

This short form prospectus is a base shelf prospectus. This short form prospectus has been filed under legislation in each of the provinces of Canada that permit certain information about these securities to be determined after this prospectus has become final and that permit the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form 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. 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 short form prospectus does not constitute an offer to sell or solicitation of an offer to buy any of the securities offered hereby within the United States.

Information has been incorporated by reference in this 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. See “Documents Incorporated By Reference”.

SHORT FORM BASE SHELF PROSPECTUS

New Issue

December 22, 2015



SMART REAL ESTATE INVESTMENT TRUST

\$2,000,000,000

**Variable Voting Units
Subscription Receipts
Warrants
Debt Securities**

Smart Real Estate Investment Trust (“**SmartREIT**”) (formerly, Calloway Real Estate Investment Trust) is an unincorporated “open-end” trust constituted in accordance with the laws of the Province of Alberta, pursuant to a declaration of trust that was most recently amended and restated as of July 3, 2015 (the “**Declaration of Trust**”). SmartREIT is focused on the development and ownership of high quality retail and office properties. The principal and head office of SmartREIT is located at Suite 200, 700 Applewood Crescent, Vaughan, Ontario L4K 5X3.

SmartREIT may from time to time during the 25-month period that this short form base shelf prospectus (the “**Prospectus**”), including any amendments hereto, remains valid, offer for sale and issue variable voting units of SmartREIT (“**Units**”), subscription receipts (“**Subscription Receipts**”), warrants (“**Warrants**”), and debt securities, which may consist of debentures, notes or other types of debt and may be issuable in series (the “**Debt Securities**”), and together with the Units, Subscription Receipts and Warrants, the “**Trust Securities**”). SmartREIT may sell up to \$2,000,000,000 in the aggregate of Trust Securities (or its equivalent in any other currency used to denominate the Trust Securities at the time of the offering) at any time. The Trust Securities may be sold from time to time in one or more transactions at a fixed price or prices (which may be changed) or at market prices prevailing at the time of sale, at prices determined by reference to such prevailing market prices or at negotiated prices.

The specific terms of any Trust Securities offered will be described in one or more shelf prospectus supplements (each, a “**Prospectus Supplement**”), including, where applicable: (i) in the case of Units, the number of Units being offered, the offering price and any other specific terms; (ii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the procedures for the exchange of the Subscription Receipts for Units and/or Warrants and any other specific terms; (iii) in the case of Warrants, the number of such Warrants offered, the offering price, the terms, conditions and procedures for the exercise of such Warrants into or for Units and any other specific terms; and (iv) in the case of Debt Securities, the specific designation, the aggregate principal

amount being offered, the denominations, the currency, the issue and delivery date, the maturity date, the issue price (or the manner of determination thereof, if offered on a non-fixed price basis), the interest rate (either fixed or floating, and, if floating, the manner of calculation thereof), the interest payment date(s), the redemption, the exchange or conversion provisions (if any), the repayment terms, the form (either global or definitive), the authorized denominations and any other specific terms. A Prospectus Supplement may include specific variable terms pertaining to the Trust Securities that are not within the alternatives and parameters described in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Trust Securities to which the Prospectus Supplement pertains.

SmartREIT may sell the Trust Securities to or through underwriters or dealers purchasing as principals, and may also sell the Trust Securities directly to one or more purchasers pursuant to applicable statutory exemptions or through dealers acting as agents. The Prospectus Supplement relating to a particular offering of Trust Securities will identify each underwriter, dealer or agent, as the case may be, engaged by SmartREIT in connection with the offering and sale of the Trust Securities, and will set forth the terms of the offering of such Trust Securities, including the method of distribution of such Trust Securities, the proceeds to SmartREIT and any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution. Unless otherwise specified in the relevant Prospectus Supplement, in connection with any offering of Trust Securities, the underwriters or dealers, as the case may be, may over allot or effect transactions which stabilize or maintain the market price of the Trust Securities at a level above that which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

The Units are listed on the Toronto Stock Exchange (the “TSX”) under the symbol “SRU.UN”, formerly “CWT.UN”. As at December 21, 2015, the trading price for the Units was \$30.90. **Each series or issue of Subscription Receipts, Warrants, or other Debt Securities will be a new issue of securities with no established trading market. Unless otherwise specified in a Prospectus Supplement relating to an issue of Subscription Receipts, Warrants, or Debt Securities, the Subscription Receipts, Warrants, and Debt Securities will not be listed on any securities or stock exchange. Accordingly, unless so specified, there will be no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See “Risk Factors”.**

A return on an investment in Units of SmartREIT is not comparable to the return on an investment in a fixed-income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions. Although SmartREIT intends to make distributions of a significant percentage of its available cash to its unitholders in accordance with its distribution policies, these cash distributions are not assured and may be reduced or suspended. The ability of SmartREIT to make cash distributions and the actual amount distributed will be dependent upon, among other things, the financial performance of the properties in its property portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons including if SmartREIT is unable to meet its cash distribution targets in the future, and that decline may be significant.

It is important for a person making an investment in Units of SmartREIT to consider the particular risk factors that may affect both SmartREIT and the real estate industry in which SmartREIT operates and which may therefore affect the stability of the cash distributions on the Units of SmartREIT. See the section entitled “Risk Factors” in SmartREIT’s latest annual information form, which is incorporated herein by reference, which describes SmartREIT’s assessment of those risk factors as well as the potential consequences to a unitholder if a risk should occur. See “Risk Factors”.

The after-tax return from an investment in Units to unitholders subject to Canadian federal income tax will depend, in part, on the composition for Canadian income tax purposes of distributions paid by SmartREIT on its Units, which may be fully or partially taxable or tax-deferred. That composition may change over time, thus affecting a

unitholder's after-tax returns. The adjusted cost base of any Units held by a unitholder will be reduced by the non-taxable portion of distributions made to the unitholder other than the portion thereof attributable to the non-taxable portion of any capital gains realized by SmartREIT. Distributions to a unitholder who is not resident in Canada for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**") or is a partnership that is not a "Canadian partnership" for purposes of the Tax Act may be subject to Canadian withholding tax. Prospective unitholders should consult their own tax advisors with respect to the Canadian income tax considerations in their own circumstances.

DBRS Limited ("**DBRS**") has provided SmartREIT with a credit rating of BBB with a stable trend relating to all senior unsecured obligations of SmartREIT. A credit rating of BBB is generally an indication of adequate credit quality as defined by DBRS. See "Ratings".

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. SmartREIT qualifies as a mutual fund trust for the purposes of the Tax Act and offers and sells its Units to the public. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.

All dollar amounts set forth in this Prospectus are in Canadian dollars, except where otherwise indicated.

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FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus and in the documents incorporated by reference herein 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 in the sections “SmartREIT” and “Risk Factors” regarding SmartREIT’s ability to continue to execute its growth strategy, make additional accretive acquisitions and build a geographically diversified portfolio, SmartREIT’s expectation that Wal-Mart will continue to be the dominant anchor tenant in SmartREIT’s property portfolio and that its presence will continue to attract other retailers and consumers, SmartREIT’s expectations regarding future potential mixed use development opportunities and SmartREIT’s expectation of meeting the REIT Exception (as defined in SmartREIT’s most recent annual information form) and not being subject to the SIFT Rules (as defined in SmartREIT’s most recent annual information form) are forward looking statements. All statements other than statements of historical fact contained in this Prospectus and in the documents incorporated by reference herein 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 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, which refers to the risks described in SmartREIT’s most recent annual information form and management’s discussion and analysis each incorporated by reference herein, and in the other documents incorporated by reference herein. Although the forward-looking statements contained in this Prospectus and in the documents incorporated by reference herein 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 and in the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement and by the cautionary statements contained in the documents incorporated by reference. The forward-looking statements contained in this Prospectus are made as at the date of this Prospectus and the forward-looking statements contained in the documents incorporated by reference herein 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.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this 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 SmartREIT 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.

The following documents of SmartREIT, which have been filed with the securities commission or similar authority in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in this Prospectus:

- (a) the annual information form of SmartREIT dated February 11, 2015 (the “AIF”);

- (b) the audited annual consolidated financial statements of SmartREIT for the years ended December 31, 2014 and 2013, 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, 2014;
- (d) the management information circular of SmartREIT dated April 27, 2015 issued in connection with the annual general and special meeting of unitholders of SmartREIT held on May 26, 2015, excluding the fairness opinion of CIBC World Markets Inc. dated April 16, 2015 and the formal valuation of KPMG LLP dated April 15, 2015 attached as Schedule "D" and Schedule "E", respectively, thereto and any references to such fairness opinion and valuation therein, and the summary of the appraisal of Cushman & Wakefield Ltd. dated April 16, 2015 and any references to such appraisal therein;
- (e) the unaudited interim consolidated financial statements of SmartREIT for the three and nine month periods ended September 30, 2015 and 2014, 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 nine month periods ended September 30, 2015;
- (g) material change report dated February 12, 2015 with respect to the redemption of SmartREIT's \$150 million 5.37% Series B senior unsecured debentures due October 12, 2016; and
- (h) material change report dated April 27, 2015 with respect to the acquisition by SmartREIT of the SmartCentres development platform and a portfolio of 24 properties.

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 and prior to the termination of the offering under any Prospectus Supplement shall be deemed to be incorporated by reference into this Prospectus.

Upon new audited annual financial statements being filed by SmartREIT with the applicable securities regulatory authorities during the term of this Prospectus, the previously filed audited annual financial statements and all unaudited interim financial statements, together with related management's discussion and analysis, relating to prior periods shall be deemed to no longer be incorporated into this Prospectus for the purposes of future offers and sales of Trust Securities under this Prospectus.

Upon a new annual information form being filed by SmartREIT with the applicable securities regulatory authorities during the term of this Prospectus, the previously filed annual information form, any material change reports filed prior to the end of the financial year in respect of which the new annual information form is filed, any information circular filed since the start of such financial year, and any business acquisition report for acquisitions completed since the beginning of such financial year (unless such report is incorporated by reference into the current annual information form or less than nine months of the acquired business' or related businesses' operations are incorporated into SmartREIT's most recent audited financial statements), shall be deemed no longer to be incorporated by reference into this Prospectus for the purposes of future offers and sales of Trust Securities under this Prospectus.

Upon interim financial statements and related management's discussion and analysis being filed by SmartREIT with the applicable securities regulatory authorities during the term of this Prospectus, all previously filed interim financial statements and related management's discussion and analysis shall be deemed no longer to be incorporated by reference into this Prospectus for the purposes of future offers and sales of Trust Securities under this Prospectus.

A Prospectus Supplement containing the specific terms in respect of any offering of Trust Securities, updated disclosure of interest coverage ratios (if applicable) and any additional or updated information SmartREIT may elect

to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a prospectus amendment) will be delivered to purchasers of such Trust Securities, together with this Prospectus, and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement, but only for purposes of the offering of such Trust Securities. Any “template version” of any “marketing materials” (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed by SmartREIT with a securities commission or similar regulatory authority in any of the provinces of Canada after the date of a Prospectus Supplement and before the termination of the distribution of the Trust Securities offered pursuant to such Prospectus Supplement is deemed to be incorporated by reference into that Prospectus Supplement.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall 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. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Prospectus.

SMARTREIT

SmartREIT’s vision is to create exceptional places to shop and work. SmartREIT’s purpose is to develop, lease, construct, own and manage shopping centres that provide SmartREIT’s retailers with a platform to reach their customers through convenient locations, intelligent designs, and a desirable tenant mix and more recently to provide high quality office space for tenants to locate effective work spaces.

SmartREIT’s shopping centres focus on value-oriented retailers and include well known national and regional names as well as strong neighbourhood merchants. It is expected that Wal-Mart will continue to be the dominant anchor tenant in the portfolio and that its presence will continue to attract other retailers and consumers. The first office tower to be developed by SmartREIT is the KPMG tower located at the Vaughan Metropolitan Centre in Vaughan, Ontario.

On May 28, 2015, SmartREIT completed the acquisition of the SmartCentres development platform from Mitchell Goldhar (the “**Platform Purchase**”), which transformed SmartREIT into a fully integrated real estate provider with a full suite of capabilities from origination of development opportunities to construction, leasing and operations. As part of the Platform Purchase, SmartREIT acquired the “Smart Urban” brand that SmartREIT intends to use in the future in connection with mixed use developments in urban settings, which will likely include a mix of retail, office and residential space. SmartREIT also acquired the right from the SmartCentres group of companies to use the “SmartCentres” brand, which represents a family and value-oriented shopping experience.

Also on May 28, 2015, SmartREIT completed a transaction to acquire a significant portfolio of real estate from a number of vendors, including Mitchell Goldhar and certain members of the SmartCentres group of companies (collectively with the Platform Purchase, the “**2015 Transactions**”). Following the closing of the 2015 Transactions and to reflect its enhanced capabilities and the considerable brand recognition of “SmartCentres”, SmartREIT changed its name from Calloway Real Estate Investment Trust to Smart Real Estate Investment Trust.

As at September 30, 2015, SmartREIT owned 138 shopping centres with total gross leasable area of 30.8 million square feet and 11 development properties, located in communities across Canada.

To the extent that opportunities exist, and to the extent that management and the board of trustees of SmartREIT believe such opportunities are beneficial to unitholders, SmartREIT will continue to invest in large format, unenclosed retail rental properties with strong tenant covenants, stable yields, low vacancy levels and growth potential and continue to build a geographically diversified portfolio of such properties.

USE OF PROCEEDS

The net proceeds to be derived from the sale of Trust Securities will be the issue price thereof less any commissions paid and expenses incurred in connection therewith. The specific principal use for which the net proceeds from the sale of Trust Securities and the amount of net proceeds to be applied for any such use will be described in a Prospectus Supplement or pricing supplement relating to a specific issuance of Trust Securities. Among other potential uses, SmartREIT may use the net proceeds from the sale of Trust Securities to repay indebtedness outstanding from time to time, to fund the purchase of real property and other investments as permitted by the Declaration of Trust, for capital expenditures and for other general trust purposes.

EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the applicable Prospectus Supplement(s) with respect to the issuance of Debt Securities pursuant to this Prospectus.

DESCRIPTION OF TRUST SECURITIES

The following is a summary of the material attributes and characteristics of the Trust Securities. This summary does not purport to be complete.

Units

This section describes the general terms that will apply to any Units that may be offered by SmartREIT pursuant to this Prospectus. For a complete summary of the general terms that apply to Units of SmartREIT, see “Declaration of Trust and Description of Units” in the AIF which is incorporated by reference in this Prospectus.

The Units may be offered separately or together with Subscription Receipts, Warrants, or Debt Securities, as the case may be.

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit represents an equal fractional undivided beneficial interest in any distributions from SmartREIT, and in any net assets of SmartREIT in the event of termination or winding-up of SmartREIT. All Units are of the same class with equal rights and privileges, subject to the voting top-up right described below. Each Unit is transferable, entitles the holder thereof to participate equally in distributions, including the distributions of net income and net realized capital gains of SmartREIT and distributions on liquidation, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of unitholders for each Unit held.

As a result of the extension for an additional five years of the existing voting top-up right that provides Mr. Mitchell Goldhar (SmartREIT’s largest unitholder) with the right to 25% of the total voting rights in SmartREIT (the “**Voting Top-Up Right**”) and at the request of the TSX, SmartREIT re-designated its trust units as “Variable Voting Units” effective as of July 8, 2015. Such designation will cease on the termination of the Voting Top-Up Right in 2020. The Voting Top-Up Right is more particularly described in the management information circular dated April 27, 2015 which is incorporated by reference in this Prospectus.

Subscription Receipts

This section describes the general terms that will apply to any Subscription Receipts that may be offered by SmartREIT pursuant to this Prospectus.

Subscription Receipts may be offered separately or together with Units, Warrants, or Debt Securities, as the case may be.

The following sets forth certain general terms and provisions of the Subscription Receipts offered under this Prospectus. The specific terms and provisions of the Subscription Receipts offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement.

The Subscription Receipts will be issued under one or more subscription receipt agreements (each, a “**Subscription Receipt Agreement**”), in each case between SmartREIT and a subscription receipt agent (each, a “**Subscription Receipt Agent**”) determined by SmartREIT. The statements made hereunder relating to any Subscription Receipt Agreement and the Subscription Receipts to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Subscription Receipt Agreement. The applicable Prospectus Supplement will include details of the applicable Subscription Receipt Agreement covering the Subscription Receipts being offered.

The particular terms of each issue of Subscription Receipts will be described in the related Prospectus Supplement. Such description will include, where applicable:

- the number of Subscription Receipts being offered;
- the price at which the Subscription Receipts will be offered;
- the procedures for the exchange of the Subscription Receipts into Units and/or Warrants;
- the number of Units and/or Warrants that may be exchanged upon exercise of each Subscription Receipt;
- the designation and terms of any other securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each security;
- the Subscription Receipt Agent under the Subscription Receipt Agreement pursuant to which the Subscription Receipts are to be issued;
- material Canadian federal income tax consequences of owning, holding or disposing of the Subscription Receipts (if any); and
- any other material terms and conditions of the Subscription Receipts.

Warrants

This section describes the general terms that will apply to any Warrants that may be offered by SmartREIT pursuant to this Prospectus.

Warrants may be offered separately or together with Units, Subscription Receipts or Debt Securities, as the case may be. SmartREIT will not offer Warrants for sale separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction.

The following sets forth certain general terms and provisions of the Warrants offered under this Prospectus. The specific terms and provisions of the Warrants offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms described in this section apply to those Warrants, will be set forth in the applicable Prospectus Supplement. The Warrants will be issued under one or more indentures (each, a “**Warrant Indenture**”), in each case between SmartREIT and a warrant agent (a “**Warrant Agent**”) determined by SmartREIT. The statements made hereunder relating to any Warrant Indenture and the Warrants to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Warrant Indenture. The applicable Prospectus Supplement will include details of the applicable Warrant Indenture covering the Warrants being offered.

The particular terms of each issue of Warrants will be described in the related Prospectus Supplement. Such description will include, where applicable:

- the title or designation of the Warrants;
- the number of Warrants being offered;
- the number of Units and/or other securities of SmartREIT purchasable upon exercise of the Warrants and the procedures for exercise;
- the exercise price of the Warrants;
- the dates or periods during which the Warrants are exercisable and when they expire;
- the designation and terms of any other securities with which the Warrants will be offered, if any, and the number of Warrants that will be offered with each such security;
- the Warrant Agent under the Warrant Indenture pursuant to which the Warrants are to be issued;

- material Canadian federal income tax consequences of owning, holding or disposing of the Warrants (if any); and
- any other material terms and conditions of the Warrants.

Debt Securities

This section describes the general terms that will apply to any Debt Securities that may be offered by SmartREIT pursuant to this Prospectus.

The Debt Securities may be offered separately or together with Units, Warrants or Subscription Receipts, as the case may be.

The following sets forth certain general terms and provisions of the Debt Securities offered under this Prospectus. The specific terms and provisions of the Debt Securities offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms described in this section apply to those Debt Securities, will be set forth in the applicable Prospectus Supplement.

The Debt Securities will be direct, unsecured obligations of SmartREIT. The Debt Securities will be senior or subordinated indebtedness of SmartREIT as described in the relevant Prospectus Supplement. In the event of the insolvency or winding-up of SmartREIT, the subordinated indebtedness of SmartREIT, including the subordinated Debt Securities, will be subordinate in right of payment to the prior payment in full of all other liabilities of SmartREIT (including senior indebtedness), except those which by their terms rank equally in right of payment with or are subordinate to such subordinated indebtedness.

The Debt Securities will be issued under one or more indentures (each, a “**Debt Security Indenture**”), in each case between SmartREIT and a trustee (each, a “**Debt Security Trustee**”) determined by SmartREIT. The statements made hereunder relating to any Debt Security Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Debt Security Indenture. The applicable Prospectus Supplement will include details of the applicable Debt Security Indenture covering the Debt Securities being offered.

Each Debt Security Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by SmartREIT.

The particular terms of each issue of Debt Securities will be described in the related Prospectus Supplement. This description will include, where applicable:

- the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- the percentage of the principal amount at which such Debt Securities will be issued;
- the date or dates on which such Debt Securities will mature;
- the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- the dates on which any such interest will be payable and the record dates for such payments;
- the Debt Security Trustee under the Debt Security Indenture pursuant to which the Debt Securities are to be issued;
- the designation and terms of any securities with which the Debt Securities will be offered, if any, and the number of Debt Securities that will be offered with each security;
- whether the Debt Securities are subject to redemption or call and, if so, the terms of such redemption or call provisions;

- whether such Debt Securities are to be issued in registered form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any exchange or conversion terms;
- whether the Debt Securities will be subordinated to other liabilities of SmartREIT;
- material Canadian federal income tax consequences of owning the Debt Securities (if any); and
- any other material terms and conditions of the Debt Securities.

Debt Securities of a single series may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

RATINGS ON SECURITIES

DBRS provides credit ratings of debt securities for commercial entities. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities and generally provide 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. A credit rating of BBB is generally an indication of adequate credit quality as defined by DBRS, where protection of interest and principal is considered acceptable but the issuing entity is susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities.

The DBRS rating accorded to SmartREIT's debt securities is not a recommendation to buy, sell or hold such 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.

PLAN OF DISTRIBUTION

SmartREIT may from time to time during the 25-month period that this Prospectus, including any amendments hereto, remains valid, offer for sale and issue Units, Subscription Receipts, Warrants, and Debt Securities. SmartREIT may sell up to \$2,000,000,000 in the aggregate of Trust Securities (or its equivalent in any other currency used to denominate the Trust Securities at the time of the offering) at any time. The Trust Securities may be sold from time to time in one or more transactions at a fixed price or prices (which may be changed) or at market prices prevailing at the time of sale, at prices determined by reference to such prevailing market prices or at negotiated prices; such prices may vary as between purchasers and during the period of distribution.

The specific terms of any Trust Securities offered will be described in one or more Prospectus Supplements including, where applicable: (i) in the case of Units, the number of Units being offered, the offering price and any other specific terms; (ii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the procedures for the exchange of the Subscription Receipts for Units and/or Warrants and any other specific terms; (iii) in the case of Warrants, the number of such Warrants offered, the offering price, the terms, conditions and procedures for the exercise of such Warrants into or for Units and any other specific terms; and (iv) in the case of Debt Securities, the specific designation, the aggregate principal amount being offered, the denominations, the currency, the issue and delivery date, the maturity date, the issue price (or the manner of determination thereof, if offered on a non-fixed price basis), the interest rate (either fixed or floating, and, if floating, the manner of calculation thereof), the interest payment date(s), the redemption, the exchange or conversion provisions (if any), the repayment terms, the form (either global or definitive), the authorized denominations and any other specific terms. A Prospectus Supplement may include specific variable terms pertaining to the Trust Securities that are not within the alternatives and parameters described in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Trust Securities to which the Prospectus Supplement pertains.

SmartREIT may sell the Trust Securities to or through underwriters or dealers purchasing as principals, and may also sell the Trust Securities directly to one or more purchasers pursuant to applicable statutory exemptions or through agents. The Prospectus Supplement relating to a particular offering of Trust Securities will identify each underwriter, dealer or agent, as the case may be, engaged by SmartREIT in connection with the offering and sale of the Trust Securities, and will set forth the terms of the offering of such Trust Securities, including the method of distribution of such Trust Securities, the proceeds to SmartREIT and any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution.

Any public offering price and any discounts, concessions or omissions allowed or reallocated or paid to underwriters or dealers may be changed from time to time.

The Units of SmartREIT are listed on the TSX under the symbols “SRU.UN”, formerly “CWT.UN”. Each series or issue of Subscription Receipts, Warrants, or Debt Securities will be a new issue of securities with no established trading market. Unless otherwise specified in a Prospectus Supplement relating to an issue of Subscription Receipts, Warrants, or Debt Securities, the Subscription Receipts, Warrants, and Debt Securities will not be listed on any securities or stock exchange. Accordingly, unless so specified, there will be no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See “Risk Factors”.

In connection with any offering of Trust Securities, the underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Trust Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any underwriters or agents to or through whom Trust Securities are sold by SmartREIT may make a market in the Trust Securities, but they will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that a trading market in any of the Trust Securities will develop or as to the liquidity of any trading market for the Trust Securities.

Underwriters, dealers and agents who participate in the distribution of the Trust Securities may be entitled under agreements to be entered into with SmartREIT to indemnification by SmartREIT against certain liabilities including liabilities under securities legislation, or to contribution with respect to payments that they may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for SmartREIT in the ordinary course of business.

The offering of the Trust Securities will be made in each of the provinces of Canada. The Trust Securities have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act. In addition, until 40 days after the commencement of an offering of Trust Securities, an offer or sale of such Trust Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption under the U.S. Securities Act.

CONSOLIDATED CAPITALIZATION

In this Prospectus, “**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.

As at September 30, 2015, the end of the most recently completed interim period of SmartREIT for which financial statements of SmartREIT have been filed in accordance with applicable Canadian securities legislation, SmartREIT had 128,203,292 Units issued and outstanding and there were 25,514,906 Exchangeable Securities issued and outstanding. From September 30, 2015 to December 21, 2015, an aggregate of 470,565 Units have been issued by SmartREIT: (i) pursuant to SmartREIT’s distribution reinvestment plan; or (ii) through the issuance of Units pursuant to the exchange of Exchangeable Securities. As such, as at the date of this Prospectus, SmartREIT had 128,673,857 Units issued and outstanding and there are 25,414,350 Exchangeable Securities outstanding representing a total of 154,088,207 Units and Exchangeable Securities in aggregate. See “Prior Sales”.

As at September 30, 2015, the indebtedness of SmartREIT, consisting of mortgages payable, development loans, unsecured debentures and revolving operating facilities was approximately \$3,861,319,000. Since that time, as of December 21, 2015, the net indebtedness of SmartREIT has decreased by approximately \$28,972,000, including a decrease of approximately \$100,000,000 in connection with the repayment of an unsecured loan, a decrease of approximately \$13,548,000 in connection with the repayment of a portion of indebtedness, and a decrease of approximately \$17,424,000 in connection with the repayment of the scheduled amortization of mortgages payable, offset by an increase of approximately \$50,000,000 drawn on SmartREIT's line of credit in connection with the repayment of an unsecured loan, and a further increase of \$52,000,000 in connection with the financing of a secured loan.

PRIOR SALES

The following table sets out, for the Units and Exchangeable Securities, and for securities that are convertible into the foregoing, a description of each prior sale that occurred in the 12-month period before the date of this Prospectus:

<u>Date</u>	<u>Issuance Type⁽¹⁾</u>	<u>Total Number of Securities Issued</u>	<u>Issuance Price per Security</u>
December 15, 2014	Distribution Reinvestment Plan	101,073	\$26.44
December 18, 2014	Acquisition 15 Earn-Out Proceeds – Issuance of Exchangeable Securities	12,476	\$27.95
January 15, 2015	Distribution Reinvestment Plan	80,149	\$28.47
January 29, 2015	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	37,919	\$20.10
January 29, 2015	Conversion of 5.75% Convertible Debentures	77,669	\$25.75
February 2, 2015	Conversion of 5.75% Convertible Debentures	233	\$25.75
February 17, 2015	Distribution Reinvestment Plan	73,852	\$30.02
February 17, 2015	Conversion of 5.75% Convertible Debentures	194	\$25.75
February 26, 2015	Conversion of 5.75% Convertible Debentures	55,184	\$25.75
March 16, 2015	Distribution Reinvestment Plan	99,328	\$28.66
April 15, 2015	Distribution Reinvestment Plan	101,276	\$28.42
April 29, 2015	Conversion of 5.75% Convertible Debentures	29,436	\$25.75
May 15, 2015	Distribution Reinvestment Plan	100,988	\$29.02
May 28, 2015	2015 Transactions – Conversion of subscription receipts	8,015,500	\$28.70
May 28, 2015	2015 Transactions – Issuance of Exchangeable Securities	6,068,898	\$28.70
May 29, 2015	Conversion of 5.75% Convertible Debentures	1,165	\$25.75

<u>Date</u>	<u>Issuance Type⁽¹⁾</u>	<u>Total Number of Securities Issued</u>	<u>Issuance Price per Security</u>
June 1, 2015	Conversion of 5.75% Convertible Debentures	2,718	\$25.75
June 2, 2015	Conversion of 5.75% Convertible Debentures	776	\$25.75
June 5, 2015	Conversion of 5.75% Convertible Debentures	4,000	\$25.75
June 8, 2015	Conversion of 5.75% Convertible Debentures	2,912	\$25.75
June 9, 2015	Conversion of 5.75% Convertible Debentures	1,553	\$25.75
June 10, 2015	Conversion of 5.75% Convertible Debentures	310	\$25.75
June 11, 2015	Conversion of 5.75% Convertible Debentures	388	\$25.75
June 15, 2015	Distribution Reinvestment Plan	110,585	\$27.88
June 15, 2015	Conversion of 5.75% Convertible Debentures	27,689	\$25.75
June 16, 2015	Conversion of 5.75% Convertible Debentures	776	\$25.75
June 17, 2015	Conversion of 5.75% Convertible Debentures	3,766	\$25.75
June 18, 2015	Conversion of 5.75% Convertible Debentures	6,563	\$25.75
June 19, 2015	Conversion of 5.75% Convertible Debentures	1,359	\$25.75
June 22, 2015	Conversion of 5.75% Convertible Debentures	22,524	\$25.75
June 23, 2015	Conversion of 5.75% Convertible Debentures	462,446	\$25.75
June 24, 2015	Conversion of 5.75% Convertible Debentures	3,378	\$25.75
June 29, 2015	Acquisition 12 Earn-Out Proceeds – Issuance of Exchangeable Securities	4,052	\$28.74
June 29, 2015	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	9,540	\$20.10
June 29, 2015	Conversion of 5.75% Convertible Debentures	1,487,456	\$25.75
July 3, 2015	Exchange of deferred units for Units under deferred unit plan	5,000	\$28.83
July 15, 2015	Distribution Reinvestment Plan	127,741	\$28.70
August 17, 2015	Distribution Reinvestment Plan	109,700	\$29.25
August 28, 2015	Acquisition 15 Earn-Out Proceeds – Issuance of	6,524	\$30.11

<u>Date</u>	<u>Issuance Type⁽¹⁾</u>	<u>Total Number of Securities Issued</u>	<u>Issuance Price per Security</u>
	Exchangeable Securities		
September 15, 2015	Distribution Reinvestment Plan	136,700	\$28.18
September 29, 2015	Acquisition 11 Earn-Out Proceeds – Issuance of Exchangeable Securities	33,288	\$29.05
September 29, 2015	Acquisition 15 Earn-Out Proceeds – Issuance of Exchangeable Securities	50,383	\$29.05
September 29, 2015	2015 Transactions Earn-Out Proceeds – Issuance of Exchangeable Securities	15,156	\$29.05
September 29, 2015	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	18,930	\$20.10
September 29, 2015	Exchange of deferred units for Units under deferred unit plan	5,000	\$30.38
October 15, 2015	Distribution Reinvestment Plan	120,771	\$29.23
October 16, 2015	Exchangeable Securities exchanged for Units	104,530	\$29.80
November 15, 2015	Distribution Reinvestment Plan	122,909	\$30.44
December 15, 2015	Distribution Reinvestment Plan	122,355	\$30.46
December 17, 2015	Acquisition 15 Earn-Out Proceeds – Issuance of Exchangeable Securities	3,974	\$32.06

Note:

(1) Capitalized terms in this column that are not otherwise defined herein, have the meanings ascribed to them in the AIF.

In addition, on (i) April 27, 2015, SmartREIT closed an offering of 8,015,500 subscription receipts at a price of \$28.70 per subscription receipt for gross proceeds of \$230,044,850, including the exercise, in full, of the over-allotment option; and (ii) February 6, 2015, SmartREIT closed an offering of \$160 million principal amount of 3.556% Series N senior unsecured debentures. No other Debt Securities have been issued by SmartREIT in the 12-month period before the date of this Prospectus.

TRADING PRICE AND VOLUME

The Units are listed and posted for trading on the TSX under the trading symbol “SRU.UN”. Prior to July 8, 2015, the Units traded on the TSX under the trading symbol “CWT.UN”. The following table sets forth the reported high and low sales prices and the trading volumes for the Units as reported by the TSX for the periods indicated:

<u>Period</u>	<u>Price Range</u>		<u>Trading Volume</u>
	<u>High</u>	<u>Low</u>	
2014			
November	\$28.34	\$26.85	3,678,673
December.....	\$28.01	\$26.57	3,461,547
2015			
January	\$32.75	\$27.25	5,067,480
February.....	\$32.13	\$29.66	3,046,198
March	\$30.85	\$28.58	4,309,488
April	\$30.97	\$28.58	5,863,312
May	\$30.96	\$28.65	3,743,257
June	\$29.85	\$28.09	5,662,874
July	\$30.47	\$28.52	5,107,883
August	\$31.35	\$27.47	4,277,146
September	\$30.81	\$28.43	4,352,194
October	\$32.14	\$29.52	5,234,075
November	\$32.45	\$30.60	9,493,140
December 1 - 21	\$32.23	\$30.54	5,037,583
Total for Periods			68,334,850

RISK FACTORS

In addition to the risks described herein, prospective investors in a particular offering of the Trust Securities should carefully consider, in addition to information contained in the Prospectus Supplement relating to that offering and the information incorporated by reference herein, the risks described in the AIF and management's discussion and analysis which are incorporated by reference herein as at the date of the Prospectus Supplement relating to the particular offering of the Trust Securities.

LEGAL MATTERS

Certain legal matters relating to the offering of the Trust Securities will be passed upon on behalf of SmartREIT by Osler, Hoskin & Harcourt LLP. As of December 21, 2015, the partners and associates of Osler, Hoskin & Harcourt LLP beneficially owned, directly or indirectly, less than 1% of the outstanding units of SmartREIT. In addition, certain legal matters in connection with any offering of Trust Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of the offering by such persons.

AUDITOR, TRANSFER AGENT AND REGISTRAR

SmartREIT's auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants and Licensed Public Accountants of 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

Computershare Trust Company of Canada at its principal office in Toronto, Ontario is the transfer agent and registrar for the Units.

PURCHASERS' CONTRACTUAL RIGHTS

Original purchasers of Subscription Receipts, Warrants or Debt Securities which are convertible into other securities of SmartREIT will have a contractual right of rescission against SmartREIT in respect of the conversion, exchange or exercise of such Subscription Receipts, Warrants or Debt Securities. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of

the purchase of the convertible, exchangeable or exercisable security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 the *Securities Act* (Ontario) or otherwise at law. Original purchasers are further advised that in certain provinces the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights, or consult with a legal advisor.

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. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment 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.

Original purchasers are cautioned that in certain provinces the statutory right of action for damages for a misrepresentation contained in the prospectus is limited to the amount paid for the convertible, exchangeable or exercisable securities that were purchased under a prospectus and, therefore, a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. 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

Dated: December 22, 2015

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(Signed) HUW THOMAS
President, Chief Executive Officer and Trustee

(Signed) PETER SWEENEY
Chief Financial Officer

On Behalf of the Board of Trustees

(Signed) GARRY FOSTER
Trustee

(Signed) GREGORY HOWARD
Trustee