



SMARTREIT®

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SmartREIT to Acquire \$429 Million Portfolio

Toronto, Ontario (August 4, 2017) – Smart Real Estate Investment Trust (“SmartREIT”) (TSX:SRU.UN) announced today that it will acquire a portfolio of 12 properties from OneREIT for approximately \$429 million (the “SmartREIT Transaction”). Concurrently, Strathallen Acquisitions Inc. will acquire a portfolio of 44 properties from OneREIT for a purchase price of approximately \$703.5 million (the “Strathallen Transaction”), which when combined with the SmartREIT Transaction, will result in the purchase of all of OneREIT’s assets and redemption of all of OneREIT’s outstanding units as part of a plan of arrangement. The SmartREIT Transaction totals 2.2 million square feet of gross leasable area, with 80% of the properties located in Ontario, and includes 10 food-anchored locations, inclusive of six Walmart Supercentres, and many redevelopment opportunities.

“This group of assets provides excellent opportunities for future mixed-use or other forms of intensified development, a great addition to our new development platform and the other assets are well positioned in terms of their market and strong tenant covenant,” said Huw Thomas, CEO of SmartREIT. “This 2.2 million square foot portfolio also strongly aligns with SmartREIT’s existing 32 million square foot portfolio of principally food anchored sites with long-term leases along with many redevelopment opportunities and intensification initiatives, including adding to our residential, seniors and storage programs,” added Thomas.

SmartREIT Transaction Highlights:

- Immediately accretive to SmartREIT’s FFO and AFFO per unit
- Excellent redevelopment potential, including mixed use, seniors and office, up to an additional 1.75 million square feet
- 2.2 million square foot portfolio with 10 food anchored locations, inclusive of six Walmart Supercentres
- 93% occupied including committed leases
- Average lease term of 7.3 years
- SmartREIT will offer employment to certain non-executive and property level staff of OneREIT.

The purchase price of \$429.3 million for the SmartREIT Transaction will be satisfied by way of:

- (a) The assumption by SmartREIT of property-related debt, corporate debt, convertible debentures and certain working capital items of OneREIT totaling approximately \$354 million;
- (b) The issuance of approximately \$75 million in SmartREIT units:
 - i) To OneREIT, which will transfer such units to those of its unitholders who elect to receive SmartREIT units based on an exchange ratio calculated by dividing \$4.20 by a reference price. Such reference price will be based upon the SmartREIT unit price and calculated using the volume weighted average trading price of SmartREIT units on the Toronto Stock Exchange for the five trading days immediately preceding the date which is three business days prior to the OneREIT unitholder meeting required to approve the transaction, subject to a minimum of \$30.51 and a maximum of \$32.73;



- ii) Reserving SmartREIT units for purposes of assuming OneREIT's exchange obligation to issue units to its Class B Limited Partnership unitholders, on the same basis as the unit exchange ratio made available to OneREIT unitholders; and
- (c) The issuance of SmartREIT exchangeable special voting units to holders of OneREIT special voting units to the extent the OneREIT exchangeable special voting units remain outstanding.

The Strathallen Transaction and the SmartREIT Transaction are cross-conditional and will be completed via a court-approved plan of arrangement which will result in the privatization of OneREIT. The combined transaction will ultimately result in the redemption of all the outstanding units of OneREIT for total blended consideration of \$4.26 per unit, with OneREIT unitholders having the option to elect for \$4.275 per unit in cash, or \$4.20 per unit in SmartREIT units, subject to pro ration. The OneREIT privatization transaction is also subject to approval by OneREIT's unitholders and regulatory approvals (including under the Competition Act (Canada)), TSX approval of the issuance of the SmartREIT units and supplemental listing of the OneREIT convertible debentures to be assumed by SmartREIT, court approval of a plan of arrangement to effect the SmartREIT transaction, required mortgage consents and other customary closing conditions. Assuming the requisite approvals are received and other conditions are met or waived the SmartREIT Transaction is expected to be completed in late September 2017.

Highlights of the 12 Property Portfolio to be acquired by SmartREIT:

Property	Province	Acquired %	GLA (sf)	Leased ⁽¹⁾ %	Major Tenants and Features
Creekside Crossing, Mississauga	ON	30%	122,402	98%	Walmart, Costco, LCBO, Beer Store, RBC, TD, CIBC (New dominant urban retail centre)
Chilliwack Mall, Chilliwack	BC	100%	152,467	82%	Safeway, Winners, Sport Chek (Strategic location: redevelopment)
Golden Mile Shopping Centre, Regina	SK	100%	255,572	93%	Loblaw Superstore (new 20 year lease), Dollarama, Liquor Store, GoodLife, Rexall (Newly redeveloped centre)
Kingspoint Shopping Centre, Brampton	ON	100%	202,236	98%	Giant Tiger, GoodLife, Shoppers Drug Mart, (Urban, potential mixed-use residential)
Burnhamthorpe City Centre, Mississauga	ON	100%	199,434	84%	Government, Swiss Chalet, Remax (Redevelopment potential near Square One)
Yorkgate Shopping Centre, Toronto	ON	100%	215,862	93%	No Frills (Loblaw), City of Toronto, Dollarama (New subway redevelopment potential)
Lincoln Value Centre, St. Catharines	ON	100%	376,041	82%	Walmart, Canadian Tire, Loblaw (Dominant three anchored centre, repositioning potential)
Hartzel Plaza, St. Catharines	ON	100%	67,392	100%	Food Basics, Provincial Government
Orillia Shopping Centre, Orillia	ON	100%	241,653	100%	Walmart, Winners, Dollarama (WM only discount mass retailer in market)



Simcoe Shopping Centre, Simcoe	ON	100%	129,876	100%	Walmart, LCBO (WM only discount mass retailer in the market)
Fergus Shopping Centre, Fergus	ON	100%	109,652	100%	Walmart, LCBO (WM only discount mass retailer in the market)
Rockland Shopping Centre, Rockland	ON	100%	147,358	100%	Walmart, Rona, LCBO (new Rona shadow and WM only discount mass retailer in the market)
			2,219,945	93%	

⁽¹⁾ Includes committed leases

Property Descriptions

Creekside Crossing, Mississauga, Ontario

Creekside Crossing is a newly developed 430,000 square foot site located in the heart of Mississauga and serving the large southern Mississauga market. Anchored by Walmart and Costco, the site boasts a strong tenant mix including RBC, TD, CIBC, LCBO and Beer Store. SmartREIT will acquire OneREIT's 30% interest in this property. There is also additional retail density with strong interest of approximately 20,000 square feet to be developed in the near future.

Chilliwack Mall, Chilliwack, British Columbia

Chilliwack Mall is a 153,000 square foot centre anchored by strong national tenants including Safeway, Winners, Sport Chek, The Liquor Store, and Warehouse One. The centre is strategically located in the centre of the market in the main retail node of the Lower Fraser Valley in the City of Chilliwack. The property has additional retail density permissions and also offers the opportunity for future mixed-use redevelopment.

Golden Mile Shopping Centre, Regina, Saskatchewan

Golden Mile Shopping Centre was recently re-developed into a 256,000 square foot open-air centre. The property is anchored by a newly built 92,000 square foot Loblaw Superstore with 20 years on its lease. In other newly renovated spaces, Dollarama and a liquor store are joining GoodLife Fitness, Rexall Pharmacy, RBC and a cinema.

Kingspoint Plaza, Brampton, Ontario

Kingspoint Plaza is a 202,000 square foot centre, located close to downtown Brampton, one of the fastest growing cities in the Greater Toronto Area. The property is anchored by Giant Tiger, Shoppers Drug Mart, GoodLife Fitness, The Beer Store, McDonalds and a number of other retail and service uses. The property is ideally located for future residential intensification.

Burnhamthorpe City Centre, Mississauga, Ontario

Burnhamthorpe City Centre is a 200,000 square foot centre with over 60 retail and service tenants serving central Mississauga. Located on Burnhamthorpe near Square One Shopping Centre and M City Condos, the property is ideally suited for future redevelopment to add significant residential and retirement uses. The property also directly across from Erindale Go Station.



Yorkgate Shopping Centre, Toronto, Ontario

Yorkgate Shopping Centre is a 216,000 square foot, two-level community mall located in northwest Toronto. The TTC Subway expansion to Vaughan, which runs just east and north of the site, will provide significant redevelopment opportunities to add residential and office uses in the future. A new 44,000 square foot 10 year lease was signed with the City of Toronto, joins No Frills (Loblaw), Dollarama, LCBO, Planet Fitness, Bank of Montreal, along with a number of other retail and service tenants.

Lincoln Value Centre, St. Catharines, Ontario

Lincoln Value Centre is a 376,000 square foot centre anchored by three dominant retailers, Walmart Supercentre, Canadian Tire and No Frills (Loblaw), along with Dollarama, Bulk Barn and a number of other food and service retailers. This property is ideally suited for future residential and seniors housing development. It serves the growing Niagara Region being well located just off the QEW on Welland Avenue.

Hartzel Plaza, St. Catharines, Ontario

Hartzel Plaza is a 67,000 square foot fully developed shopping centre well anchored by Food Basics, along with government offices, serving this bedroom community. The property offers the opportunity to add residential and retirement uses over time.

Orillia Shopping Centre, Orillia, Ontario

Orillia Shopping Centre is a 241,000 square foot centre located on Highway 11 at Highway 12, and is well anchored by a host of national tenants including Walmart Supercentre, the only discount general merchandiser in the market, Winners, Dollarama, Michaels, Staples and Sleep Country. This busy site also has future retail density of approximately 60,000 square feet, which will be developed through an earnout arrangement with Walmart and SmartCentres Realty Inc.

Simcoe Shopping Centre, Simcoe, Ontario

Simcoe Shopping Centre is a 130,000 square foot site anchored by Walmart Supercentre, the only discount general merchandiser in the market, LCBO and Dollar Tree. The property is well located in the main economic node of Simcoe on Queensway East. This dominant centre has additional future density of approximately 15,000 square feet which will be developed through an earnout arrangement with Walmart and SmartCentres Realty Inc.

Fergus Shopping Centre, Fergus, Ontario

Fergus Shopping Centre is a 110,000 square foot shopping centre anchored by Walmart, the only discount general merchandiser in the market, and LCBO. Located just north of Guelph, this newly developed and dominant site is in the heart of a growing, young residential community.

Rockland Shopping Centre, Rockland, Ontario

Rockland Shopping Centre is a 147,000 square foot centre anchored by a Walmart Supercentre, the only discount general merchandiser in the market, LCBO, Boston Pizza and Dollarama, with a new Rona as a shadow anchor. This busy centre is situated at the intersection of Highway 17 and Poupart Road in Rockland, a short distance east of the City of Ottawa.

Approval of the SmartREIT Transaction

Mr. Mitchell Goldhar, who is the Chairman of SmartREIT, owns approximately 22% of the units of SmartREIT on a diluted basis. He also owns approximately 7.7% of the outstanding OneREIT units on a diluted basis and further exercises control over an addition 11.5% of the voting units of OneREIT. Mr. Goldhar is entitled by contract to 25% of the voting rights of OneREIT. Mr. Goldhar and all of the Class B LP unitholders have agreed to vote the OneREIT



voting units owned or controlled by them in favour of the arrangement. As Mr. Goldhar is a control person of SmartREIT and OneREIT under applicable securities legislation, the SmartREIT Transaction is a related party transaction for the purposes of MI 61-101 Protection of Minority Security Holders in Special Transactions. The total consideration payable by SmartREIT to OneREIT (and ultimately to all OneREIT unitholders) is less than 10% of the market capitalization of SmartREIT, with the equity component being less than 2% of the market capitalization of SmartREIT. Mr. Goldhar and his affiliates will indirectly receive approximately 7.7% of the total consideration payable to OneREIT, the SmartREIT portion of which represents less than 0.6% of the market capitalization of SmartREIT, and approximately 0.1% of the equity portion of the SmartREIT payment, assuming receipt of a pro-rata share of cash and units. Mr. Goldhar and the other Class B LP unitholders are receiving the same economic treatment as all OneREIT Unitholders. Accordingly, the independent trustees of SmartREIT determined that it was appropriate to utilize the market capitalization exemption from the requirements for a formal valuation and a majority of minority vote under MI 61-101.

The transaction is not a significant acquisition for SmartREIT, and SmartREIT does not consider the transaction to be a material change or a material conflict of interest transaction. Notwithstanding that, the independent trustees met separately in several meetings to consider such issues and to consider and approve the SmartREIT Transaction with advice from management, financial advisers, appraisers and legal counsel. SmartREIT complied with all the diligence procedures required under the Declaration of Trust including obtaining appraisals of, and environmental reports on, the properties to be acquired by SmartREIT.

Advisors to SmartREIT

CIBC World Market Inc. acted as financial advisor to SmartREIT, Cushman and Wakefield provided appraisal advice to SmartREIT, and Osler, Hoskin & Harcourt LLP and Davies, Ward, Phillips & Vineberg LLP acted as legal counsel to SmartREIT with respect to the transaction.

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 Premium Outlets locations in Toronto and Montreal 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. SmartREIT is now 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.



Forward Looking Statements

Certain statements in this Press Release are “forward-looking statements” that reflect management's expectations regarding SmartREIT’s future growth, results of operations, performance and business prospects and opportunities. More specifically, certain statements contained in this Press Release, including statements related to SmartREIT’s future development opportunities, the accretion of the proposed transaction, completion of the transaction as described and additional NOI to be derived from the acquired properties, 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 SmartREIT’s unitholders and financial analysts in understanding SmartREIT’s operating environment and the benefits of the proposed transaction 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 the risk of the transaction not being completed, those discussed under the heading “Risks and Uncertainties” and elsewhere in the SmartREIT’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, SmartREIT 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 SmartREIT 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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