

*This prospectus supplement together with the short form base shelf prospectus to which it relates dated December 22, 2015, as amended or supplemented, and each document deemed to be incorporated by reference in this prospectus supplement and in the short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (“U.S. Securities Act”) or any state securities laws and, unless registered under the U.S. Securities Act or pursuant to an applicable exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered, sold, reoffered, resold or delivered, directly or indirectly, in the United States or to U.S. Persons (as defined in Regulation S under the U.S. Securities Act). This prospectus supplement, together with the short form base shelf prospectus to which it relates, does not constitute an offer to sell or solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.*

*Information has been incorporated by reference in this prospectus supplement, and in the short form base shelf prospectus to which it relates, from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein and therein by reference may be obtained on request without charge from the Chief Financial Officer of Smart Real Estate Investment Trust at Suite 200, 700 Applewood Crescent, Vaughan, Ontario L4K 5X3 (Telephone (905) 326-6400 Extension 7865), and are also available electronically at [www.sedar.com](http://www.sedar.com). See “Documents Incorporated By Reference”.*

**PROSPECTUS SUPPLEMENT**  
**To a Short Form Base Shelf Prospectus Dated December 22, 2015**

New Issue

August 16, 2016



**SMART REAL ESTATE INVESTMENT TRUST**

**\$100,000,000 2.987% Series O Debentures Due August 28, 2024**

**\$250,000,000 3.444% Series P Debentures Due August 28, 2026**

**(Senior Unsecured)**

Interest on the 2.987% Series O Senior Unsecured Debentures (the “**Series O Debentures**”) of Smart Real Estate Investment Trust (“**SmartREIT**”) will be payable semi-annually in arrears on February 28 and August 28 in each year commencing on February 28, 2017 (the first interest payment will be calculated based on the number of days from closing to February 28, 2017 and will be a short first coupon in the aggregate amount of \$1,489,408.22 representing \$14.89408219 per \$1,000 principal amount assuming the closing is August 30, 2016). Thereafter, the semi-annual interest payments will be in an amount equal to \$14.935 per \$1,000 principal amount. The Series O Debentures will mature on August 28, 2024.

Interest on the 3.444% Series P Senior Unsecured Debentures (the “**Series P Debentures**”) of SmartREIT will be payable semi-annually in arrears on February 28 and August 28 in each year commencing on February 28, 2017 (the first interest payment will be calculated based on the number of days from closing to February 28, 2017 and will be a short first coupon in the aggregate amount of \$4,293,205.48 representing \$17.17282192 per \$1,000 principal amount assuming the closing is August 30, 2016). Thereafter, the semi-annual interest payments will be in an amount equal to \$17.22 per \$1,000 principal amount. The Series P Debentures will mature on August 28, 2026.

Any references to the “Debentures” contained in this prospectus supplement refer collectively to the Series O Debentures and the Series P Debentures unless the context indicates otherwise.

Please see “Details of the Offering” for particulars of the material attributes of the Debentures.

**At the time of closing, the Debentures will qualify for investment under the statutes set out under “Eligibility for Investment”.**

**There is no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased under this prospectus supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and the extent of issuer**

**regulation. See “Risk Factors”. Prospective investors should also be aware that the acquisition of Debentures may have tax consequences in Canada. For a summary of certain income tax considerations for certain holders of Debentures, see “Canadian Federal Income Tax Considerations”.**

	Price to SmartREIT <sup>(1)</sup>	Underwriters’ Fee	Net Proceeds to SmartREIT <sup>(2)(3)</sup>
Series O Debentures, per \$1,000 principal amount <sup>(4)</sup> .....	\$1,000.00	\$7.00 <sup>(5)</sup>	\$993.00
Series P Debentures, per \$1,000 principal amount <sup>(6)</sup> .....	\$1,000.00	\$7.50 <sup>(7)</sup>	\$992.50
Total .....	\$350,000,000	\$2,575,000	\$347,425,000

- (1) The price to SmartREIT was determined by negotiations between SmartREIT and the Underwriters.
- (2) Plus accrued interest, if any, from August 30, 2016 to the date of delivery.
- (3) Before deducting the expenses of the offering estimated to be approximately \$350,000.
- (4) **The Underwriters have offered the Series O Debentures for sale to the public at a price where the effective yield (if held to maturity) on the Series O Debentures will be 2.968% per annum.**
- (5) Consists of an Underwriters’ fee of 0.70% of the principal amount of the Series O Debentures.
- (6) **The Underwriters have offered the Series P Debentures for sale to the public at a price where the effective yield (if held to maturity) on the Series P Debentures will be 3.428% per annum.**
- (7) Consists of an Underwriters’ fee of 0.75% of the principal amount of the Series P Debentures.

Under an underwriting agreement (the “**Underwriting Agreement**”) dated August 16, 2016 between CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Desjardins Securities Inc., Raymond James Ltd. and Canaccord Genuity Corp. (collectively, the “**Underwriters**”) and SmartREIT, SmartREIT has agreed to sell, and the Underwriters have severally agreed to purchase, subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, \$350,000,000 principal amount of Debentures at a price equal to \$1,000 per \$1,000 principal amount of Debenture, plus accrued interest (if any) from August 30, 2016 to the date of delivery, payable in cash to SmartREIT against delivery of such principal amount of Debentures. See “Plan of Distribution”.

**Each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc. and Desjardins Securities Inc. is a subsidiary of a financial institution which is among SmartREIT’s principal lenders. Consequently, SmartREIT may be considered to be a “connected issuer” of such Underwriters under applicable Canadian securities legislation. See “Relationship Between SmartREIT and the Underwriters”.**

The Debentures will be offered to the public at prices to be negotiated between each purchaser and the Underwriters. Accordingly, the price at which the Debentures will be offered and sold to the public may vary as between purchasers and during the period of distribution of the Debentures. The Underwriters’ overall compensation will increase by the amount by which the aggregate price paid for the Debentures by the purchasers exceeds the gross proceeds paid by the Underwriters to SmartREIT. See “**Plan of Distribution**”.

The Underwriters, as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by SmartREIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of SmartREIT by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by McCarthy Tétrault LLP.

SmartREIT has been advised by the Underwriters that, in connection with this offering and subject to applicable laws, the Underwriters may effect transactions intended to stabilize or maintain the market price of the Debentures at levels other than those that otherwise might prevail on the open market in accordance with market stabilization rules. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

Subscriptions for the Debentures will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the closing of this offering will take place on August 30, 2016 or on such other date as SmartREIT and the Underwriters may agree but, in any event, not later than September 7, 2016 and that the Debentures will be available for delivery in book-entry form only through the facilities of CDS Clearing and Depository Services Inc. on or about closing.

**SmartREIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company.**

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### DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying short form base shelf prospectus of SmartREIT dated December 22, 2015 (the “**Short Form Prospectus**”) as of the date hereof solely for the purpose of offering the Debentures.

**Information has been incorporated by reference in this prospectus supplement and the Short Form Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Smart Real Estate Investment Trust at Suite 200, 700 Applewood Crescent, Vaughan, Ontario L4K 5X3 (Telephone (905) 326-6400 Extension 7865) and are also available electronically at [www.sedar.com](http://www.sedar.com).

In addition, the following documents, which have been filed by SmartREIT with the securities commission or similar regulatory authority in each of the provinces of Canada, are specifically incorporated by reference into this prospectus supplement:

- (a) the annual information form of SmartREIT dated February 10, 2016;
- (b) the audited annual consolidated financial statements of SmartREIT for the years ended December 31, 2015 and 2014, together with the notes thereto and the auditor’s report thereon;
- (c) management’s discussion and analysis of the financial condition and results of operations of SmartREIT for the year ended December 31, 2015;
- (d) the management information circular of SmartREIT dated May 6, 2016 issued in connection with the meeting of unitholders of SmartREIT held on June 10, 2016;
- (e) the unaudited interim condensed consolidated financial statements of SmartREIT for the three and six month periods ended June 30, 2016 and 2015, together with the notes thereto;
- (f) management’s discussion and analysis of the financial condition and results of operations of SmartREIT for the three and six month periods ended June 30, 2016;
- (g) the template version of the indicative term sheets for the offering dated August 12, 2016, filed on SEDAR in connection with the offering (the “**Preliminary Debenture Term Sheets**”); and

- (h) the template version of the final term sheets for the offering dated August 12, 2016, filed on SEDAR in connection with the offering (the “**Final Debenture Term Sheets**” and collectively with the Preliminary Debenture Term Sheets, the “**Debenture Term Sheets**”).

All annual information forms, material change reports (excluding confidential material change reports), business acquisition reports, unaudited interim financial statements, audited annual financial statements including the auditor’s report thereon, management’s discussion and analysis of financial condition and results of operation and information circulars which are filed by SmartREIT with a securities commission or similar regulatory authority in any of the provinces of Canada after the date of this prospectus supplement and prior to the termination of the offering under this prospectus supplement shall be deemed to be incorporated by reference into this prospectus supplement. Additionally, any template version of marketing materials for this offering filed by SmartREIT with a securities commission or similar regulatory authority in any of the provinces of Canada after the date of this prospectus supplement and prior to the termination of the offering shall be deemed to be incorporated by reference into this prospectus supplement.

**Any statement contained in the Short Form Prospectus, in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference herein or in the Short Form Prospectus for the purposes of the offering of Debentures will be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in the Short Form Prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein or in the Short Form Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

#### MARKETING MATERIALS

The Debenture Term Sheets are not part of this prospectus supplement or the Short Form Prospectus to the extent that the contents of the Debenture Term Sheets have been modified or superseded by a statement contained in this prospectus supplement or any amendment. See “Documents Incorporated by Reference”.

#### FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus supplement, in the Short Form Prospectus and in the documents incorporated by reference herein and in the Short Form Prospectus are “forward-looking statements” that reflect management’s expectations regarding SmartREIT’s future growth, results of operations, performance and business prospects and opportunities and other future events. More specifically, certain statements contained in this prospectus supplement in the sections “Recent Developments”, “Consolidated Capitalization”, “Use of Proceeds” and “Risk Factors” including statements regarding SmartREIT’s expectations in respect of closing the transaction described under the heading “Recent Developments” and of meeting the REIT Exception (as defined herein) and not being subject to the SIFT Rules (as defined herein) are forward-looking statements. All statements other than statements of historical fact contained in this prospectus supplement, in the Short Form Prospectus and in the documents incorporated by reference herein and in the Short Form Prospectus are forward-looking statements including, without limitation, statements that contain words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may” and similar expressions, and statements regarding the timing and amount of distributions and the future financial position, business strategy, proposed acquisitions, plans and objectives of SmartREIT or its subsidiaries. These forward-looking statements are presented for the purpose of assisting SmartREIT’s investors and financial analysts in understanding SmartREIT’s operating environment, and may not be appropriate for other purposes. Such forward-looking statements contained directly in this prospectus supplement reflect management’s current beliefs and are based on information currently available to management.

Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks

associated with real property ownership, debt financing, interest and financing, capital requirements, credit risk, general uninsured losses, developments, future property acquisitions, competition for real property investments, environmental matters, land leases, potential conflicts of interest, reliance on key personnel, and tax related matters. These risks and others are more fully discussed under the “Risk Factors” section of this prospectus supplement and the “Risk Factors” section of the Short Form Prospectus, which also refers to the risks described in SmartREIT’s most recent annual information form, which document has been incorporated by reference herein and in the Short Form Prospectus. Although the forward-looking statements contained in this prospectus supplement, in the Short Form Prospectus and in the documents incorporated by reference herein and therein are based upon what management believed to be reasonable assumptions at the time such statements were made, SmartREIT cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this prospectus supplement, in the Short Form Prospectus and in the documents incorporated by reference herein and therein are expressly qualified in their entirety by this cautionary statement and by the cautionary statements contained in the Short Form Prospectus and in the documents incorporated by reference herein and therein. The forward-looking statements contained in this prospectus supplement are made as at the date of this prospectus supplement, the forward-looking statements contained in the Short Form Prospectus are made as at the date of the Short Form Prospectus and the forward-looking statements contained in the documents incorporated by reference herein or in the Short Form Prospectus are made as of the date of such documents, and SmartREIT assumes no obligation to update or revise such forward-looking statements to reflect new events or circumstances except as otherwise required by applicable securities legislation.

### RECENT DEVELOPMENTS

On July 21, 2016, SmartREIT announced the promotion of Peter Forde to President of SmartREIT, reporting to Huw Thomas, SmartREIT’s Chief Executive Officer.

On August 15, 2016, SmartREIT provided a notice of redemption for all of the currently outstanding Series F Debentures and the Series G Debentures.

SmartREIT has waived its conditions to purchase Uplands Common, located in Lethbridge, Alberta for a total purchase price of approximately \$15.3 million including costs related to the acquisition. The acquisition is expected to close on August 16, 2016. The property is a 100% tenanted unenclosed shopping centre comprising approximately 53,000 square feet and anchored by a 40,000 square foot Sobey’s grocery store. Other tenants include Mac’s Convenience Stores, Liquor Depot and Original Joe’s restaurant. The purchase price will be satisfied by existing cash and the assumption of approximately \$9.2 million in existing financing bearing an interest rate of 2.73%.

### ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to SmartREIT, and McCarthy Tétrault LLP, counsel to the Underwriters, the Debentures, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) for registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered education savings plans, tax-free savings accounts (“**TFSA**s”) and registered disability savings plans (collectively “**Plans**”), provided that SmartREIT is a mutual fund trust under the Tax Act on the date hereof and at that time its trust units (“**Units**”) are listed on a designated stock exchange in Canada (which currently includes the Toronto Stock Exchange (the “**TSX**”)) (except that Debentures are not a qualified investment for a trust governed by a deferred profit sharing plan for which any employer is SmartREIT).

In the case of a TFSA, RRSP or RRIF, provided the holder of the TFSA or annuitant under the RRSP or RRIF, as the case may be, deals at arm’s length with SmartREIT and does not have a “significant interest” (within the meaning of the Tax Act) in SmartREIT, the Debentures will not be a prohibited investment under the Tax Act for such TFSA, RRSP or RRIF. Annuitants of a trust governed by an RRSP or RRIF and holders of trusts governed by a TFSA should consult their own advisors to ensure the Debentures would not be a prohibited investment in their particular circumstances.

## RATINGS ON SECURITIES

DBRS Limited (“**DBRS**”) provides credit ratings of debt securities for commercial entities. A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments. Rating categories range from highest credit quality (generally AAA) to very highly speculative (generally C). DBRS has provided SmartREIT with a credit rating of BBB with a stable trend relating to all senior unsecured obligations of SmartREIT (the “**Senior Debentures**”) including SmartREIT’s (i) series F senior unsecured debentures due February 1, 2019 bearing interest at an annual rate of 5.00% per annum (the “**Series F Debentures**”), (ii) series G senior unsecured debentures due August 22, 2018 bearing interest at an annual rate of 4.70% per annum (the “**Series G Debentures**”), (iii) series H unsecured debentures due July 27, 2020 bearing interest at an annual rate of 4.05% per annum, (iv) series I unsecured debentures due May 30, 2023 bearing interest at an annual rate of 3.985% per annum, (v) series J unsecured debentures due December 1, 2017 bearing interest at an annual rate of 3.385% per annum, (vi) series L senior unsecured debentures due February 11, 2021 bearing interest at an annual rate of 3.749% per annum, (vii) series M senior unsecured debentures due July 22, 2022 bearing interest at an annual rate of 3.73% per annum, (viii) series N senior unsecured debentures due February 6, 2025 bearing interest at an annual rate of 3.556%, and (ix) a preliminary credit rating of BBB with a stable trend on the Debentures. A credit rating of BBB is generally an indication of adequate credit quality as defined by DBRS.

DBRS also provides stability ratings for REITs and income trusts. A stability rating generally provides an indication of both the stability and sustainability of the distributions to unitholders by the rated entity. DBRS’s rating categories range from highest stability and sustainability of distributions per unit (STA-1) to poor stability and sustainability of distributions per unit (STA-7). DBRS has provided SmartREIT with a stability rating of STA-3 (high). This rating category reflects good stability and sustainability of distributions per unit.

Payments were made by SmartREIT to DBRS in connection with the ratings of the Senior Debentures (including, for greater certainty, the Debentures) and in connection with the stability rating of SmartREIT. No payments were made to DBRS in respect of any other service provided to SmartREIT by DBRS during the last two years.

The ratings accorded to SmartREIT are not recommendations to purchase, hold or sell SmartREIT’s securities. There can be no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised by a rating agency at any time.

## INTEREST AND EARNINGS COVERAGES

Each Indenture (as defined under “Details of the Offering - Definitions”) will contain a covenant that SmartREIT will maintain a ratio of Consolidated Adjusted EBITDA to Consolidated Interest Expense of not less than 1.65 to 1. The calculation of such interest coverage ratio will be based on the defined terms of Consolidated Adjusted EBITDA and Consolidated Interest Expense to be contained in each Indenture (see “Details of the Offering - Definitions” and “Details of the Offering - Certain Covenants regarding Debentures - Consolidated Adjusted EBITDA to Consolidated Interest Expense Ratio”). This interest coverage ratio differs from the earnings coverage ratio required to be calculated under applicable Canadian securities law disclosure requirements. Such securities law disclosure requires the calculation to be based upon earnings and, as described in Note 1 to the table below under “Earnings Coverage Ratios”, includes a full 12 months of interest expense on indebtedness incurred subsequent to the respective calculation periods as if the indebtedness was incurred at the beginning of the calculation period but gives no credit to income derived from the associated use of proceeds other than interest savings on the repayment, redemption or retirement of other indebtedness. The interest coverage ratio calculated in accordance with the terms of the Trust Indenture for the 12 month period ended June 30, 2016 gives pro forma effect to the issuance of the Debentures and to acquisitions and dispositions of income producing assets, debt incurred and debt retired during or subsequent to the calculation period and the associated annual income therefrom as if these transactions occurred at the beginning of the calculation period. These coverage ratios are set out below. The first coverage ratio (under “Interest Coverage Ratio”) has been calculated using the methodology that will be prescribed by the Indentures. The second coverage ratios (under “Earnings Coverage Ratios”) have been calculated using the methodology prescribed under applicable Canadian securities law.

## Interest Coverage Ratio

The interest coverage ratio for SmartREIT for the 12 month period ended June 30, 2016 (including pro forma adjustments as required under the Indentures), being SmartREIT's ratio of Consolidated Adjusted EBITDA to Consolidated Interest Expense calculated in accordance with the terms of the Indentures, is approximately 3.12.

The following table sets out the pro forma interest coverage ratio discussed above.

	<b>Pro forma for the 12 months ended June 30, 2016</b>
Interest expense (\$)	135,085,000
Capitalized interest (\$)	20,575,000
Less: Distributions on Exchangeable Securities and deferred units included in interest expense (\$)	(2,026,000)
<b>Denominator - Consolidated Interest Expense (\$)</b>	<b>153,634,000</b>
Net income (\$)	361,480,000
Income taxes (\$) <sup>(1)</sup>	-
Interest expense (\$)	135,085,000
Amortization of equipment, leasing incentives and intangible assets (\$)	7,570,000
Less: Other non-cash items (Changes in fair value of investment properties and financial instruments)	(26,160,000)
Acquisition costs	1,018,000
Net loss on sale of properties (\$)	109,000
<b>Numerator – Consolidated Adjusted EBITDA (\$)</b>	<b>479,102,000</b>
<b>Interest Coverage Ratio</b>	<b>3.12</b>

Note:

- (1) SmartREIT is taxed as a mutual fund trust for income tax purposes. SmartREIT intends to distribute all of its taxable income to unitholders each year and to deduct such distributions for income tax purposes.

## Earnings Coverage Ratios

After (i) giving pro forma effect to the issuances of long-term debt and other changes in indebtedness subsequent to the respective calculation periods as if the issuances and changes had occurred at the beginning of the respective calculation periods, and all servicing costs that have been, or are expected to be, incurred in connection therewith, and (ii) giving effect to this offering (the "Pro Forma Adjustments"), SmartREIT's pro forma interest requirements for the 12 months ended December 31, 2015 and the 12 months ended June 30, 2016 was \$163,044,000 and \$155,031,000, respectively, and its net income before deducting interest and income taxes for such periods was \$463,448,000 and \$491,769,000, respectively, being approximately 2.84 and 3.17 times SmartREIT's pro forma interest requirements for such periods, respectively.

The following table sets out the pro forma earnings coverage ratios discussed above.

	<b>Pro forma for the 12 months ended December 31, 2015<sup>(1)</sup></b>	<b>Pro forma for the 12 months ended June 30, 2016<sup>(1)</sup></b>
Interest expense (\$)	145,600,000	134,456,000
Capitalized interest (\$)	17,444,000	20,575,000
<b>Denominator for Earnings Coverage Ratios (\$)</b>	<b>163,044,000</b>	<b>155,031,000</b>
Net income (\$)	317,848,000	357,313,000
Income taxes (\$) <sup>(2)</sup>	-	-
Interest expense (\$)	145,600,000	134,456,000
<b>Numerator for Earnings Coverage Ratios (\$)</b>	<b>463,448,000</b>	<b>491,769,000</b>
<b>Earnings Coverage Ratios</b>	<b>2.84</b>	<b>3.17</b>

Notes:

- (1) Includes a full 12 months of pro forma interest expense on indebtedness incurred subsequent to the end of the calculation period as if the indebtedness was incurred at the beginning of the calculation period but gives no credit to income derived from the associated use of proceeds other than interest savings on the repayment, redemption or retirement of other indebtedness.

- (2) SmartREIT is taxed as a mutual fund trust for income tax purposes. SmartREIT intends to distribute all of its taxable income to unitholders each year and to deduct such distributions for income tax purposes.

## CONSOLIDATED CAPITALIZATION

In this prospectus supplement, “**Exchangeable Securities**” means any securities of any trust, limited partnership or corporation other than SmartREIT that are convertible or exchangeable directly for Units without the payment of additional consideration therefor.

As at June 30, 2016, SmartREIT had 129,417,805 Units and 25,573,642 Exchangeable Securities issued and outstanding. From June 30, 2016 to the date of this prospectus supplement, 240,810 Units (including the exchange of 41,670 Exchangeable Securities for Units) and 1,452 Exchangeable Securities have been issued by SmartREIT or one of its subsidiaries, either: (i) through SmartREIT’s distribution reinvestment plan; or (ii) upon the exercise or exchange of previously outstanding Exchangeable Securities. As such, as at the date of this prospectus supplement, SmartREIT had 129,658,615 Units and 25,533,424 Exchangeable Securities outstanding for a total of 155,192,039 Units and Exchangeable Securities outstanding in aggregate.

As at June 30, 2016, the indebtedness of SmartREIT, consisting of mortgages payable, development loans, unsecured debentures and revolving operating facilities was approximately \$3,795,734,000. Since that time and as of August 16, 2016, the net indebtedness of SmartREIT has decreased by approximately \$5,153,000 including a decrease of approximately \$35,750,000 to repay a portion of mortgages payable, a decrease of approximately \$12,002,000 to repay the scheduled amortization of mortgages payable and a decrease of \$1,610,000 to repay other debt and deferred financing costs, offset by an increase of approximately \$44,208,000 in connection with financing, acquisition and development activities. As a result of this offering, the indebtedness of SmartREIT will increase by a further \$350,000,000, however, the indebtedness of SmartREIT will subsequently decrease by \$290,000,000 when a portion of the proceeds of the offering are used to redeem the Series F Debentures and the Series G Debentures and to repay amounts outstanding under SmartREIT’s revolving credit facility. See “Use of Proceeds”.

## DETAILS OF THE OFFERING

*The Debentures will be issued under a trust indenture (the “**Trust Indenture**”) dated September 22, 2005 between SmartREIT and Computershare Trust Company of Canada (the “**Indenture Trustee**”), as last supplemented by (i) the fifteenth supplemental trust indenture in respect of the Series O Debentures to be dated as of the closing date of this offering and to be entered into between SmartREIT and the Indenture Trustee (the **Trust Indenture**, as supplemented by the fifteenth supplemental trust indenture, are collectively referred to as the “**Series O Trust Indenture**”); and (ii) the sixteenth supplemental trust indenture in respect of the Series P Debentures to be dated as of the closing date of this offering and to be entered into between SmartREIT and the Indenture Trustee (the **Trust Indenture**, as supplemented by the sixteenth supplemental trust indenture, are collectively referred to as the “**Series P Trust Indenture**”, and, together with the Series O Trust Indenture, the “**Indentures**”). The Trust Indenture authorizes SmartREIT to issue an unlimited aggregate principal amount of Debt Securities (as defined below) in one or more series. Each such issue will be made by way of a supplemental indenture which will set out the terms of the relevant series of Debt Securities. The terms of the Series O Debentures will be set out in the Series O Trust Indenture and the terms of the Series P Debentures will be set out in the Series P Trust Indenture. The following is a summary of the material terms of the Debentures which does not purport to be complete. For full particulars of such terms, reference should be made to the applicable Indenture.*

### Definitions

For the purpose of the following discussion of certain provisions of the Indentures, the following terms have the meanings set out below:

“**Adjusted Unitholders’ Equity**” of SmartREIT, at any time, means the aggregate of the Carrying Value of Equity plus (i) the aggregate of the Carrying Values of the (a) earnout options, (b) deferred unit plan, (c) limited partnership units and (d) conversion feature of convertible debentures, to the extent such items are classified as liabilities; and (ii) current and deferred income tax liabilities, if any; less/plus the excess/shortfall between (a) the Carrying Value of investment properties presented on the consolidated balance sheet and (b) the Cost Value of investment properties presented on the consolidated balance sheet.

“**Aggregate Assets**” of SmartREIT, at any time, means the aggregate of (i) the total Carrying Value of the assets of SmartREIT plus (ii) accumulated amortization on property, plant and equipment; less (iii) the Carrying Value of goodwill; less/plus (iv) the excess/shortfall between (a) the Carrying Value of investment properties presented on the consolidated balance sheet and (b) the Cost Value of investment properties presented on the consolidated balance sheet.

“**Capital Lease Obligation**” of any person means the obligation of such person, as lessee, to pay rent or other payment amounts under a lease of real or personal property which is required to be classified and accounted for as a capital lease or a liability on a consolidated balance sheet of such person in accordance with GAAP.

“**Carrying Value**” means the amounts determined in accordance with GAAP.

“**Change of Control**” means the acquisition by a person, or group of persons acting jointly or in concert, of units of SmartREIT (and/or securities convertible into units of SmartREIT) representing (on a diluted basis, but only giving effect to the conversion or exercise of convertible securities held by such person or group of persons) greater than 50% of the units of SmartREIT.

“**Consolidated Adjusted EBITDA**” of SmartREIT for any period means Consolidated Net Income increased by the sum of (i) Consolidated Interest Expense, excluding interest that has been capitalized on projects that are under development or held for future development, for such period, (ii) distributions on deferred units and limited partnership units classified as liabilities on the balance sheet of SmartREIT for such period, (iii) income tax expense for such period, (iv) amortization of property, plant and equipment for such period, (v) amortization of tenant incentives for such period, (vi) amortization of direct leasing costs for such period, (vii) fair value loss on revaluation of investment properties for such period, (viii) fair value loss on financial instruments for such period, and (ix) transaction costs in respect of business combinations; decreased by the sum of (x) fair value gain on revaluation of investment properties for such period, (xi) fair value gain on financial instruments for such period, (xii) income tax recovery; and increased/decreased as appropriate by (xiii) other non-cash items changing Consolidated Net Income in determining Consolidated Net Income for such period; all determined on a consolidated basis in accordance with GAAP.

“**Consolidated Indebtedness**” of SmartREIT as at any date means the Carrying Value of consolidated Indebtedness of SmartREIT as at such date determined, except as otherwise expressly provided in the fifteenth or sixteenth supplemental indenture, as applicable, or in the Trust Indenture, in accordance with GAAP.

“**Consolidated Interest Expense**” of SmartREIT for any period means the aggregate amount of interest expense of SmartREIT in respect of Indebtedness, Capital Lease Obligations, the original issue discount of any Indebtedness issued at a price less than the face amount thereof paid, accrued or scheduled to be paid or accrued by SmartREIT during such period and, to the extent interest has been capitalized on projects that are under development or held for future development during the period, the amount of interest so capitalized, all as determined on a consolidated basis in accordance with GAAP (provided that, notwithstanding its presentation under GAAP, (i) all interest expense of SmartREIT in respect of convertible debt Indebtedness will be included (without duplication) in determining Consolidated Interest Expense and (ii) all interest expense determined in accordance with GAAP in respect of distributions on deferred units and limited partnership units classified as liabilities on the balance sheet of SmartREIT and distributions on non-controlling interests will be excluded in determining Consolidated Interest Expense).

“**Consolidated Net Income**” of SmartREIT for any period means the net income (loss) of SmartREIT for such period determined on a consolidated basis in accordance with GAAP, excluding any gain or loss (net of any tax impact) attributable to the sale or other disposition of any asset of SmartREIT, other than the sale or disposition of investment properties specifically acquired and held for resale.

“**Cost Value**” of investment properties means the sum of (a) the original cost of investment properties, (b) the additional costs recorded in respect of subsequent expenditures eligible for capitalization under GAAP, and (c) less the original and additional costs of parts of such investment properties disposed or otherwise derecognized, for investment properties included on the consolidated balance sheet; all determined on a consolidated basis in accordance with GAAP. For greater certainty, for purposes of this definition, the cost of investment properties includes initial direct leasing costs that are added to investment properties under GAAP.

“**Debt Securities**” means unsecured debt securities of SmartREIT issued from time to time pursuant to the Trust Indenture.

“**Equity**” means, the residual between total assets and total liabilities determined in accordance with GAAP.

“**Extraordinary Resolution**” means, for any series of Debt Securities, instruments in writing signed by the holders of not less than 66⅔% (or 75% in certain events as described under “Modification and Waiver”) of the aggregate outstanding principal amount of such series of Debt Securities or a resolution passed as an Extraordinary Resolution by the affirmative vote of the holders of not less than 66⅔% (or 75% in certain events as described under “Modification and Waiver”) of the aggregate outstanding principal amount of such series of Debt Securities represented and voting at a meeting of holders of such series of Debt Securities duly convened and held in accordance with the Trust Indenture, all upon compliance with the procedures specified in the Trust Indenture.

“**GAAP**” means, as at any date of determination, generally accepted accounting principles in effect in Canada as of the date of the Indentures that are applicable to SmartREIT.

“**Indebtedness**” of any person means (without duplication), on a consolidated basis, (i) any obligation of such person for borrowed money (including, for greater certainty, the full principal amount of convertible debt, notwithstanding its presentation under GAAP), (ii) any obligation of such person incurred in connection with the acquisition of property, assets or businesses, (iii) any obligation of such person issued or assumed as the deferred purchase price of property, (iv) any Capital Lease Obligation of such person, and (v) any obligations of the type referred to in clauses (i) through (iv) of another person, the payment of which such person has guaranteed or for which such person is responsible or liable; provided that, for the purpose of clauses (i) through (v) (except in respect of convertible debt, as described above), an obligation will constitute Indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of such person in accordance with GAAP. Obligations referred to in clauses (i) through (iii) exclude (a) trade accounts payable, (b) distributions payable to unitholders of SmartREIT or limited partners of subsidiaries of SmartREIT, (c) accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith, (d) indebtedness with respect to the unpaid balance of installment receipts, where such indebtedness has a term not in excess of 12 months, (e) intangible liabilities, (f) deferred revenues, (g) limited partnership units of subsidiaries, (h) deferred units classified as liabilities, (i) earnout options classified as liabilities, and (j) the conversion feature of convertible debentures classified as liabilities, all of which will be deemed not to be Indebtedness for the purposes of this definition.

“**Material Subsidiary**” means, at any date, any Subsidiary the book value of the assets of which exceed (on a stand-alone basis) 5% of the Adjusted Unitholders’ Equity calculated as at such date.

“**Non-Recourse Indebtedness**” means any Indebtedness of a Subsidiary of SmartREIT which is a single purpose company or whose principal assets and business are constituted by a particular project and pursuant to the terms of which Indebtedness payment is to be made from the revenues arising out of such project with recourse for such payment being available only to the revenues or the assets of such single purpose company or the project.

“**Subsidiary**” of any Person has the meaning attributed to it in the Ontario Securities Commission Rule 45-501 as in effect on the date hereof.

## **General**

The Series O Debentures will be issued in \$1,000 denominations and will be dated August 30, 2016, will bear interest at the rate of 2.987% per annum, payable in semi-annual instalments on February 28 and August 28 in each year, with the first payment of interest due on February 28, 2017 (the first interest payment will be calculated based on the number of days from closing to February 28, 2017 and will be a short first coupon in the aggregate amount of \$1,489,408.22 representing \$14.89408219 per \$1,000 principal amount assuming the closing is August 30, 2016). Thereafter, the semi-annual interest payments will be in an amount equal to \$14.935 per \$1,000 principal amount. The Series O Debentures will mature on August 28, 2024.

The Series P Debentures will be issued in \$1,000 denominations and will be dated August 30, 2016, will bear interest at the rate of 3.444% per annum, payable in semi-annual instalments on February 28 and August 28 in

each year, with the first payment of interest due on February 28, 2017 (the first interest payment will be calculated based on the number of days from closing to February 28, 2017 and will be a short first coupon in the aggregate amount of \$4,293,205.48 representing \$17.17282192 per \$1,000 principal amount assuming the closing is August 30, 2016). Thereafter, the semi-annual interest payments will be in an amount equal to \$17.22 per \$1,000 principal amount. The Series P Debentures will mature on August 28, 2026.

The Debentures will be direct senior unsecured obligations of SmartREIT and will rank equally and ratably with one another and with all other unsecured and unsubordinated Indebtedness of SmartREIT except for sinking fund provisions (if any) applicable to different series of Debt Securities or other obligations of SmartREIT, except to the extent prescribed by law.

### **Guarantee**

The Debentures will be guaranteed by the wholly-owned Material Subsidiaries of SmartREIT. All such current and future Material Subsidiaries will provide a guarantee of the Debentures. In the case of default by SmartREIT, the Indenture Trustee will, subject to the Indentures, seek redress from such Subsidiaries for the guaranteed obligations. These guarantees are intended to eliminate structural subordination, which arises as a consequence of certain SmartREIT assets being held in various Subsidiaries. A guarantor may be released from its guarantee in certain circumstances where it no longer remains a majority-owned Subsidiary of SmartREIT. The financial results of the guarantors are included in the consolidated financial results of SmartREIT, which are incorporated by reference in this prospectus supplement. See “Risk Factors – Structural Subordination of Debentures”.

### **Redemption by SmartREIT**

Prior to July 28, 2024 (the “**Series O Par Call Date**”), at its option, SmartREIT may redeem the Series O Debentures, in whole or in part, at any time and from time to time, on payment of a redemption price equal to the greater of (i) the Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the date fixed for redemption. In the event that SmartREIT elects to redeem the Series O Debentures in whole or in part on or after the Series O Par Call Date, the redemption price shall equal par, together in each case with accrued and unpaid interest to the date fixed for redemption.

Prior to May 28, 2026 (the “**Series P Par Call Date**”), at its option, SmartREIT may redeem the Series P Debentures, in whole or in part, at any time and from time to time, on payment of a redemption price equal to the greater of (i) the Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the date fixed for redemption. In the event that SmartREIT elects to redeem the Series P Debentures in whole or in part on or after the Series P Par Call Date, the redemption price shall equal par, together in each case with accrued and unpaid interest to the date fixed for redemption.

SmartREIT will give notice of redemption at least 30 days but not more than 60 days before the date fixed for redemption. Where less than all of the Debentures are to be redeemed pursuant to their terms, the Debentures to be so redeemed will be redeemed on a pro rata basis according to the principal amount of Debentures registered in the respective name of each holder of Debentures or in such other manner as the Indenture Trustee may consider equitable.

For the purposes of the foregoing provisions, the following terms will be defined in each Indenture substantially as follows:

“**Canada Yield Price**” means a price equal to the price of the applicable Debentures calculated to provide a yield to the Series O Par Call Date or the Series P Par Call Date, as applicable, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the date on which SmartREIT gives notice of redemption of the Debentures pursuant to the Trust Indenture plus 0.535%, in the case of the Series O Debentures, and 0.605%, in the case of the Series P Debentures.

“**Government of Canada Yield**” on any date means the yield to the Series O Par Call Date or the Series P Par Call Date, as applicable, on such date, compounded semi-annually and calculated in accordance with generally

accepted financial practice, which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remaining term to the Series O Par Call Date or the Series P Par Call Date, as applicable, of the Debentures, calculated as of the redemption date of the Debentures, such yield to the Series O Par Call Date or the Series P Par Call Date, as applicable, being the average of the yields provided by two major Canadian investment dealers selected by SmartREIT.

### **Purchase of Debt Securities**

SmartREIT may at any time and from time to time purchase the Debentures in the market (which will include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or private contract at any price. Debt Securities that are so purchased will be cancelled and will not be reissued or resold.

### **Certain Trust Indenture Covenants**

Each Indenture will contain covenants substantially to the following effect in favour of holders of the Debt Securities (including the Debentures).

#### ***Maintenance of Properties***

SmartREIT will maintain and keep or cause to be maintained and kept in good condition, repair and working order all of the properties owned by it or any of its Subsidiaries used in its business or in the business of any of its Subsidiaries. SmartREIT will make or cause to be made all necessary repairs and renewals to and replacements and improvements of these properties as in its judgment may be necessary to carry on its business properly and prudently. Notwithstanding the foregoing, SmartREIT and its Subsidiaries will not be prohibited from selling or transferring their properties in the ordinary course of business.

#### ***Insurance***

SmartREIT will maintain and will cause its Subsidiaries to maintain such property and liability insurance as would be maintained by a prudent owner.

#### ***Restrictions on Consolidations and Mergers***

SmartREIT may not consolidate with, amalgamate or merge with or into or sell, assign, transfer or lease all or substantially all of its properties and assets unless:

- (a) the entity formed by such consolidation or amalgamation or into which SmartREIT is merged or the entity which acquires by operation of law or by conveyance or by transfer the assets of SmartREIT substantially as an entirety is a corporation or unincorporated organization organized or existing under the laws of Canada or any province or territory thereof and (except where such assumption is deemed to have occurred solely by the operation of law) such entity assumes under a supplemental indenture all the obligations of SmartREIT under the Trust Indenture, any supplemental indenture and the Debt Securities and such transaction to the satisfaction of the Indenture Trustee and in the opinion of counsel will be on such terms to preserve and not impair any of the rights and powers of the Indenture Trustee and the holders of Debt Securities;
- (b) immediately before and immediately after giving effect to such transaction, no Event of Default (as defined in the Trust Indenture) has occurred and is continuing; and
- (c) immediately after giving effect to such transaction, the surviving entity could incur at least \$1.00 of additional Indebtedness.

## **Certain Covenants Regarding Debentures**

Each Indenture will contain covenants substantially to the following effect in favour of the holders of the Debentures.

### ***Consolidated Adjusted EBITDA to Consolidated Interest Expense Ratio***

SmartREIT will maintain a ratio of Consolidated Adjusted EBITDA to Consolidated Interest Expense (including pro forma adjustments as required under each Indenture) of not less than 1.65 to 1.

### ***Restrictions on Additional Indebtedness***

SmartREIT will not incur or assume, or permit any Subsidiary to incur or assume, any Indebtedness unless the quotient (expressed as a percentage) obtained by dividing Consolidated Indebtedness by Aggregate Assets, calculated on a pro forma basis as described below (the “**Indebtedness Percentage**”), would be less than or equal to 65%.

Each Indenture will provide that the Indebtedness Percentage will be calculated on a pro forma basis as at the date of SmartREIT’s most recently published balance sheet (the “**Balance Sheet Date**”) giving effect to the incurrence of the Indebtedness to be incurred or assumed and the application of the proceeds therefrom and to any other event that has increased or decreased Consolidated Indebtedness or Aggregate Assets since the Balance Sheet Date to the date of calculation.

### ***Equity Maintenance***

SmartREIT will maintain an Adjusted Unitholders’ Equity of at least \$500 million.

## **Events of Default**

The Trust Indenture provides that each of the following events will constitute an event of default (each, an “**Event of Default**”) in respect of each series of Debt Securities (including the Debentures):

- (a) default in payment of principal when due;
- (b) default in payment of any interest when due where such default continues for a period of three business days after the relevant interest payment date;
- (c) a breach of or default in the performance of any other covenant of SmartREIT under the Trust Indenture, the Debt Securities or a supplemental indenture in connection with that series of Debt Securities where such default or breach continues for a period of 30 days after the Indenture Trustee has given notice in writing to SmartREIT specifying the nature of such breach or default, and requiring that it be remedied unless the Indenture Trustee (having regard to the subject matter of such breach or default) agrees to a longer period, and in such event within the period agreed to by the Indenture Trustee;
- (d) certain events of bankruptcy, insolvency, winding up or dissolution related to SmartREIT or a Material Subsidiary as set out in the Trust Indenture;
- (e) the rendering of a final judgment or judgments (not subject to appeal) against SmartREIT or any Material Subsidiary in an aggregate amount in excess of \$25 million by a court or courts of competent jurisdiction, which remains or remain undischarged and unstayed for a period of 60 days after the date on which the right to appeal has expired; and
- (f) default by SmartREIT or any Material Subsidiary under the terms of any Indebtedness (other than any Non-Recourse Indebtedness) where that default results in the acceleration of that Indebtedness (after expiration of any applicable grace period) unless such acceleration is waived or rescinded; provided that the aggregate of all such Indebtedness which is accelerated exceeds \$25 million.

Subject to the provisions of the Trust Indenture relating to the duties of the Indenture Trustee, in case an Event of Default applicable to a series of Debt Securities occurs and is continuing, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Trust Indenture at the request or direction of any of the holders of Debt Securities of such series, unless such holders have offered to indemnify the Indenture Trustee to its reasonable satisfaction.

If an Event of Default (other than an Event of Default described in paragraph (d) above) occurs and is continuing with respect to a particular series of Debt Securities, either the Indenture Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Debt Securities of such series may accelerate the maturity of all Debt Securities of such series; provided that, notwithstanding any other provisions of the Trust Indenture, any supplemental indenture or any Debt Securities, after such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of outstanding Debt Securities of that series may rescind and annul such acceleration in certain circumstances described in the Trust Indenture. See “Modification and Waiver”. If an Event of Default specified in paragraph (d) above occurs, the outstanding Debt Securities will become immediately due and payable without any declaration or other act on the part of the Indenture Trustee or any holder of Debt Securities. If the maturity of the Debt Securities of a series has been accelerated, legal action against SmartREIT may be authorized by an Extraordinary Resolution of the holders of the Debt Securities of such series.

### **Depository Services**

Except as otherwise provided below, the Debentures will be issued in “book-entry only” form and must be purchased or transferred through participants (“**Participants**”) in the depository service of CDS Clearing and Depository Services Inc. or a successor (“**CDS**”), which include securities brokers and dealers, banks and trust companies. On the closing date of the offering, SmartREIT will cause a global certificate or certificates representing the Debentures (each, a “**Global Debenture**”) to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of a Debenture will be entitled to a certificate or other instrument from SmartREIT or CDS evidencing that Debentureholder’s ownership thereof, and no Debentureholder will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such Debentureholder. Each Debentureholder will receive a customer confirmation of purchase from the registered dealer from which the Debenture is purchased in accordance with the practices and procedures of that registered dealer. Practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Debentures.

Debentures will be issued in fully registered form to holders or their nominees other than CDS or its nominee if (i) SmartREIT determines that CDS is no longer willing or able to discharge properly its responsibilities as depository and SmartREIT is unable to locate a qualified successor, (ii) SmartREIT at its option elects, or is required by law, to terminate the book-entry system through CDS or such book-entry system ceases to exist, or (iii) after the occurrence of an Event of Default, holders of Debentures representing beneficial interests aggregating over 50% of the outstanding principal amount of Debentures determine that the continuation of the book-entry system is no longer in their best interests.

### **Transfers**

Transfers of ownership in the Debentures will be effected only through records maintained by CDS or its nominee for such Debentures with respect to interests of Participants and on the records of Participants with respect to interests of persons other than Participants. Debentureholders who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interest in the Debentures, may do so only through Participants.

The ability of a Debentureholder to pledge a Debenture or otherwise take action with respect to such Debentureholder’s interest in a Debenture (other than through a Participant) may be limited due to the lack of a physical certificate.

## **Payment of Interest and Principal**

Except in the case of payment on maturity, in which case payment may be made on surrender of the Global Debenture, payments of interest and principal on each Global Debenture will be made to CDS as registered holder of the Global Debenture. Interest payments on the Global Debenture will be made by cheque dated the date interest is payable and delivered to CDS two days before the date interest is payable. Payments of interest may also be made by electronic funds transferred to CDS at the option of SmartREIT. Principal payments on the Global Debenture will be made by cheque dated the maturity date delivered to CDS at maturity against receipt of the Global Debenture. As long as CDS is the registered holder of the Global Debenture, CDS will be considered the sole owner of the Global Debenture for the purpose of receiving payment on the Debentures and for all other purposes under the Trust Indenture and the Debentures.

SmartREIT expects that CDS, upon receipt of any payment of principal or interest in respect of a Global Debenture, will credit Participants' accounts, on the date principal or interest is payable, with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Debenture as shown on the records of CDS. SmartREIT also expects that payments of principal and interest by Participants to the owners of beneficial interests in such Global Debenture held through such Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants. The responsibility and liability of SmartREIT and the Indenture Trustee in respect of Debentures represented by the Global Debenture is limited to making payment of any principal and interest due on such Global Debenture to CDS.

If the date for payment of any amount of principal or interest on any Debenture is not a business day at the place of payment, then payment will be made on the next business day and the holder of the Debenture will not be entitled to any further interest or other payment in respect of the delay.

## **Change of Control**

In the event of a Change of Control, the holders of Debentures may require SmartREIT to repurchase their Debentures, in whole or in part, at a price of (i) 101% of the principal amount of such Debentures plus (ii) all accrued interest to the date of repurchase.

## **Defeasance**

The Trust Indenture contains provisions requiring the Indenture Trustee to release SmartREIT from its obligations under the Trust Indenture and any supplemental indenture relating to a particular series of Debt Securities (including the Debentures) provided that, among other things, SmartREIT satisfies the Indenture Trustee that it has deposited funds or made due provision for the payment of (i) the expenses of the Indenture Trustee and (ii) all principal, premium (if any), interest and other amounts due or to become due in respect of such series of Debt Securities and relevant tax opinions are obtained.

## **Modification and Waiver**

The rights of the holders of Debt Securities issued under the Trust Indenture and any supplemental indenture may be modified if authorized by Extraordinary Resolution. If the proposed modification affects the rights of the holders of a separate series of Debt Securities rather than all of the Debt Securities, the approval of a like proportion of the holders of such separate series of Debt Securities outstanding will be required.

The approval threshold for an Extraordinary Resolution will generally be 66 $\frac{2}{3}$ % but will be 75% for the following: (a) to change the stated maturity of the principal or redemption price of or any premium or installment of interest on, any Debt Securities of such series, (b) to reduce the principal amount of, or interest or premium (if any) on, any Debt Securities of such series, (c) to change the place or currency of payment of the principal of, premium (if any) on redemption price of or interest on, any Debt Securities of such series or (d) to amend the percentage of Debt Securities of such series necessary to approve an Extraordinary Resolution. See the definition of "Extraordinary Resolution" under "Definitions".

Subject to certain rights of the Indenture Trustee as provided in the Trust Indenture, the holders of a majority of the outstanding principal amount of the Debt Securities of a series (including the Debentures), on behalf of all holders of Debt Securities of such series, may waive certain Events of Default under the Trust Indenture with respect to such series of Debt Securities.

## **Financial Information**

SmartREIT has covenanted in the Trust Indenture to deliver to the Indenture Trustee its audited annual financial statements and unaudited interim financial statements at such time as such statements are delivered to Canadian securities regulators.

## **PLAN OF DISTRIBUTION**

Under an underwriting agreement (the “**Underwriting Agreement**”) dated August 16, 2016 between the Underwriters and SmartREIT, SmartREIT has agreed to sell and the Underwriters have severally agreed to purchase on August 30, 2016 or such other date as may be agreed upon, but not later than September 7, 2016, subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, \$100,000,000 principal amount of Series O Debentures and \$250,000,000 principal amount of Series P Debentures, each at a price equal to \$1,000 per \$1,000 principal amount of Debenture, plus accrued interest (if any) from August 30, 2016 to the date of delivery, payable in cash to SmartREIT against delivery of such principal amount of Debentures. The Underwriting Agreement provides that SmartREIT will pay the Underwriters a fee equal to 0.70% of the gross proceeds from the sale of the Series O Debentures and 0.75% of the gross proceeds from the sale of the Series P Debentures on account of their services rendered in connection with this offering. The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion on the basis of their assessment of the state of the financial markets, their assessment of any material change to the business of SmartREIT and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Debentures if any of the Debentures are purchased under the Underwriting Agreement.

The Debentures will be offered to the public at prices to be negotiated between each purchaser and the Underwriters. Accordingly, the price at which the Debentures will be offered and sold to the public may vary as between purchasers and during the period of distribution of the Debentures. The Underwriters’ overall compensation will increase by the amount by which the aggregate price paid for the Debentures by the purchasers exceeds the gross proceeds paid by the Underwriters to SmartREIT.

The Offering is being made in each of the provinces of Canada. The Debentures have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws, the Debentures may not be offered, sold or delivered within the United States, and each Underwriter has agreed that it will not offer, sell or deliver the Debentures within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, until 40 days after the commencement of this offering of Debentures, any offer or sale of the Debentures offered hereby within the United States by any dealer (whether or not participating in this offering) may violate the registration requirements of the U.S. Securities Act.

If one or more of the Underwriters fails to purchase their allotment of the Debentures, the remaining Underwriter or Underwriters may, but are not obligated to, purchase the Debentures not purchased by the Underwriter or Underwriters who failed to purchase.

SmartREIT has agreed to indemnify the Underwriters and their respective shareholders, directors, officers, employees and agents against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or to contribute to payments the Underwriters may be required to make in respect thereof.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution under this prospectus supplement, bid for or purchase Debentures. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of, Debentures. These exceptions include a bid or purchase

permitted under the Universal Market Integrity Rules as administered by Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first mentioned exception, in connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Debentures at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

SmartREIT has further agreed with the Underwriters that it will not issue or sell Debentures or any other senior unsecured debentures of SmartREIT (or agree to do so or publicly announce any intention to do so), at any time prior to 60 days after the issuance of the Debentures offered pursuant to this prospectus supplement, unless (i) the issue or sale or the proposed issue or sale is made pursuant to the Underwriting Agreement; or (ii) SmartREIT will have obtained the prior written consent of CIBC World Markets Inc. and BMO Nesbitt Burns Inc. on behalf of the Underwriters, which consent will not be unreasonably withheld or delayed.

#### **RELATIONSHIP BETWEEN SMARTREIT AND CERTAIN OF THE UNDERWRITERS**

Each of CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc. and Desjardins Securities Inc. is a subsidiary of a financial institution which is among SmartREIT's principal lenders. Consequently, SmartREIT may be considered to be a "connected issuer" of such Underwriters under applicable Canadian securities legislation.

As at August 16, 2016:

- (a) approximately \$21,500,000 is outstanding under an operating line, and approximately \$142,207,000, in aggregate, is outstanding under construction loans and mortgages on certain of SmartREIT's properties, with the bank which owns CIBC World Markets Inc.;
- (b) approximately \$12,000,000 is outstanding under an operating line with the bank which owns BMO Nesbitt Burns Inc.;
- (c) approximately \$6,900,000 is outstanding under an operating line with National Bank Financial Inc.
- (d) approximately \$12,000,000 is outstanding under an operating line, and approximately \$87,304,000 in aggregate, is outstanding under mortgages on certain of SmartREIT's properties with the bank that owns RBC Dominion Securities Inc.;
- (e) approximately \$12,000,000 is outstanding under an operating line, and approximately \$144,897,000 in aggregate, is outstanding under construction loans and mortgages on certain of SmartREIT's properties, with the bank which owns Scotia Capital Inc.;
- (f) approximately \$16,700,000 is outstanding under an operating line, and approximately \$314,153,000 in aggregate, is outstanding under mortgages on certain of SmartREIT's properties, with the Bank which owns TD Securities Inc.; and
- (g) approximately \$6,900,000 is outstanding under an operating line and approximately \$185,660,000 was outstanding under mortgages on certain of SmartREIT's properties with the bank which owns Desjardins Securities Inc.

The credit facilities and the mortgages referred to above are secured by certain assets of SmartREIT. The agreements governing such indebtedness contain representations and covenants, restrictions and events of default that are customary for such agreements, including restrictions on SmartREIT relating to additional indebtedness, liens and encumbrances and adherence to specified financial covenants.

As of the date of this prospectus supplement, SmartREIT is in compliance with the terms of such agreements and the financial position of SmartREIT and the value of the security granted to the financial institutions pursuant to such agreements have not materially changed since such agreements were entered into.

Each of the Underwriters has advised SmartREIT that the decision to underwrite this offering was made independently of the financial institutions and the financial institutions had no influence as to the determination of the terms of the distribution. None of the Underwriters will receive any benefit in connection with this offering other than its share of the Underwriters' fee payable by SmartREIT.

### USE OF PROCEEDS

The estimated net proceeds to SmartREIT from this offering, after deducting the Underwriters' fees of \$2,575,000 but before deducting the estimated expenses of the issue estimated to be approximately \$350,000, will be approximately \$347,425,000.

SmartREIT intends to use the net proceeds to repay existing indebtedness, including the redemption of its \$100 million 5.00% Series F senior unsecured debentures due February 1, 2019, \$90 million 4.70% Series G senior unsecured debentures due August 22, 2018, the repayment of \$100,000,000 outstanding under SmartREIT's revolving credit facility, and for general trust purposes. The yield maintenance cost to be paid on the redemption of Series F Debentures and the Series G Debentures is estimated to be approximately \$15,138,900 and the accrued interest on such Debentures up to but excluding the date of redemption is estimated to be \$869,100.

The Series F Debentures and the Series G Debentures are redeemable at a redemption price equal to the greater of (i) the Canada Yield Price (as defined in the applicable supplemental indenture); and (ii) par, together in each case with accrued and unpaid interest to the date of redemption.

### CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to SmartREIT, and McCarthy Tétrault LLP, counsel to the Underwriters (collectively, "**Counsel**"), the following is a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder who acquires Debentures, including, entitlement to all payments thereunder, as beneficial owner, pursuant to the Offering. This summary is applicable to such a holder who, at all relevant times, for purposes of the application of the Tax Act and the *Income Tax Regulations* (the "**Regulations**"): (i) is, or is deemed to be, resident in Canada; (ii) deals at arm's length with, and is not affiliated with, SmartREIT; and (iii) holds Debentures as capital property (a "**Holder**"). Generally, the Debentures will be considered to be capital property to a Holder provided the Holder does not acquire or hold such Debentures in the course of carrying on a business of buying, holding or selling securities or as part of an adventure or concern in the nature of trade. Certain Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Debentures (and all other "Canadian securities", as defined in the Tax Act) owned by such Holder in the taxation year in which the election is made and in all subsequent taxation years. Holders whose Debentures might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

This summary is not applicable to a holder (i) an interest in which is a "tax shelter investment", (ii) that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution", (iii) that reports its "Canadian tax results" in a currency other than Canadian currency, or (iv) that enters into, with respect to their Debentures, a "derivative forward agreement", each as defined in the Tax Act. Such holders should consult their own tax advisors.

This summary is based on (i) the facts set out in the Short Form Prospectus and this prospectus supplement (including the documents incorporated by reference), (ii) a certificate of SmartREIT as to certain factual matters, (iii) the current provisions of the Tax Act and the Regulations in force at the date hereof, and (iv) Counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing by it prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, administrative or judicial action, nor does it take into account any other federal,

provincial, territorial or foreign jurisdiction tax legislation or considerations, which may differ from those discussed herein.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective holders of Debentures should consult their own tax advisors having regard to their own particular circumstances.**

### ***Taxation of Interest on Debentures***

A Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues to it (or that is deemed to accrue to it) to the end of the particular taxation year or that has become receivable by or is received by the Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the holder in computing income), except to the extent that the Holder included that interest in income for a preceding taxation year.

Upon a redemption or repayment of a Debenture, interest accrued thereon to the date of redemption or repayment and that would otherwise be payable after that date will be included in computing the Holder's income, except to the extent such amount was included in computing the Holder's income for that or a previous taxation year. Upon a disposition or deemed disposition of a Debenture (other than on a redemption or repayment at maturity), interest accrued thereon to the date of disposition and not yet due will be included in computing the Holder's income, except to the extent such amount was otherwise included in the Holder's income.

### ***Redemption or Repayment of Debenture***

If SmartREIT redeems a Debenture prior to Maturity or repays a Debenture upon Maturity, the Holder will be considered to have disposed of the Debenture for proceeds of disposition equal to the amount received by the Holder (other than the amount received as interest, including any premium deemed to be interest as described below) on such redemption or repayment. The Holder may realize a capital gain or capital loss computed as described below under "Other Dispositions of Debentures".

The amount of any premium paid by SmartREIT to a Holder on redemption of Debentures prior to maturity will generally be deemed to be interest received at that time by the Holder if such premium is paid by SmartREIT because of the repayment by SmartREIT of the Debentures before their maturity and to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, interest that, but for the repayment, would have been paid or payable by SmartREIT on the Debentures for taxation years of SmartREIT ending after the time of the redemption.

### ***Other Dispositions of Debentures***

A disposition or deemed disposition by a Holder of a Debenture will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition exceed (or are less than) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. Generally, a Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "taxable capital gain") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Holder is required to deduct one-half of the amount of any capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized by the Holder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

A Holder's proceeds of disposition of a Debenture will exclude interest accrued thereon to the date of disposition and not yet due and any premium paid on a redemption prior to maturity deemed to be interest, which interest will be included in computing the Holder's income as discussed above under "Taxation of Interest on Debentures".

## **RISK FACTORS**

There are risks associated with the Debentures being distributed under this offering. In addition to the risks described herein, reference is made to the risks described in the Short Form Prospectus including SmartREIT's annual information form and management's discussion and analysis which are incorporated therein by reference. See "Documents Incorporated by Reference".

### **Credit Ratings**

Real or anticipated changes in credit ratings on the Debentures may affect the market value of the Debentures. In addition, real or anticipated changes in credit ratings can affect the cost at which SmartREIT can access the debenture market.

### **Structural Subordination of Debentures**

Liabilities of a parent entity with assets held by various Subsidiaries may result in the structural subordination of the lenders of the parent entity. The parent entity is entitled only to the residual equity of its Subsidiaries after all debt obligations of its Subsidiaries are discharged. In the event of a bankruptcy, liquidation or reorganization of SmartREIT, holders of indebtedness of SmartREIT (including holders of Debentures) may become subordinate to lenders to the Subsidiaries of SmartREIT.

Wholly-owned Material Subsidiaries of SmartREIT will provide a form of guarantee pursuant to which the Indenture Trustee will, subject to the Trust Indenture, be entitled to seek redress from such wholly-owned Subsidiaries for the guaranteed indebtedness. These guarantees are intended to eliminate structural subordination which arises as a consequence of certain SmartREIT assets being held in various Subsidiaries. Although all wholly-owned Material Subsidiaries will provide a guarantee, not all Subsidiaries of SmartREIT will provide such a guarantee. In addition, there can be no assurance that the Indenture Trustee will, or will be able to, effectively enforce the guarantee. See "Details of the Offering – Guarantee".

### **Coverage Ratios**

See "Interest and Earnings Coverages" which is relevant to an assessment of the risk that SmartREIT will be unable to pay interest or principal on the Debentures when due.

### **Market Value Fluctuation**

Prevailing interest rates will affect the market value of the Debentures, as they carry a fixed interest rate. Assuming all other factors remain unchanged, the market value of the Debentures, which carry a fixed interest rate, will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

### **Trading Market for Debentures**

There is no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased under this prospectus supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and the extent of issuer regulation.

If the Debentures are traded after their initial issuance, they may trade at a discount from their initial public offering price depending on prevailing interest rates, the market for similar securities, the performance of SmartREIT and other factors. No assurance can be given as to whether an active trading market will develop or be

maintained for the Debentures. To the extent that an active trading market for the Debentures does not develop, the liquidity and trading prices for the Debentures may be adversely affected.

### **Statutory Remedies**

SmartREIT is not a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Act* and in some cases, the *Winding Up and Restructuring Act*. As a result, in the event a restructuring of SmartREIT were necessary, SmartREIT would not be able to access the remedies available thereunder. In the event of a restructuring, a holder of Debentures may be in a different position than a holder of secured indebtedness of a corporation.

### **Canadian Tax-Related Risks**

The Tax Act imposes a special taxation regime (the “**SIFT Rules**”) applicable to SIFT trusts, as such term is defined in the Tax Act. Under the SIFT Rules, a SIFT trust is subject to tax in respect of certain distributions that are attributable to the SIFT trust’s “non-portfolio earnings” as defined in the Tax Act; generally, income (other than certain dividends) from, or capital gains realized on, “non-portfolio properties”, which does not include certain investments in non-Canadian entities, at a rate substantially equivalent to the combined federal and provincial corporate tax rate on certain types of income.

The SIFT Rules are not applicable to REITs that meet certain specified criteria relating to the nature of their revenues and investments (the “**REIT Exception**”). If SmartREIT fails to qualify for the REIT Exception, SmartREIT will be subject to the tax regime under the SIFT Rules.

Based on the legislation as it is now enacted, SmartREIT, as currently structured, does qualify for the REIT Exception and thus is not currently subject to tax under the SIFT Rules. However, no assurance can be given that SmartREIT will continue to qualify for the REIT Exception.

### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

The auditor of SmartREIT is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants.

The registrar and transfer agent for the Debentures will be Computershare Trust Company of Canada at its principal office in Toronto, Ontario.

### **LEGAL MATTERS**

Legal matters in connection with the issuance of the Debentures offered by this prospectus supplement will be passed upon at the date of closing on behalf of SmartREIT by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by McCarthy Tétrault LLP.

As of the date hereof, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, and McCarthy Tétrault LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding units of SmartREIT.

### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.



**CERTIFICATE OF THE GUARANTORS**

Dated: August 16, 2016

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

SMART LIMITED PARTNERSHIP,  
BY ITS GENERAL PARTNER, SMART GP INC.

(Signed) HUW THOMAS  
President

(Signed) PETER SWEENEY  
Chief Financial Officer

On Behalf of the Board of Directors of Smart GP Inc.

(Signed) HUW THOMAS  
Director

(Signed) PETER SWEENEY  
Director

SMART GP INC.

(Signed) HUW THOMAS  
President

(Signed) PETER SWEENEY  
Chief Financial Officer

On Behalf of the Board of Directors of Smart GP Inc.

(Signed) HUW THOMAS  
Director

(Signed) PETER SWEENEY  
Director

SMART LIMITED PARTNERSHIP III,  
BY ITS GENERAL PARTNER, SMART GP III INC.

(Signed) HUW THOMAS  
President

(Signed) PETER SWEENEY  
Chief Financial Officer

On Behalf of the Board of Directors of Smart GP III Inc.

(Signed) HUW THOMAS  
Director

(Signed) PETER SWEENEY  
Director

SMART GP III INC.

(Signed) HUW THOMAS  
President

(Signed) PETER SWEENEY  
Chief Financial Officer

On Behalf of the Board of Directors of Smart GP III Inc.

(Signed) HUW THOMAS  
Director

(Signed) PETER SWEENEY  
Director

CALLOWAY REAL ESTATE INVESTMENT TRUST INC.

(Signed) HUW THOMAS  
President

(Signed) PETER SWEENEY  
Chief Financial Officer

On Behalf of the Board of Directors of Calloway Real Estate Investment Trust Inc.

(Signed) HUW THOMAS  
Director

(Signed) PETER SWEENEY  
Director

CALLOWAY FINANCIAL INC.

(Signed) HUW THOMAS  
President

(Signed) PETER SWEENEY  
Chief Financial Officer

On Behalf of the Board of Directors of Calloway Financial Inc.

(Signed) HUW THOMAS  
Director

(Signed) PETER SWEENEY  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Dated: August 16, 2016

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

CIBC WORLD MARKETS INC.

By: (Signed) JEFF APPLEBY

BMO NESBITT BURNS INC.

By: (Signed) JONATHAN LI

NATIONAL BANK  
FINANCIAL INC.

BY: (SIGNED) JOHN  
CARRIQUE

RBC DOMINION  
SECURITIES INC.

By: (Signed) DAVID  
DULBERG

SCOTIA CAPITAL INC.

By: (Signed) SHARON  
TELEM

TD SECURITIES INC.

By: (Signed) ANDREW  
BECKER

DESJARDINS SECURITIES INC.

By: (Signed) MARK A. EDWARDS

RAYMOND JAMES LTD.

By: (Signed) LUCAS ATKINS

CANACCORD GENUITY CORP.

By: (Signed) KENNETH R. KNOWLES