SMARTREIT®

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SMART REAL ESTATE INVESTMENT TRUST RELEASES FIRST QUARTER RESULTS FOR 2017

TORONTO, ONTARIO - (May 10, 2017) Smart Real Estate Investment Trust ("SmartREIT" or "the Trust") (TSX: SRU.UN) is pleased to report positive results for the first quarter ended March 31, 2017.

Highlights for the three months ended March 31, 2017 include the following:

- Same properties NOI increased by $1.3 million or 1.1% compared to the same quarter last year
- The Trust maintained a high level of occupancy at 98.1% (March 31, 2016 – 98.5%). Including executed leases, the occupancy level for the quarter ended March 31, 2017 was 98.4% (March 31, 2016 – 98.5%)
- FFO excluding adjustments increased by $0.8 million or 1.0% to $83.7 million, whereas per Unit amounts remained the same for both periods at $0.54 per unit
- AFFO[(1)] decreased by $1.2 million or 1.5% to $78.6 million and by 3.8% or $0.02 on a per Unit basis compared to the same quarter of 2016
- The AFFO payout ratio[(1)] increased by 5.6% to 85.0% compared to 79.4% for the same quarter last year
- $30.7 million of Earnouts and Developments including Vaughan Metropolitan Centre ("VMC") were completed and transferred to income properties, which represents an increase of $13.7 million compared to the same quarter in 2016
- 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. The number of proposed sites has grown to five
- On March 1, 2017, GFL took possession of its 65,000 square foot space in the KPMG Tower at VMC
- On March 15, 2017, $150.0 million of 2.876% Series Q senior unsecured debentures were issued for net proceeds including issuance costs totalling $149.1 million

(1) The calculation of the Trust's AFFO and related AFFO payout ratio, including comparative amounts, has changed pursuant to the February 2017 REALpac White Paper on FFO and AFFO. As a result, comparability against previously reported AFFO and AFFO payout ratios may be inappropriate.

Subsequent to the three months ended March 31, 2017:

- On April 3, 2017, the KPMG tower was awarded the Real Estate Excellence ("REX") Office Development of the Year Award for Greater Toronto
- On April 12, 2017, the Trust along with its joint venture partners Mitchell Goldhar and CentreCourt Developments, announced details of a planning application for the development of Transit City, the first residential condominium tower in VMC. The 55 storey tower will be one of the tallest developments in York Region and will be located steps from the TTC's new Vaughan Metropolitan Centre Subway Station. It will also include the first "Buca" restaurant and "Bar Buca" outside the downtown Toronto core within the lobby area of the tower

- On April 13, 2017, $150.0 million aggregate principal amount of 3.385% Series J senior unsecured debentures were redeemed

- On May 10, 2017, the Trust announced a joint venture with Fieldgate to develop a 16 acre parcel of land adjacent to SmartCentres Vaughan (NW) Shopping Centre at Major Mackenzie Drive and Weston Road in Vaughan and build approximately 300 freehold townhomes

"Our two key operating focuses of maintaining solid occupancy in our shopping centres and growing an extensive portfolio of growth initiatives continues to progress well," said Huw Thomas, SmartREIT's CEO. "In particular, I am excited to see our first residential development at the VMC come to market in the next few weeks as it will be the initial step in our long term strategy to maximize the value of this exceptional development property," added Thomas.

Portfolio Highlights

Portfolio Information

The following table summarizes SmartREIT's portfolio information:

	March 31, 2017	December 31, 2016	Variance
Fair value of real estate portfolio (in millions of dollars)[1]	**$8,427.5**	$8,424.9	$2.6
Weighted average stabilized capitalization rate	**5.84%**	5.84%	—%
Built gross leasable area (in millions of square feet)	**32.0**	31.9	0.1
Future estimated development area (in millions of square feet)	**4.1**	4.1	—
Lands under Mezzanine Financing (in millions of square feet)	**0.7**	0.7	—
Number of retail properties	**142**	142	—
Number of properties under development	**8**	8	—
Number of office properties	**1**	1	—
Number of mixed-use properties	**1**	1	—
Total number of properties owned	**152**	152	—

(1) Includes the Trust's share of investment in associate

Earnouts and Developments Completed on Existing Properties

During the three months ended March 31, 2017, $30.7 million of Earnouts and Developments (including Developments relating to investment in associate) were completed and transferred to income properties, which represents an increase of $13.7 million compared to the same quarter in 2016.

	Three Months Ended March 31, 2017			Three Months Ended March 31, 2016		
(in millions of dollars)	**Area (sq. ft.)**	**Investment ($)**	**Annualized Yield (%)**	Area (sq. ft.)	Investment ($)	Annualized Yield (%)
Earnouts	**9,575**	**4.0**	**6.2%**	30,390	10.3	6.9%
Developments	**14,951**	**3.3**	**5.1%**	16,994	6.7	4.7%
Developments - investment in associate	**49,375**	**23.4**	**5.2%**	—	—	—%
	73,901	**30.7**	**5.3%**	47,384	17.0	6.0%

Key Financial Highlights

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

(in thousands of dollars, except per Unit information)	**Three Months Ended March 31, 2017**	Three Months Ended March 31, 2016	Variance	Variance (%)
Rentals from investment properties	**$184,562**	$179,629	$4,933	2.7 %
Net operating income	**$117,094**	$114,347	$2,747	2.4 %
Net income and comprehensive income	**$59,999**	$98,869	$(38,870)	(39.3)%
FFO excluding adjustments	**$83,728**	$82,937	$791	1.0 %
AFFO	**$78,556**	$79,744	$(1,188)	(1.5)%
Per Unit Information				
FFO per Unit excluding adjustments (fully diluted)	**$0.54**	$0.54	—	— %
AFFO per Unit (fully diluted)	**$0.50**	$0.52	$(0.02)	(3.8)%
Distributions	**$0.425**	$0.413	$0.012	2.9 %
Payout ratio (to AFFO)	**85.0%**	79.4%	5.6%	7.1 %

Operational Highlights

Rentals from investment properties for the three months ended March 31, 2017, totalled $184.6 million, a $4.9 million or 2.7% increase over the same period last year. Net base rent increased by $1.8 million or 1.5%, which was primarily due to an increase in minimum rent (included in net base rent) attributable to the growth of the portfolio of $0.9 million and an increase in net base rent associated with acquisitions of $1.2 million, offset by an increase in tenant incentive amortization of $0.3 million. Property operating cost recoveries increased by $3.0 million or 4.9%, which was primarily due to an increase in tax recoveries of $2.0 million and common maintenance expense recoveries of $1.0 million. Also, 2016 results reflect the impact of an additional shopping day emanating from a February Leap Year that did not occur in 2017, as well as having two additional shopping days occurring during statutory holidays (Good Friday and Easter Sunday) in March 2016, which will be included in April 2017, all of which affected the timing of prior year percentage rents particularly in the Toronto and Montreal Premium Outlets.

The Trust recovered 96.1% of total recoverable expenses during the three months ended March 31, 2017, compared to 96.5% in the same quarter last year, which was primarily due to costs associated with higher vacancy and percentage rent tenants experienced in 2017.

In comparison to the same quarter in 2016, NOI increased by $2.7 million or 2.4% in 2017, for the reasons noted above.

FFO and AFFO Highlights

REALpac, in consultation amongst preparers and users of reporting issuers' financial statement, determined there was diversity in how AFFO should be utilized-some viewing it as an earnings metric, some viewing it as a cash flow measure, and others considering it a hybrid between the two. In order to develop greater consistency within the industry, it was determined that AFFO should be defined as a recurring economic earnings measure. Accordingly, the calculation of the Trust's AFFO and related AFFO payout ratio, including comparative amounts, has changed pursuant to the February 2017 REALpac White Paper on FFO and AFFO. As a result, comparability against previously reported AFFO and AFFO payout ratios may be inappropriate, and because of different interpretation and adoption of the new guidance, comparison with other reporting issuers may also not be appropriate.

FFO

For the three months ended March 31, 2017, FFO excluding adjustments increased by $0.8 million or 1.0% to $83.7 million, whereas per Unit amounts remained the same for both periods. The increase in FFO of $0.8 million was primarily due to the following: an increase in NOI of $2.7 million, a decrease in interest expense net of yield maintenance on redemption of unsecured debentures and related write-off of unamortized financing costs of $0.5 million, and an increase in salaries and related costs attributed to leasing activities of $0.4 million (which are added back for the purposes of calculating FFO), partially offset by a decrease in interest income of $0.8 million (note the decrease of $0.8 million in interest income resulted from both a repayment in 2016 by OneREIT of $10.0 million against a mortgage, and lower interest rates associated with amended interest rate terms on certain Mezzanine Loans). There was also an increase in general and administrative expense of $2.1 million year over year, principally due to an increase in salaries and benefits of $1.4 million and a decrease in time billings, leasing, development fees and shared service costs charged to Penguin of $0.5 million.

AFFO

For the three months ended March 31, 2017, AFFO decreased by $1.2 million or 1.5% to $78.6 million and by 3.8% or $0.02 on a per Unit basis compared to the same quarter of 2016. The decrease in AFFO of $1.2 million was principally driven by an increase in adjusted salaries and related costs attributed to leasing of $0.4 million and an increase in actual sustaining capital expenditures, actual sustaining leasing commissions and actual sustaining tenant improvements of $1.6 million, offset by the $0.8 million increase in FFO described above.

AFFO Payout ratio

The AFFO payout ratio for the three months ended March 31, 2017 increased by 5.6% to 85.0% compared to the same quarter last year. The primary reason for the increase in the AFFO payout ratio is the decrease in AFFO for the three months ended March 31, 2017, which was attributed to the increase in adjusted salaries and related costs attributed to leasing of $0.4 million and an increase in actual sustaining capital expenditures, actual sustaining leasing commissions and actual sustaining tenant improvements of $1.6 million (see the AFFO section above for details).

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 three months ended March 31, 2017, available on SEDAR at www.sedar.com.

Full reports of the financial results of the Trust for the three months ended March 31, 2017 are outlined in the audited unaudited interim condensed 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 Wednesday, May 10, 2017 at 5:30 p.m. (ET). Participating on the call will be members of SmartREIT's senior management.

Investors are invited to access the call by dialing 1-800-263-0877. 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 Wednesday, May 10, 2017 beginning at 8:30 p.m. (ET) through to 8:30 p.m. (ET) on Wednesday, May 17, 2017. To access the recording, please call 1-888-203-1112 and enter the Replay Passcode 8435702#.

About SmartREIT

SmartREIT is one of Canada's largest real estate investment trusts with total assets of approximately $8.9 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 three months ended March 31, 2017 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.