417**	—
	90,040	88,141

The following table summarizes the activity in other assets:

	December 31, 2020	Additions (Disposals)	Write-offs	Amortization and other adjustments	March 31, 2021
Straight-line rent receivables	44,786	**2,182**	**(1,810)**	**(2,534)**	**42,624**
Tenant incentives	36,725	**730**	**(468)**	**(1,888)**	**35,099**
	81,511	**2,912**	**(2,278)**	**(4,422)**	**77,723**
Equipment	1,273	**45**	**—**	**(317)**	**1,001**
Right-of-use assets	5,357	**—**	—	**(458)**	**4,899**
Total return swap receivable(1)	—	**6,417**	**—**	**—**	**6,417**
	88,141	**9,374**	**(2,278)**	**(5,197)**	**90,040**

(1) Includes a fair value adjustment of $513 for the three months ended March 31, 2021.

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

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

As at	**March 31, 2021**	December 31, 2020
Amounts receivable and other		
Tenant receivables	**53,466**	57,563
Unbilled other tenant receivables	**13,186**	8,287
Receivables from related party – excluding equity accounted investments	**2,723**	1,311
Receivables from related party – equity accounted investments	**915**	—
Other non-tenant receivables	**1,265**	2,898
Other	**7,211**	8,327
	78,766	78,386
Allowance for ECL	**(20,758)**	(19,742)
Amounts receivable and other, net of allowance for ECL	**58,008**	58,644
Deferred financing costs	**1,250**	1,173
Prepaid expenses and deposits	**13,375**	7,269
	72,633	67,086

Allowance for expected credit loss

The Trust records the ECL to comply with IFRS 9's simplified approach for amounts receivable where its allowance for ECL is measured at initial recognition and throughout the life of the amounts receivable at a total equal to lifetime ECL.

The following table summarizes the reconciliation of changes in the allowance for ECL on amounts receivable:

	Three Months Ended March 31	
	2021	2020
Balance – beginning of period	**19,742**	3,061
Allowance recognized as expense	**3,437**	400
Reversal of previous allowances	**(1,401)**	(199)
Net	**2,036**	201
Tenant receivables written off	**(1,020)**	(21)
Balance – end of period	**20,758**	3,241

9. Debt

The following table presents debt balances:

As at	**March 31, 2021**	December 31, 2020
Secured debt (a)	**1,276,917**	1,327,760
Unsecured debt (b)	**3,533,189**	3,882,363
Revolving operating facility (c)	**—**	—
	4,810,106	5,210,123
Current	**476,867**	854,261
Non-current	**4,333,239**	4,355,862
	4,810,106	5,210,123

a) Secured debt

Secured debt bears interest at a weighted average interest rate of 3.59% as at March 31, 2021 (December 31, 2020 – 3.67%). Total secured debt of $1,276,917 (December 31, 2020 – $1,327,760) includes $1,212,903 (December 31, 2020 – $1,269,900) at fixed interest rates, $58,110 (December 31, 2020 – $57,860) at a variable interest rate of the banker's acceptance rate plus 120 basis points, and $5,904 (December 31, 2020 – $nil) at a variable interest rate of CDOR plus 106 basis points. Except for the $5,904 variable rate secured debt noted above, secured debt matures at various dates between 2021 and 2031 and is secured by first or second registered mortgages over specific income properties and properties under development and first general assignments of leases, insurance and registered chattel mortgages.

During the three months ended March 31, 2021, secured debt of $5,904 was issued, which carries variable rate interest at a rate of CDOR plus 106 basis points and is secured by the Trust's security bank deposit. The Trust borrowed this non-cash secured debt from a highly rated Canadian financial institution concurrent with entering the TRS agreement. The interest on this secured debt includes floating amounts that are payable at each May, August, November and February commencing in May 2021 to the date the TRS agreement matures or is unwound. See also the asset associated with the TRS in Note 7, "Other assets", for further details.

b) Unsecured debt

The following table summarizes the components of unsecured debt:

As at	**March 31, 2021**	December 31, 2020
Unsecured debentures (i)	**2,972,225**	3,271,625
Credit facilities (ii)	**399,326**	399,304
Other unsecured debt (iii)	**161,638**	211,434
	3,533,189	3,882,363

i) Unsecured debentures

As at March 31, 2021, unsecured debentures totalled $2,972,225 (December 31, 2020 – $3,271,625). Unsecured debentures mature at various dates between 2021 and 2030, with interest rates ranging from 1.74% to 3.99%, and a weighted average interest rate of 3.12% as at March 31, 2021 (December 31, 2020 – 3.14%).

Unsecured debenture activities for the three months ended March 31, 2021

Redemptions

In January 2021, the Trust completed the redemption of its 3.730% Series M senior unsecured debentures and 2.876% Series Q senior unsecured debentures, in aggregate principal amounts of $150,000 and $150,000, respectively, with yield maintenance costs and accrued interest payable. The yield maintenance costs of $11,084 relating to the redemptions were recorded in the Trust's consolidated financial statements for the year ended December 31, 2020. The redemptions were funded by the proceeds from the issuance of 1.740% Series X and 2.307% Series Y senior unsecured debentures in December 2020.

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". The Trust's unsecured debentures are rated "BBB(high)" with a stable trend as at March 31, 2021.

ii) Credit facilities

The following table summarizes the activity for revolving and non-revolving unsecured credit facilities:

(Issued In)	Maturity Date	Annual Interest Rate (%)	Facility Amount	March 31, 2021	December 31, 2020
Non-revolving:					
August 2018[(1)(2)]	January 31, 2025	2.980	80,000	**80,000**	80,000
March 2019[(1)]	March 7, 2024	3.590	150,000	**150,000**	150,000
May 2019[(1)(3)]	June 24, 2024	3.146	170,000	**170,000**	170,000
				400,000	400,000
Revolving:					
May 2020[(4)]	May 11, 2021	BA + 1.450	60,000	**—**	—
				400,000	400,000
		Less: Unamortized financing costs		**(674)**	(696)
				399,326	399,304

(1) The Trust entered into interest rate swap agreements to convert the variable interest rate of the banker's acceptance rate plus 1.20% into a weighted average fixed interest rate of 3.28% per annum. The weighted average term to maturity of the interest rate swaps is 3.24 years. Hedge accounting has not been applied to the interest rate swap agreements.

(2) This credit facility was due to mature on August 29, 2023, bearing interest at a variable interest rate. In January 2020, the maturity date was extended to January 31, 2025, with the interest fixed at 2.98%.

(3) The Trust has the option to extend the maturity date of this facility twice, each for a one-year period. In addition, the Trust has entered into an interest swap agreement associated with this facility, the maturity date of which is June 24, 2029.

(4) In May 2020, the Trust obtained $60,000 of unsecured revolving facilities for the construction of self-storage facilities, bearing interest at a variable interest rate based on either bank prime rate plus 45 basis points or the banker's acceptance rate plus 145 basis points, which matures on May 11, 2021. The facility includes an undrawn accordion feature of $60,000 whereby the Trust has an option to increase its facility amount with the lenders.

iii) Other unsecured debt

Other unsecured debt net of fair value adjustments totalling $161,638 (December 31, 2020 – $211,434) at the Trust's share pertains to loans received from equity accounted investments in connection with contribution agreements relating to joint ventures. The loans are non-interest bearing with repayment terms based on the distributions that are to be paid pursuant to the limited partnership agreements. The balances of the loans are expected to be paid at the end of their respective terms.

The following table summarizes components of the Trust's other unsecured debt:

As at	March 31, 2021	December 31, 2020
PCVP (5.00% discount rate)[(1)]	**80,106**	79,624
PCVP (5.75% discount rate)[(2)]	**77,336**	76,747
Laval C Apartment LP	**1,918**	1,321
Self-storage joint ventures	**1,625**	265
VMC Residences LP[(3)]	**653**	53,477
	161,638	211,434

(1) In connection with the 700 Applewood purchase, in December 2019, the loan has a principal amount outstanding of $103,264 (December 31, 2020 – $103,764), is non-interest bearing, and is repayable at the end of 10 years. As at March 31, 2021, the loan balance of $80,106 is net of a fair value adjustment totalling $23,158 (December 31, 2020 – the loan balance of $79,624 is net of a fair value adjustment totalling $24,140).

(2) In connection with the 700 Applewood purchase, in March 2020, the Trust assumed a loan payable to PCVP from Penguin. The loan has a principal amount outstanding of $103,264, is non-interest bearing, and is repayable at the end of 10 years. As at March 31, 2021, the loan balance of $77,336 is net of a fair value adjustment totalling $25,928 (December 31, 2020 – the loan balance of $76,747 is net of a fair value adjustment totalling $27,017). See also Note 5(b) reflecting offsetting loan receivable amount.

(3) In connection with the Transit City condominium closings during the period from September to December 2020, the Trust received $53,477 that is non-interest bearing. During the three months ended March 31, 2021, $52,824 of this amount was settled. See Note 6, "Equity accounted investments."

c) Revolving operating facility

The Trust has a $500,000 unsecured revolving operating facility bearing interest at a variable interest rate based on either bank prime rate plus 20 basis points or the banker's acceptance rate plus 120 basis points, which matures on September 30, 2024. In addition, the Trust has an accordion feature of $250,000 whereby the Trust has an option to increase its facility amount with the lenders to sustain future operations as required. The following table summarizes components of the Trust's revolving operating facility:

As at	March 31, 2021	December 31, 2020
Revolving operating facility	**500,000**	500,000
Letters of credit – outstanding	**(8,354)**	(8,627)
Remaining operating facility	**491,646**	491,373

d) Interest expense

The following table summarizes interest expense:

	Three Months Ended March 31	
	2021	2020
Interest at stated rates	**38,730**	37,143
Amortization of acquisition date fair value adjustments on assumed debt	**(137)**	(227)
Amortization of deferred financing costs	**1,037**	962
	39,630	37,878
Less:		
Interest capitalized to properties under development	**(3,692)**	(4,533)
Interest capitalized to residential development inventory	**(237)**	(228)
	35,701	33,117
Distributions on vested deferred units and Units classified as liabilities	**1,500**	1,401
	37,201	34,518

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

	Three Months Ended March 31	
	2021	2020
Interest expense	**37,201**	34,518
Amortization of acquisition date fair value adjustments on assumed debt	**137**	227
Amortization of deferred financing costs	**(1,037)**	(962)
Distributions on vested deferred units and Units classified as liabilities	**(1,500)**	(1,401)
Change in accrued interest payable	**543**	(3,194)
Cash interest paid	**35,344**	29,188

e) Liquidity

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

	Total	2021	2022	2023	2024	2025	Thereafter
Secured debt	**1,276,917**	121,879	261,417	179,064	150,451	397,813	166,293
Unsecured debt	**3,533,189**	325,398	1,918	200,000	420,000	590,000	1,995,873
Accounts payable	**227,530**	227,530	—	—	—	—	—
Other payable	**31,501**	10,761	—	10,608	—	8,130	2,002
Long term incentive plan	**902**	—	250	527	125	—	—
Interest rate swap agreements	**6,768**	—	—	—	5,675	1,093	—
	5,076,807	**685,568**	**263,585**	**390,199**	**576,251**	**997,036**	**2,164,168**
Mortgage receivable advances (repayments)(1)	**167,242**	19,634	27,069	(10,197)	(1,892)	(480)	133,108
Development obligations (commitments)(2)	**14,991**	14,991	—	—	—	—	—
Total	**5,259,040**	**720,193**	**290,654**	**380,002**	**574,359**	**996,556**	**2,297,276**

(1) Mortgages receivable of $143,841 at March 31, 2021, and further forecasted commitments of $167,242, mature over a period extending to 2028 if the Trust does not exercise its option to acquire the investment properties. Refer to Note 5, “Mortgages, loans and notes receivable”, for timing of principal repayments.

(2) The Trust is in the process of refining its estimates of development obligations for the years subsequent to 2021. This total does not include commitments associated with equity accounted investments, nor does this total include expected costs associated with the Trust’s mixed-use development initiatives except for current amounts outstanding for active projects currently underway.

10. Accounts and other payables

The following table presents accounts payable and the current portion of other payables that are classified as current liabilities:

As at	Note	**March 31, 2021**	December 31, 2020
Accounts payable		**66,242**	70,938
Accounts payable and accrued liabilities with Penguin	19	**7,549**	6,406
Tenant prepaid rent, deposits, and other payables		**78,566**	87,519
Accrued interest payable		**28,524**	29,067
Distributions payable		**26,558**	30,011
Realty taxes payable		**20,091**	4,964
Current portion of other payables		**12,410**	12,376
		239,940	241,281

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

As at	Note	**March 31, 2021**	December 31, 2020
Future land development obligations with Penguin	10(a)	**18,549**	18,410
Lease liability – investment properties(1)		**8,195**	8,168
Lease liability – other		**4,757**	5,183
Total other payables		**31,501**	31,761
Less: current portion of other payables		**(12,410)**	(12,376)
Total non-current portion of other payables		**19,091**	19,385

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

a) *Future land development obligations*

The future land development obligations represent payments required to be made to Penguin (see also Note 19, “Related party transactions”) for certain undeveloped lands acquired from 2006 to 2015, either on completion and rental of additional space on the undeveloped lands or, if no additional space is completed on the undeveloped lands, at the expiry of the development management agreement periods ending in 2021 to 2025, which may be extended to 2022 to 2027. The accrued future land development obligations are measured at their amortized values using imputed interest rates ranging from 4.50% to 5.50%. For the three months ended March 31, 2021, imputed interest of $212 (three months ended March 31, 2020 – $282) was capitalized to properties under development.

11. Other financial liabilities

The following table summarizes the components of other financial liabilities:

As at	**March 31, 2021**	December 31, 2020
Units classified as liabilities (a)	**56,398**	48,479
Deferred unit plan (c)	**36,541**	28,051
Long term incentive plan (d)	**902**	1,540
Equity incentive plan (e)	**1,385**	—
Interest rate swap agreements	**6,768**	8,658
	101,994	86,728

a) *Units classified as liabilities*

The following table represents the number and carrying value of Units classified as liabilities that are issued and outstanding. The fair value measurement of the Units classified as liabilities is described in Note 12, “Fair value of financial instruments”.

	Number of Units Issued and Outstanding (#)	**Carrying Value ($)**
Balance – January 1, 2021	**2,100,470**	**48,479**
Change in carrying value	**N/A**	**7,919**
Balance – March 31, 2021	**2,100,470**	**56,398**
Balance – January 1, 2020	2,096,648	65,436
Options exercised	3,822	77
Change in carrying value	N/A	(25,940)
Balance – March 31, 2020	2,100,470	39,573

b) Earnout options

As part of the consideration paid for certain investment property acquisitions, the Trust has granted options in connection with the development management agreements (see also Note 4(d)).

The following table summarizes the number of Earnout options exercised and proceeds received during the three months ended March 31, 2021:

Options	Strike Price	Options Exercised (#)	Amounts from Options Exercised ($)
Options to acquire Class B Smart LP III Units(1)	Market price	18,123	466
Options to acquire Class B Smart LP IV Units(2)	Market price	24,516	695
		42,639	**1,161**

(1) Each option is represented by a corresponding Class C Smart LP III Unit.
(2) Each option is represented by a corresponding Class C Smart LP IV Unit.

c) Deferred unit plan

The following table summarizes outstanding deferred units:

	Outstanding	Vested	Non-vested
Balance – January 1, 2021	**1,305,275**	**1,068,243**	**237,032**
Granted			
Trustees	**68,193**	**68,193**	**—**
Eligible associates	**99,128**	**49,564**	**49,564**
Reinvested units from distributions	**26,982**	**22,273**	**4,709**
Vested	**—**	**37,872**	**(37,872)**
Redeemed for cash	**(7,602)**	**(7,602)**	**—**
Forfeited	**(212)**	**—**	**(212)**
Balance – March 31, 2021	**1,491,764**	**1,238,543**	**253,221**
Balance – January 1, 2020	1,025,582	868,183	157,399
Granted			
Trustees	55,193	55,193	—
Eligible associates	79,986	38,562	41,424
Reinvested units from distributions	19,624	14,861	4,763
Vested	—	25,863	(25,863)
Redeemed for cash	(21,950)	(21,950)	—
Balance – March 31, 2020	1,158,435	980,712	177,723

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

	Three Months Ended March 31	
	2021	2020
Carrying value – beginning of period	**28,051**	30,247
Deferred units granted for trustee fees	**797**	864
Deferred units granted for bonuses	**1,158**	1,206
Reinvested distributions on vested deferred units	**531**	431
Compensation expense – reinvested distributions and amortization	**774**	778
Redeemed for cash	**(196)**	(652)
Fair value adjustment – vested and unvested deferred units	**5,426**	(12,809)
Carrying value – end of period	**36,541**	20,065

d) Long term incentive plan liability (“LTIP”)

The following table summarizes the activity in the LTIP:

	Three Months Ended March 31	
	2021	2020
Balance – beginning of period	**1,540**	645
Amortization	**239**	—
Fair value adjustment	**126**	—
LTIP vested and paid out	**(1,003)**	—
Balance – end of period	**902**	645

e) Equity incentive plan (“EIP”)

In January 2021, the Trust granted 900,000 Performance Units to Mitchell Goldhar through the Equity Incentive Plan (“EIP”), subject to the achievement of Unit price thresholds. The performance period for the EIP is from January 1, 2021 to December 31, 2027. Distributions on Performance Units will accumulate from January 1, 2021, and they and the Performance Units vest for the lesser of three years after they are earned or on December 31, 2027. Performance Units will be exchanged for Trust Units or paid out in cash (see also Note 19, “Related party transactions”).

The following table summarizes the activity in the EIP:

	Three Months Ended March 31, 2021
Balance – beginning of period	**—**
Amortization costs(1)	**1,073**
Fair value adjustment(1)	**312**
Balance – end of period	**1,385**

(1) These amounts were capitalized to properties under development.

12. Fair value of financial instruments

The fair value of financial instruments is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's-length transaction based on the current market for assets and liabilities with the same risks, principal and remaining maturity. The following table summarizes the fair value of the Trust's financial instruments:

As at	March 31, 2021			December 31, 2020		
	FVTPL	**Amortized cost**	**Total**	FVTPL	Amortized cost	Total
Financial assets						
Mortgages, loans and notes receivable	**—**	**392,885**	**392,885**	—	376,788	376,788
Amounts receivable and other	**—**	**53,466**	**53,466**	—	57,563	57,563
Cash and cash equivalents	**—**	**399,948**	**399,948**	—	794,594	794,594
Total return swap receivable	**6,417**	**—**	**6,417**	—	—	—
Financial liabilities						
Accounts and other payables	**—**	**239,940**	**239,940**	—	241,281	241,281
Secured debt	**—**	**1,346,938**	**1,346,938**	—	1,413,571	1,413,571
Unsecured debt	**—**	**3,597,037**	**3,597,037**	—	4,044,737	4,044,737
Units classified as liabilities	**56,398**	**—**	**56,398**	48,479	—	48,479
Deferred unit plan	**36,541**	**—**	**36,541**	28,051	—	28,051
LTIP	**902**	**—**	**902**	1,540	—	1,540
EIP	**1,385**	**—**	**1,385**	—	—	—
Interest rate swap agreements[(1)]	**6,768**	**—**	**6,768**	8,658	—	8,658

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

Fair value hierarchy

The Trust values financial assets and financial liabilities carried at fair value using quoted closing market prices, where available. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities. When quoted market prices are not available, the Trust maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. Valuations at this level are more subjective and, therefore, more closely managed. Such assessment has not indicated that any material difference would arise due to a change in input variables. The following table categorizes the inputs used in valuation methods for the Trust's financial liabilities measured under FVTPL:

As at	March 31, 2021			December 31, 2020		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Recurring measurements:						
Financial asset						
Fair value of total return swap agreements	**—**	**6,417**	**—**	—	—	—
Financial liabilities						
Units classified as liabilities	**—**	**56,398**	**—**	—	48,479	—
Deferred unit plan	**—**	**36,541**	**—**	—	28,051	—
LTIP	**—**	**902**	**—**	—	1,540	—
EIP	**—**	**1,385**	**—**	—	—	—
Fair value of interest rate swap agreements	**—**	**6,768**	**—**	—	8,658	—

Refer to Note 11, "Other financial liabilities", for a reconciliation of fair value measurements.

13. Unit equity

The following table presents the number of Units issued and outstanding and the related carrying value of Unit equity. The Limited Partnership Units are classified as non-controlling interests in the unaudited interim condensed consolidated balance sheets and the unaudited interim condensed consolidated statements of equity.

		Number of Units Issued and Outstanding (#)			Carrying Value ($)		
	Note	Trust Units	Smart LP Units	Total Units	Trust Units	Smart LP Units	Total
Balance – January 1, 2021		**144,618,657**	**25,502,085**	**170,120,742**	**3,090,188**	**640,206**	**3,730,394**
Options exercised	4(d), 11(b)	**—**	**46,271**	**46,271**	**—**	**1,161**	**1,161**
Unit issuance costs		**—**	**—**	**—**	**(18)**	**—**	**(18)**
Balance – March 31, 2021		**144,618,657**	**25,548,356**	**170,167,013**	**3,090,170**	**641,367**	**3,731,537**
Balance – January 1, 2020		144,038,363	25,148,180	169,186,543	3,072,821	633,358	3,706,179
Distribution reinvestment plan	13(b), 14	578,744	—	578,744	17,354	—	17,354
Unit issuance costs		—	—	—	(23)	—	(23)
Balance – March 31, 2020		144,617,107	25,148,180	169,765,287	3,090,152	633,358	3,723,510

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

	Number of Units Issued and Outstanding (#)			Carrying Value ($)		
LP Class B Unit Type	**Balance – January 1, 2021**	**Options Exercised (Note 11(b))**	**Balance – March 31, 2021**	**Balance – January 1, 2021**	**Value From Options Exercised (Note 11(b))**	**Balance – March 31, 2021**
Smart Limited Partnership	**16,416,667**	**—**	**16,416,667**	**392,097**	**—**	**392,097**
Smart Limited Partnership II	**756,525**	**—**	**756,525**	**17,680**	**—**	**17,680**
Smart Limited Partnership III	**4,006,661**	**19,954**	**4,026,615**	**107,284**	**466**	**107,750**
Smart Limited Partnership IV	**3,067,593**	**26,317**	**3,093,910**	**88,162**	**695**	**88,857**
Smart Oshawa South Limited Partnership	**710,416**	**—**	**710,416**	**20,441**	**—**	**20,441**
Smart Oshawa Taunton Limited Partnership	**374,223**	**—**	**374,223**	**11,033**	**—**	**11,033**
Smart Boxgrove Limited Partnership	**170,000**	**—**	**170,000**	**3,509**	**—**	**3,509**
	25,502,085	**46,271**	**25,548,356**	**640,206**	**1,161**	**641,367**

	Number of Units Issued and Outstanding (#)			Carrying Value ($)		
LP Class B Unit Type	Balance – January 1, 2020	Options Exercised (Note 11(b))	Balance – March 31, 2020	Balance – January 1, 2020	Value From Options Exercised (Note 11(b))	Balance – March 31, 2020
Smart Limited Partnership	16,416,667	—	16,416,667	392,098	—	392,098
Smart Limited Partnership II	756,525	—	756,525	17,680	—	17,680
Smart Limited Partnership III	3,822,756	—	3,822,756	103,944	—	103,944
Smart Limited Partnership IV	3,067,593	—	3,067,593	88,162	—	88,162
Smart Oshawa South Limited Partnership	710,416	—	710,416	20,441	—	20,441
Smart Oshawa Taunton Limited Partnership	374,223	—	374,223	11,033	—	11,033
	25,148,180	—	25,148,180	633,358	—	633,358

a) Authorized Units

Trust Units (authorized – unlimited)

Each voting trust unit represents an equal undivided interest in the Trust. All Trust Units outstanding from time to time are entitled to participate pro rata in any distributions by the Trust and, in the event of termination or windup of the Trust, in the net assets of the Trust. All Trust Units rank among themselves equally and rateably without discrimination, preference or priority. Unitholders are entitled to require the Trust to redeem all or any part of their Trust Units at prices determined and payable in accordance with the conditions provided for in the Declaration of Trust. A maximum amount of $50 may be redeemed in total in any one month unless otherwise waived by the Board of Trustees.

In accordance with the Declaration of Trust, distributions to Unitholders are declared at the discretion of the Trustees. The Trust endeavours to declare distributions in each taxation year in such an amount as is necessary to ensure that the Trust will not be subject to tax on its net income and net capital gains under Part I of the Tax Act.

The Trust is authorized to issue an unlimited number of Special Voting Units that will be used to provide voting rights to holders of securities exchangeable, including all series of Class B Smart LP Units, Class D Smart LP Units, Class B Smart LP II Units, Class B Smart LP III Units, Class B Smart LP IV Units, Class B Smart Oshawa South LP Units, Class D Smart Oshawa South LP Units, Class B Smart Oshawa Taunton Units, Class D Oshawa Taunton Units, Class B Smart Boxgrove LP Units, Class B ONR LP and Class B ONR LP I Units, into Trust Units. Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust. Each Special Voting Unit entitles the holder to the number of votes at any meeting of Unitholders of the Trust that is equal to the number of Trust Units into which the exchangeable security is exchangeable or convertible. Special Voting Units are cancelled on the issuance of Trust Units on exercise, conversion or cancellation of the corresponding exchangeable securities.

As at March 31, 2021, there were 27,640,118 (December 31, 2020 – 27,593,847) Special Voting Units outstanding, which are associated with those LP Units that have voting rights. There is no value assigned to the Special Voting Units. These Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust; nor are they convertible into any Trust securities.

Pursuant to the Voting Top-Up Right agreement made in December 2020 between the Trust and Penguin, which was approved by Unitholders, the following amendments were made: (i) extension of the Voting Top-Up Right for five years, ending December 31, 2025, (ii) extension of the designation of Units as Variable Voting Units until December 31, 2025, and (iii) an increase to the alternative ownership threshold from 20,000,000 Units to 22,800,000 Units, including exchangeable LP Units. The total number of Special Voting Units is adjusted for each annual meeting of the Unitholders based on changes in Penguin's ownership interest (see also Note 19 "Related party transactions").

b) Distribution reinvestment plan

The Trust enables holders of Trust Units to reinvest their cash distributions in additional Trust Units at 97% of the volume weighted average Unit price over the 10 trading days prior to the distribution. The 3% bonus amount is recorded as an additional issuance of Trust Units.

Effective April 13, 2020, the Trust suspended its Distribution Reinvestment Plan (the "DRIP"). Beginning with the April 2020 distribution, plan participants receive distributions in cash.

c) Trust Units issued for cash

During the three months ended March 31, 2021, no Trust Units were issued for cash (Trust Units issued for cash for the three months ended March 31, 2020 – nil).

d) Normal Course Issuer Bid

The Trust renewed a normal course issuer bid ("NCIB") program on March 31, 2021 with acceptance by the TSX. The NCIB program will terminate on March 30, 2022, or on such earlier date as the Trust may complete its purchases pursuant to a Notice of Intention filed with the TSX. Under the NCIB program, the Trust is authorized to purchase up to 12,935,063 (previously 6,500,835) of its Trust Units representing approximately 10% (previously 5%) of the public float as at March 21, 2021 (previously March 23, 2020) by way of normal course purchases effected through the facilities of the TSX and/or alternative Canadian trading systems. All Trust Units purchased by the Trust will be cancelled.

During the three months ended March 31, 2021, the Trust did not purchase for cancellation any Trust Units under the NCIB.

14. Unit distributions

Pursuant to the Declaration of Trust, the Trust endeavours to distribute annually such amount as is necessary to ensure the Trust will not be subject to tax on its net income under Part I of the *Tax Act*. The following table presents Unit distributions declared:

	Three Months Ended March 31	
Unit Type Subject to Distributions	**2021**	2020
Trust Units	**66,883**	67,318
Limited Partnership Units	**11,808**	11,631
Distributions on Units classified as equity	**78,691**	78,949
Distributions on Units classified as liabilities	**969**	969
Total Unit distributions	**79,660**	79,918
Distributions paid through DRIP(1)	**—**	17,354

(1) Effective April 13, 2020, the Trust suspended its DRIP. Beginning with the April 2020 distribution, plan participants receive distributions in cash.

On April 22, 2021, the Trust declared a distribution for the month of April 2021 of $0.15417 per Unit, representing $1.85 per Unit on an annualized basis, to Unitholders of record on April 30, 2021.

15. Rentals from investment properties and other

The following table presents rentals from investment properties and other:

	Three Months Ended March 31	
	2021	2020
Gross base rent	**123,661**	127,964
Less: Amortization of tenant incentives	**(2,331)**	(1,622)
Net base rent	**121,330**	126,342
Property tax and insurance recoveries	**47,374**	48,609
Property operating cost recoveries	**24,408**	26,222
	71,782	74,831
Miscellaneous revenue	**2,841**	2,845
Rentals from investment properties	**195,953**	204,018
Service and other revenues(1)	**2,885**	2,709
Rentals from investment properties and other	**198,838**	206,727

(1) For the three months ended March 31, 2021, service and other revenues included $2,514 relating to the fees associated with the Development and Services Agreement with Penguin (three months ended March 31, 2020 – $2,384). See also Note 19, “Related party transactions”.

The following table summarizes the future contractual minimum base rent payments under non-cancellable operating leases expected from tenants in investment properties:

As at	**March 31, 2021**	March 31, 2020
2020(1)	**—**	375,914
2021(1)	**364,328**	469,979
2022	**451,145**	417,417
2023	**380,616**	341,048
2024	**308,537**	267,878
2025	**244,710**	210,554
Thereafter	**633,775**	568,048

(1) Amounts related to remainder of the year.

16. Property operating costs and other

The following table summarizes property operating costs and other:

	Three Months Ended March 31	
	2021	2020
Recoverable property operating costs[1]	**75,744**	78,093
Property management fees and costs	**289**	848
Bad debt expenses/ECL	**2,309**	178
Non-recoverable costs	**1,474**	1,069
Property operating costs	**79,816**	80,188
Other expenses[2]	**2,885**	2,712
Property operating costs and other	**82,701**	82,900

(1) Include recoverable property tax and insurance costs.
(2) Other expenses relate to service and other revenues as disclosed in Note 15, “Rentals from investment properties and other”.

17. General and administrative expense, net

The following table summarizes the general and administrative expense, net:

		Three Months Ended March 31	
	Note	**2021**	2020
Salaries and benefits		**15,886**	13,291
Master planning services fee – by Penguin	19	**1,791**	1,750
Professional fees		**1,384**	1,379
Public company costs		**461**	698
Rent and occupancy		**292**	665
Amortization of intangible assets		**333**	333
Other costs including information technology, marketing, communications, and other employee expenses		**3,020**	1,510
Total general and administrative expense before allocation		**23,167**	19,626
Less:			
Capitalized to properties under development and other assets		**(9,186)**	(7,333)
Allocated to property operating costs		**(3,937)**	(3,970)
Amounts charged to Penguin and others		**(2,564)**	(2,709)
Total amounts capitalized, allocated and charged		**(15,687)**	(14,012)
General and administrative expense, net		**7,480**	5,614

18. Supplemental cash flow information

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

		Three Months Ended March 31	
	Note	**2021**	2020
Amounts receivable and other	8	**636**	(9,167)
Deferred financing costs	8	**(77)**	86
Prepaid expenses and deposits	8	**(6,106)**	(11,872)
Accounts payable	10	**(3,553)**	1,708
Realty taxes payable	10	**15,127**	15,061
Tenant prepaid rent, deposits and other payables	10	**(8,953)**	(8,329)
Other working capital changes		**1,626**	1,262
		(1,300)	(11,251)

19. Related party transactions

Transactions with related parties are conducted in the normal course of operations.

The following table presents Units owned by Penguin (the Trust's largest Unitholder) as at March 31, 2021, which in total represent approximately 21.5% of the issued and outstanding Units (December 31, 2020 – 21.4%) of the Trust and Limited Partnerships:

		Units owned by Penguin	
Type	**Class**	**March 31, 2021**	December 31, 2020
Trust Units	N/A	**15,032,063**	15,032,063
Smart Limited Partnership	B	**13,576,798**	13,576,798
Smart Limited Partnership	F	**8,708**	8,708
Smart Limited Partnership III	B	**4,026,615**	4,006,661
Smart Limited Partnership IV	B	**2,858,950**	2,838,954
Smart Oshawa South Limited Partnership	B	**630,880**	630,880
Smart Oshawa Taunton Limited Partnership	B	**374,223**	374,223
Smart Boxgrove Limited Partnership	B	**170,000**	170,000
ONR Limited Partnership I	B	**272,183**	272,183
Units owned by Penguin		**36,950,420**	36,910,470
Distributions declared to Penguin (in thousands of dollars)		**17,082**	66,799

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 March 31, 2021, there were 8,241,544 additional Special Voting Units outstanding (December 31, 2020 – 8,241,544). These Special Voting Units are not entitled to any interest or share in the distributions or net assets of the Trust, nor are they convertible into any Trust securities. There is no value assigned to the Special Voting Units. A five-year extension of the Voting Top-Up Right was approved by Unitholders at the Trust's annual general and special meeting held on December 9, 2020. For further details, see the Trust's management information circular dated November 6, 2020, filed on the System for Electronic Document Analysis and Retrieval ("SEDAR").

The following table presents those Units which Penguin has Earnout options to acquire, upon completion of Earnout events:

Type	**Class**	**March 31, 2021**	December 31, 2020
Trust Units	N/A	**1,286,833**	1,286,833
Smart Limited Partnership	Class B	**5,038,835**	5,038,835
Smart Limited Partnership III	Class B	**1,861,636**	1,879,759
Smart Limited Partnership IV	Class B	**369,472**	387,859
Smart Oshawa South Limited Partnership	Class B	**16,082**	16,082
Smart Oshawa Taunton Limited Partnership	Class B	**132,711**	132,711
Smart Boxgrove Limited Partnership	Class B	**267,179**	267,179
ONR Limited Partnership I	Class B	**482,086**	482,086
		9,454,834	9,491,344

At March 31, 2021, Penguin's ownership would increase to 25.4% (December 31, 2020 – 25.4%) if Penguin were to exercise all remaining Earnout options.

Pursuant to its rights under the Declaration of Trust, at March 31, 2021, Penguin has appointed two Trustees out of eight.

The other non-controlling interest, which is included in equity, represents a 5.0% equity interest by Penguin in five consolidated investment properties.

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

Supplement to Development Services Agreement between the Trust and its affiliates and Penguin
The following represent the key elements of this agreement which is effective from July 1, 2020 until December 31, 2025:

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

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

Penguin Services Agreement
The amended and restated services agreement entered into on November 5, 2020 (the "Penguin Services Agreement"), and effective from February 2018 reflects the additional services provided by Penguin since that time. Under the agreement, Penguin provides specified services to the Trust in connection with the development of its projects. In return for those services, Penguin is entitled to receive: (i) a fixed quarterly fee of $1,000 (subject to inflation-related increments after 2018) and (ii) an annual variable fee between $1,500 and $3,500 (also inflation-adjusted after 2018) that is based on the achievement of the Trust-level targets for "New Development Initiatives" and "New Projects" that the Trust uses to measure the performance of its executive officers and other annual targets (other than such Trust-level targets) of a similar nature that the Trust uses to measure the performance of its executive officers as determined by the Board of Trustees from time to time.

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

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

Non-Competition Agreement
A new non-competition agreement with Penguin replaces and supersedes the previous non-competition agreement extending the term by 5 years and broadening restricted competing initiatives to include various forms of mixed-use development.

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

Equity Incentive Plan
In January 2021, the Trust granted 900,000 Performance Units to Mitchell Goldhar pursuant to the Equity Incentive Plan ("EIP") adopted by Unitholders effective December 9, 2020, which are subject to the achievement of Unit price thresholds. The performance period for this award granted under the EIP is from January 1, 2021 to December 31, 2027. The vesting period for these Performance Units will commence on the date that the applicable performance measure is achieved, and will end on the earlier of the third anniversary of the date that the applicable performance period is achieved and the end of the performance period. Distributions on these Performance Units will accumulate from January 1, 2021. Provided the various performance measures are achieved, the Performance Units will be exchanged for Trust Units or paid out in cash.

Related party transactions and balances are also disclosed elsewhere in these unaudited interim condensed consolidated financial statements, which include:

- Note 3(b) referring to the purchase of Earnouts
- Note 4(c) referring to Leasehold property interests
- Note 5 referring to Mortgages, loans and notes receivable
- Note 6(a)(ii) referring to a Supplemental development fee agreement
- Note 7 referring to Other assets
- Note 8 referring to Amounts receivable and other
- Note 10 referring to Accounts payable and other payables (including future land obligations)
- Note 11 referring to Other financial liabilities
- Note 15 referring to Rentals from investment properties and other
- Note 16 referring to Property operating costs and other, and
- Note 17 relating to General and administrative expenses.

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

		Three Months Ended March 31	
	Note	**2021**	2020
Related party transactions with Penguin			
Acquisitions and Earnouts:			
Earnouts		**2,138**	291
Revenues:			
Service and other revenues:			
Transition services fee revenue		**—**	500
Management fee and other services revenue pursuant to the Development and Services Agreement		**1,930**	1,674
Support services		**584**	210
	15	**2,514**	2,384
Interest income from mortgages and loans receivable	5	**1,534**	2,118
Rents and operating cost recoveries included in rentals from income properties (includes rental income from Penguin Pick-Up of $69 (three months ended March 31, 2020 – $14))	15	**261**	223
		4,309	4,725
Expenses and other payments:			
Master planning services:			
Capitalized to properties under development	17	**1,791**	1,750
Development fees and interest expense (capitalized to investment properties)		**102**	10
Rent and operating costs (included in general and administrative expense and property operating costs)		**769**	731
Marketing, time billings and other administrative costs (included in general and administrative expense and property operating costs)		**20**	12
Consulting service fees and others (included in general and administrative expenses)		**58**	—
Expenditures on tenant inducement		**—**	—
		2,740	2,503
Related party transactions with PCVP			
Revenues:			
Interest income from mortgages and loans receivable	5	**647**	635
Expenses and other payments:			
Rent and operating costs (included in general and administrative expense and property operating costs)	16, 17	**677**	651

As at	Note	March 31, 2021	December 31, 2020
Related party balances with Penguin disclosed elsewhere in the financial statements			
Receivables:			
Amounts receivable(1)	8	**2,723**	1,310
Mortgages receivable (see below)	5(a)	**143,841**	144,205
Loans receivable	5(b)	**101,410**	104,143
Notes receivable	5(c)	**2,924**	2,924
Total receivables		**250,898**	252,582
Payables and other accruals:			
Accounts payable and accrued liabilities	10	**7,549**	6,406
Future land development obligations (see below)	10	**18,549**	18,410
Total payables and other accruals		**26,098**	24,816

(1) Excludes amounts receivable presented below as part of balances with equity accounted investments.

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

As at	Note	March 31, 2021	December 31, 2020
Related party balances disclosed elsewhere in the financial statements			
Amounts receivable(1)	8	**915**	1
Loans receivable(2)	5(b)	**142,429**	134,690
Other unsecured debt(3)	9(b)(iii)	**161,638**	211,434

(1) Amounts receivable includes Penguin's portion, which represents $2 (December 31, 2020 – $1) relating to Penguin's 50% investment in the PCVP and 25% investment in Residences LP.
(2) Loans receivable includes Penguin's portion, which represents $47,828 (December 31, 2020 – $47,504) relating to Penguin's 50% investment in the PCVP.
(3) Other unsecured debt includes Penguin's portion, which represents $163 (December 31, 2020 – $13,369) relating to Penguin's 25% investment in the Residences LP.

Other related party transactions:
The following table summarizes other related party transactions:

	Three Months Ended March 31	
	2021	2020
Legal fees incurred from a law firm in which a partner is a Trustee:		
Capitalized to investment properties	**78**	485
Included in general and administrative expense	**491**	70
	569	555

20. Key management and Trustee compensation

The following table presents the compensation relating to key management:

	Three Months Ended March 31	
	2021	2020
Salaries and other short-term employee benefits	**852**	765
Deferred unit plan	**736**	516
Equity incentive plan	**1,385**	—
Long term incentive plan	**239**	—
	3,212	1,281

The following table presents the compensation relating to Trustees:

	Three Months Ended March 31	
	2021	2020
Trustee fees	**144**	264
Deferred unit plan	**144**	264
	288	528

21. Segmented information

As at March 31, 2021, the Trust has one reportable segment, which comprises the development, ownership, management and operation of investment properties located in Canada. In measuring performance, the Trust does not distinguish or group its operations on a geographical or any other basis and, accordingly, has a single reportable segment for disclosure purposes.

The Trust's major tenant is Walmart, accounting for 25.4% of the Trust's annualized rentals from investment properties for the three months ended March 31, 2021 (three months ended March 31, 2020 – 25.3%).

22. Fair value adjustments

The following table summarizes the fair value adjustments:

		Three Months Ended March 31	
	Note	**2021**	2020
Investment properties			
Income properties	4	**(22,878)**	(64,158)
Properties under development	4	**4,119**	776
Fair value adjustment on revaluation of investment properties		**(18,759)**	(63,382)
Financial instruments			
Total return swap receivable	7	**513**	—
Units classified as liabilities	11(a)	**(7,919)**	25,940
Earnout options	11(b)	**—**	40
Deferred unit plan – vested and unvested	11(c)	**(5,426)**	12,109
Long term incentive plan	11(d)	**(126)**	—
Interest rate swap agreements	11	**1,890**	—
Fair value adjustment on financial instruments		**(11,068)**	38,089
Total fair value adjustments		**(29,827)**	(25,293)

23. Risk management

Interest Rate Risk

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

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

Change in interest rate of:	**+1.00%**	**-1.00%**
Fair value gain (loss) on interest rate swap agreements	26,105	(26,105)

The Trust's exposure to interest rate risk is monitored by management on a regular basis (see also Note 9, "Debt").

24. Commitments and contingencies

The Trust has certain obligations and commitments pursuant to development management agreements to complete the purchase of Earnouts totalling approximately 186,000 square feet (December 31, 2020 – 154,000 square feet) of development space from Penguin and others, based on a pre-negotiated formula, as more fully described in Note 4, "Investment properties". As at March 31, 2021, the carrying value of these obligations and commitments included in properties under development was $62,491 (December 31, 2020 – $61,811). The timing of completion of the purchase of the Earnouts, and the final prices, cannot be readily determined because they are a function of future tenant leasing.

The Trust has also entered into various other development construction contracts totalling $14,991 (December 31, 2020 – $23,103) and commitments relating to equity accounted investments that total $196,633 (December 31, 2020 – $157,769), of which the Trust's share is $61,477 (December 31, 2020 – $51,113) – see Note 6, "Equity accounted investments", that will be incurred in future periods.

The Trust entered into agreements with Penguin in which the Trust will lend funds in the form of mortgages receivable, as disclosed in Note 5(a). The maximum amount that may be provided under the agreements totals $311,083 (December 31, 2020 – $312,778) (see also Note 5, "Mortgages, loans and notes receivable"), of which $143,841 has been provided as at March 31, 2021 (December 31, 2020 – $144,205).

As at March 31, 2021, letters of credit totalling $30,273 (December 31, 2020 – $29,189) – including letters of credit drawn down under the revolving operating facility described in Note 9(c) – have been issued on behalf of the Trust by financial institutions as security for debt and for maintenance and development obligations to municipal authorities.

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

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