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SMART REAL ESTATE INVESTMENT TRUST RELEASES FOURTH QUARTER AND YEAR END RESULTS 2016

TORONTO, ONTARIO - (February 15, 2017) Smart Real Estate Investment Trust ("SmartREIT" or "the Trust") (TSX:SRU.UN) is pleased to report positive results for the fourth quarter and year ended December 31, 2016.

Highlights for the year include the following:

- For the three months ended December 31, 2016, FFO excluding adjustments increased by $6.5 million or 8.1% to $87.0 million and by 7.7% to $0.56 on a per Unit basis compared to the same quarter of 2015. For the year ended December 31, 2016, FFO excluding adjustments increased by $37.4 million or 12.1% to $347.0 million and by 6.2% to $2.23 on a per Unit basis compared to 2015

- For the three months ended December 31, 2016, AFFO increased by $3.5 million or 4.6% to $80.3 million and by 2.0% to $0.51 on a per Unit basis compared to the same quarter of 2015. For the year ended December 31, 2016, AFFO increased by $33.1 million or 11.3% to $326.0 million and by 5.5% to $2.10 on a per Unit basis compared to 2015

- AFFO payout ratio for the three months ended December 31, 2016 increased by 0.5% to 83.1% compared to the same quarter last year. For the year ended December 31, 2016, AFFO payout ratio decreased by 1.3% to 79.8% compared to last year

- Same properties NOI for the year ended December 31, 2016 increased by $4.9 million or 1.3% over last year

- The Trust maintained its occupancy at 98.3% (December 31, 2015 – 98.7%) based on leased and occupied space. Including executed deals for which tenants will take occupancy in 2017, occupancy levels increased to 98.5% (December 31, 2015 – 98.8%)

- On October 3, 2016, KPMG opened for business at the KPMG Tower at VMC in Vaughan and new leasing at the centre is very positive, with timing ahead of expectations

- In December 2016, the Trust announced the completion of lease transactions with Harley Davidson and GFL in the KPMG Tower at VMC. The premises of Harley Davidson opened in January, 2017 and represent Harley Davidson's new Canadian head office. GFL's office, expected to open in the fourth quarter of 2017, will span three full floors and represent GFL's new corporate head office. The recently opened 365,000 square foot KPMG Tower has direct access to the VMC subway station, which connects to downtown Toronto and is expected to be open and operational in December 2017. In addition, the Trust and Mitchell Goldhar announced a joint venture with CentreCourt to commence the marketing and development of the first two high-rise residential towers of approximately 1,200 units at VMC, capitalizing on its close proximity to the VMC subway station. Originally announced at 35 storeys, based on market conditions, the two towers are now expected to be up to 55 storeys

- On December 13, 2016, the Trust entered into a letter of intent for a 50/50 joint-venture with Jadco Corporation, a Montreal area based residential developer, to build two 15-storey towers on a portion of the Trust's shopping centre lands at the corner of boul. St-Martin and boul. Daniel-Johnson in Laval. The two towers will contain a total of approximately 330 units connected to a common podium structure that will contain streetfront retail units as well as service and leisure amenities for the residents. Total investment will exceed $75.0 million and, subject to normal approvals, construction will begin in spring 2017 with occupancy of the first tower in summer 2018

- During the three months ended December 31, 2016, $43.8 million of Earnouts and Developments including VMC were completed and transferred to income properties, which represents a decrease of $46.3 million or 51.4% compared to the same quarter in 2015. During the year ended December 31, 2016, $154.5 million of Earnouts and Developments including VMC were completed and transferred to income properties, which represents an increase of $21.0 million or 15.7% compared to 2015

- On August 16, 2016, $100.0 million of 2.987% Series O senior unsecured debentures and $250.0 million of 3.444% Series P senior unsecured debentures were issued for combined net proceeds including issuance costs totalling $347.4 million

- On September 14, 2016, $100.0 million aggregate principal amount of 5.00% Series F senior unsecured debentures and $90.0 million aggregate principal amount of 4.70% Series G senior unsecured debentures were redeemed

- On August 16, 2016, the Trust completed the acquisition of a property in Lethbridge, Alberta, from a third party, totalling 53,392 square feet of leasable area. The total purchase price of this acquisition was $15.3 million, for which the Trust assumed an existing mortgage totalling $9.2 million with a term of 3.9 years and an interest rate of 2.73%

- On October 25, 2016, the Trust completed the acquisition of a property in Pointe Claire, Quebec, from a third party, totalling 381,966 square feet of leasable area. The total purchase price of this acquisition was $63.4 million, for which the Trust assumed an existing mortgage totalling $34.5 million with an interest rate of 2.87% that matures in 2017

- Fixed rate secured debt totalling $82.2 million (including $43.7 million assumed debt from acquisitions) was obtained with a weighted average term of 4.9 years and a weighted average interest rate of 2.99%

- Secured debt of $89.9 million with a weighted average interest rate of 5.78% was repaid

Subsequent to Year End:

- On January 11, 2017, the Trust announced the signing of a 10 year (plus two five year extensions) lease transaction with law firm Miller Thomson in the KPMG Tower at VMC. Miller Thomson will occupy a full floor (22,000 square feet) and expects to open its Vaughan office in the first quarter of 2017 with 30 lawyers

- On January 25, 2017, Revival 629 Film Studios, an entity co-owned by the Trust, announced it will make a further investment in its film studios at 629 Eastern Avenue. Revival 629 will build a new 7,500 square foot studio called Revival XP. Revival XP will lease space on a short term basis to those that require easily accessible space for a specific period. In addition, there will be approximately 1,500 square feet of support space. The facility will offer 40 foot ceiling height, green walls and lighting grids. It is expected that Revival XP will be available for lease by July 2017

- A parking lot expansion at the Toronto Premium Outlets has commenced, which the Trust anticipates will be completed by the end of 2017 comprising a total of five storeys with a net additional 900 parking spots. Once complete, the Trust expects to commence the 144,000 square foot expansion of the Toronto Premium Outlets

- On February 15, 2017, the Trust announced that it has entered into a Letter of Intent to form a 50/50 joint venture partnership with SmartStop Asset Management LLC, a leading North American developer and operator of self-storage facilities, to build self-storage facilities in Canada

Huw Thomas, CEO of SmartREIT said, "During 2016 we made significant steps in SmartREIT's transformation. Our core retail portfolio of over 31 million square feet will always be at the heart of our business, but leveraging the development platform we acquired in 2015 will represent our biggest opportunity for creating long term unitholder value and FFO growth. Between opportunities at significant urban properties such as the Vaughan Metropolitan Centre and intensifying our retail properties in multiple areas such as residential, self-storage and seniors housing, our future is very bright."

Portfolio Highlights

Portfolio Information

The following table summarizes SmartREIT's portfolio information:

	December 31, 2016	December 31, 2015	Change
Fair value of real estate portfolio (in millions of dollars) [(1)]	**$8,424.9**	$8,168.6	$256.3
Weighted average stabilized capitalization rate	**5.84%**	5.94%	(0.10)%
Built gross leasable area (in millions of square feet)	**31.9**	31.1	0.8
Future estimated development area (in millions of square feet)	**4.1**	5.0	-0.9
Lands under Mezzanine Financing (in millions of square feet)	**0.7**	0.7	0.0
Number of retail properties	**142**	139	3
Number of properties under development	**8**	11	-3
Number of office properties	**1**	—	1
Number of mixed-use properties	**1**	—	1
Total number of properties owned	**152**	150	2

(1) Includes the Trust's share of investments in associates

Earnouts and Developments Completed on Existing Properties

Three Months Ended December 31, 2016

During the three months ended December 31, 2016, $43.8 million of Earnouts and Developments including VMC were completed and transferred to income properties, which represents a decrease of $46.3 million or 51.4% compared to the same quarter in 2015.

	Three Months Ended December 31, 2016			Three Months Ended December 31, 2015		
(in millions of dollars)	**Area (sq. ft.)**	**Investment ($)**	**Annualized Yield (%)**	Area (sq. ft.)	Investment ($)	Annualized Yield (%)
Earnouts	**7,609**	**4.5**	**6.1**	6,327	1.7	5.6
Developments	**22,686**	**7.9**	**6.0**	189,010	88.4	7.0
Developments (VMC)	**63,927**	**31.4**	**6.5**	—	—	—
	94,222	**43.8**	**6.3**	195,337	90.1	7.0

Year Ended December 31, 2016

During the year ended December 31, 2016, $154.5 million of Developments and Earnouts including VMC were completed and transferred to income properties, which represents an increase of $21.0 million or 15.7% compared to 2015.

	Year Ended December 31, 2016			Year Ended December 31, 2015		
(in millions of dollars)	**Area (sq. ft.)**	**Investment ($)**	**Annualized Yield (%)**	Area (sq. ft.)	Investment ($)	Annualized Yield (%)
Earnouts	**57,430**	**23.6**	**6.4**	43,850	14.4	6.6
Developments	**362,913**	**99.5**	**6.8**	316,859	119.1	7.3
Developments (VMC)	**63,927**	**31.4**	**6.5**	—	—	—
	484,270	**154.5**	**6.7**	360,709	133.5	7.2

Acquisitions

On August 16, 2016, the Trust completed the acquisition of a property in Lethbridge, Alberta, from a third party, totalling 53,392 square feet of leasable area. The total purchase price of this acquisition was $15.3 million, which included $6.2 million paid in cash and the assumption of a mortgage of $9.2 million, adjusted for costs of acquisition and other working capital amounts.

On October 25, 2016, the Trust completed the acquisition of a property in Pointe Claire, Quebec, from a third party, totalling 381,966 square feet of leasable area. The total purchase price of this acquisition was $63.4 million, which included $28.7 million paid in cash and the assumption of a mortgage of $34.5 million, adjusted for costs of acquisition and other working capital amounts.

Key Financial Highlights

Three Months Ended December 31, 2016

The following table summarizes SmartREIT's key financial highlights for the three months ended December 31 (including the Trust's share of investment in associate):

(in thousands of dollars, except per Unit information)	**Three Months Ended December 31, 2016**	Three Months Ended December 31, 2015	Change	% Change
Rentals from investment properties	**$186,702**	$178,085	$8,617	4.8%
Net operating income	**$120,051**	$114,117	$5,934	5.2%
Net income and comprehensive income	**$153,889**	$91,677	$62,212	67.9%
FFO excluding adjustments	**$86,954**	$80,423	$6,531	8.1%
AFFO	**$80,251**	$76,750	$3,501	4.6%
Per Unit Information				
FFO per Unit excluding adjustments (fully diluted)	**$0.56**	$0.52	$0.04	7.7%
AFFO per Unit (fully diluted)	**$0.51**	$0.50	$0.01	2.0%
Distributions	**$0.42**	$0.41	$0.01	2.4%
Payout ratio (to AFFO)	**83.1%**	82.6%	0.5%	0.6%

Operations Highlights

Rentals from investment properties for the three months ended December 31, 2016, totalled $186.7 million, an $8.6 million or 4.8% increase over the same period last year. Net base rent increased by $0.5 million or 0.5%, due to rent increases from new and renewing tenants partially offset by higher vacancies, and income from acquisitions that closed during 2015 and 2016, as well as Earnouts and completed Developments that occurred during 2015 and 2016. Property operating cost recoveries increased by $6.2 million or 10.6% which included $2.4 million of prior year adjustments to common area maintenance ("CAM") and property tax provisions, and $3.8 million due to increases in recoverable costs attributable to the growth in the portfolio. In addition, miscellaneous revenue increased by $1.9 million primarily due to an increase in lease terminations over the prior year of $0.9 million.

The Trust recovered 100.3% of total recoverable expenses during the three months ended December 31, 2016, compared to 96.9% in the same quarter last year. The increase was largely due to the prior year adjustments noted above, partially offset by higher vacancies.

In comparison to the same quarter in 2015, NOI increased by $5.9 million or 5.2% in 2016, for the reasons noted above.

FFO and AFFO Highlights

FFO

For the three months ended December 31, 2016, FFO excluding adjustments increased by $6.5 million or 8.1% to $87.0 million and by 7.7% to $0.56 on a per Unit basis compared to the same quarter of 2015. The $6.5 million increase in FFO excluding adjustments was primarily due to an increase in NOI of $5.9 million and a decrease in general and administrative expense of $0.6 million, and partially offset by a decrease in salaries and related costs attributed to leasing activities - which are added back to FFO - in the amount of $0.7 million.

AFFO

For the three months ended December 31, 2016, AFFO increased by $3.5 million or 4.6% to $80.3 million and by 2.0% to $0.51 on a per Unit basis compared to the same quarter of 2015. The increase in AFFO of $3.5 million was primarily due to the changes described in FFO above for the three months ended December 31, 2016, further increased by a decrease in sustaining leasing costs of $1.7 million, partially offset by an increase in sustaining capital expenditures of $4.9 million, which was primarily due to major roof repairs, parking lot maintenance and tenant improvements for replacement tenants.

AFFO Payout ratio

The AFFO payout ratio for the three months ended December 31, 2016 increased by 0.5% to 83.1% compared to the same quarter last year. The primary reason for the increase in the AFFO payout ratio is attributed to the increase in sustaining capital expenditures of $4.9 million.

Year Ended December 31, 2016

The following table summarizes SmartREIT's key financial highlights for the year ended December 31 (including the Trust's share of investment in associate):

(in thousands of dollars, except per Unit information)	**Year Ended December 31, 2016**	Year Ended December 31, 2015	Change	% Change
Rentals from investment properties	**$727,750**	$670,323	$57,427	8.6 %
Net operating income	**$476,346**	$437,984	$38,362	8.8 %
Net income and comprehensive income	**$386,135**	$319,489	$66,646	20.9 %
FFO excluding adjustments	**$347,013**	$309,584	$37,429	12.1 %
AFFO	**$325,962**	$292,906	$33,056	11.3 %
Per Unit Information				
FFO per Unit excluding adjustments (fully diluted)	**$2.23**	$2.10	$0.13	6.2 %
AFFO per Unit (fully diluted)	**$2.10**	$1.99	$0.11	5.5 %
Distributions	**$1.67**	$1.61	$0.06	3.7 %
Payout ratio (to AFFO)	**79.8%**	81.1%	(1.3)%	(1.6)%

Operations Highlights

Rentals from investment properties for the year ended December 31, 2016, totalled $727.8 million, a $57.4 million or 8.6% increase over the year ended December 31, 2015. Net base rent increased by $27.0 million or 6.1%, primarily due to rent increases from new and renewing tenants partially offset by higher vacancies, and income from acquisitions that closed during 2015 and 2016, as well as Earnouts and completed Developments that occurred during 2015 and 2016. Property operating cost recoveries increased by $17.7 million or 8.1% primarily due to the related increases in recoverable costs with the growth of the Trust's portfolio. In addition, the increase to miscellaneous revenue for the year ended December 31, 2016 was primarily due to $9.9 million settlement proceeds associated with the Target lease terminations net of other amounts.

The Trust recovered 97.6% of total recoverable expenses during the year ended December 31, 2016, compared to 98.3% last year. Non-recovery of most of the remaining costs resulted from higher vacancies, fixed recovery rates for some tenants and restrictions contained in certain anchor tenant leases.

In comparison to the year ended December 31, 2015, NOI increased by $38.4 million or 8.8% in 2016, primarily as a result of the expansion to the Trust's portfolio mainly due to the Transaction that closed on May 28, 2015 (2015 results reflect seven months versus a full 12 month period in 2016) resulting in an increase in NOI of $24.9 million and an increase in miscellaneous revenue of $12.8 million, which was primarily attributable to the $9.9 million settlement proceeds associated with the Target lease terminations, net of other amounts.

FFO and AFFO Highlights

FFO

For the year ended December 31, 2016, FFO excluding adjustments increased by $37.4 million or 12.1% to $347.0 million and by 6.2% to $2.23 on a per Unit basis compared to 2015. The increase in FFO excluding adjustments of $37.4 million was primarily due to an increase in NOI of $38.4 million and an increase in salaries and related costs attributed to leasing activities - which are added back to FFO - in the amount of $2.3 million, partially offset by an increase in general and administrative expense of $5.1 million.

AFFO
For the year ended December 31, 2016, AFFO increased by $33.1 million or 11.3% to $326.0 million and by 5.5% to $2.10 on a per Unit basis compared to the same period of 2015. The increase in AFFO of $33.1 million was primarily due to the changes described in FFO above for the year ended December 31, 2016, offset by an increase in leasing costs of $2.9 million and an increase in capital expenditures of $2.1 million.

AFFO Payout ratio
For the year ended December 31, 2016, the AFFO payout ratio decreased by 1.3% to 79.8% compared to last year. The primary reason for the decrease in the AFFO payout ratio is attributed to all of the movements noted above, but in particular, the increase in AFFO resulting from the $9.9 million settlement proceeds associated with the Target lease terminations net of other amounts recorded during the year ended December 31, 2016.

Non-IFRS Measures

The non-IFRS measures used in this Press Release, including AFFO, FFO, NOI and payout ratio do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-IFRS measures are more fully defined and discussed in the 'Management Discussion and Analysis' (MD&A) of the Trust for the year ended December 31, 2016, available on SEDAR at www.sedar.com.

Full reports of the financial results of the Trust for the year ended December 31, 2016 are outlined in the audited consolidated financial statements and the related MD&A of the Trust, which are available on SEDAR at www.sedar.com. In addition, supplemental information is available on the Trust's website at www.smartreit.com.

Conference Call

SmartREIT will hold a conference call on Thursday, February 16, 2017 at 9:00 a.m. (ET). Participating on the call will be members of SmartREIT's senior management.

Investors are invited to access the call by dialing 1-800-274-0251. You will be required to identify yourself and the organization on whose behalf you are participating. A recording of this call will be made available Thursday, February 16, 2017 beginning at 12:00 p.m. (ET) through to 12:00 p.m. (ET) on Thursday, February 23, 2017. To access the recording, please call 1-888-203-1112 and enter the Replay Passcode 9639106#.

About SmartREIT

SmartREIT is one of Canada's largest real estate investment trusts with total assets in excess of $8.7 billion. It owns and manages 32 million square feet in value-oriented, principally Walmart-anchored retail centres, having the strongest national and regional retailers as well as strong neighbourhood merchants. In addition, SmartREIT is a joint-venture partner in the Toronto and Montreal Premium Outlets with Simon Property Group. SmartREIT is now expanding the breadth of its portfolio to include residential (condominium and rental), office, and self-storage, either on its large urban properties such as the Vaughan Metropolitan Centre or as an adjunct to its existing shopping centres. SmartREIT's core vision is to provide a value-oriented shopping experience in all forms to Canadian consumers and to create high quality mixed use developments in urban settings.

With SmartREIT's 2015 acquisition of SmartCentres, SmartREIT has transformed into a fully integrated real estate provider. SmartREIT and SmartCentres have had a long and successful alliance, helping to provide Canadians with value-focused retail shopping centres across the country. Now, the alliance has grown even stronger, the result is a fully integrated real estate provider with expertise in planning, development, leasing, operations and construction - all under one roof. For more information on SmartREIT, visit www.smartreit.com.

Certain statements in this Press Release are "forward-looking statements" that reflect management's expectations regarding the Trust's future growth, results of operations, performance and business prospects and opportunities as outlined under the headings "Business Overview and Strategic Direction" and "Outlook". More specifically, certain statements contained in this Press Release, including statements related to the Trust's maintenance of productive capacity, estimated future development plans and costs, view of term mortgage renewals including rates and upfinancing amounts, timing of future payments of obligations, intentions to secure *additional financing and potential financing sources, and vacancy and leasing assumptions, and statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions and statements relating to matters that are not historical facts, constitute "forward-looking statements". These forward-looking statements are presented for the purpose of assisting the Trust's Unitholders and financial analysts in understanding the Trust's operating environment, and may not be appropriate for other purposes. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. However, such forward-looking statements involve significant risks and uncertainties, including those discussed under the heading "Risks and Uncertainties" and elsewhere in the Trust's Management's Discussion & Analysis for the year ended December 31, 2016 and under the heading "Risk Factors" in its Annual Information Form for the year ended December 31, 2016. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the forward-looking statements contained in this Press Release are based on what management believes to be reasonable assumptions, the Trust cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. These forward-looking statements are made as at the date of this Press Release and the Trust assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by applicable securities legislation.*

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The Toronto Stock Exchange neither approves nor disapproves of the contents of this Press Release.