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SMARTCENTRES REAL ESTATE INVESTMENT TRUST RELEASES FIRST QUARTER RESULTS FOR 2018

TORONTO, ONTARIO - (May 9, 2018) SmartCentres Real Estate Investment Trust ("SmartCentres" or the "Trust") (TSX: SRU.UN) is pleased to report positive financial and operating results for the first quarter ended March 31, 2018.

Key business development highlights for the three months ended March 31, 2018 include the following:

- In January 2018, the Trust and Jadco (an unrelated party) formed a 50:50 joint venture known as Laval Centre Apartments Limited Partnership, into which the Trust contributed development lands located in Laval, Quebec.
- On February 12, 2018, the Trust announced, that along with Penguin, it had entered into a joint venture with Revera Inc., a leading owner, operator and investor in the senior living sector to jointly develop new retirement living residences across Canada.
- Management changes:
 - On February 14, 2018, the Board of Trustees announced that Huw Thomas, the Trust's current CEO, will be stepping down at the end of his five-year contract in June 2018, but will be remaining as a trustee of the Trust. Mitchell Goldhar, the Trust's current non-executive Chairman and largest Unitholder, will become Executive Chairman and in that role will increase his already significant involvement in all aspects of the Trust's business, including strategy, development, intensification initiatives, leasing and finance. Peter Forde, the Trust's current President and COO will assume the President and CEO role on Huw Thomas' departure. This leadership transition is a logical step as the Trust focuses more on development and intensification opportunities on virtually its entire shopping centre portfolio.

Financial highlights for the three months ended March 31, 2018 include the following:

- Net income and comprehensive income was \$100.5 million, as compared to \$60.0 million for the same quarter last year, representing an increase of \$40.5 million or 67.4%.⁽¹⁾
- Net rental income was \$120.9 million, as compared to \$116.3 million for the same quarter last year, representing an increase of \$4.6 million or 4.0%.⁽¹⁾
- Cash flows provided by operating activities was \$44.1 million, as compared to \$56.3 million over the same quarter last year, representing a decrease of \$12.2 million or 21.7%.⁽¹⁾
- Net income excluding loss on disposition and fair value adjustments was \$84.8 million, as compared to \$76.7 million over the same quarter last year, representing an increase of \$8.1 million or 10.6%.⁽²⁾
- FFO with one time adjustment and transactional FFO increased by \$6.0 million or 7.2% to \$89.8 million and by \$0.02 or 3.7% to \$0.56 on a per Unit basis.⁽²⁾
- ACFO with one time adjustment increased by \$3.9 million to \$81.8 million compared to the same quarter in 2017.⁽²⁾

⁽¹⁾ Represents a GAAP measure.

⁽²⁾ Represents a non-GAAP measure.



- Payout ratio to ACFO with one time adjustment increased by 0.6% to 86.1% compared to the same quarter of 2017.⁽²⁾
- Same properties' NOI decreased by \$0.5 million or 0.4% compared to the same quarter of 2017. Excluding the impact of a \$1.1 million reversal of previously recorded general bad debt provisions included in 2017, year-over-year same property growth for the three months ended March 31, 2018 would have been 0.5%.⁽²⁾
- Earnouts and Developments including equity accounted investments totaling \$14.0 million were completed and transferred to income properties at an average yield rate of 6.5% on investment.⁽²⁾

Subsequent to Quarter End:

- On April 10, 2018, the Trust announced that construction has begun on the first two towers of Transit City Condos in partnership with CentreCourt. Located in SmartCentres Place, next to the new subway station in the VMC, Transit City Condos consists of three towers of 55 storeys each, totalling over 1,700 units. All the units in each of the three towers are sold out and financing is in place for the first two towers and is expected to soon be finalized for the third tower.

⁽¹⁾ Represents a GAAP measure.

⁽²⁾ Represents a non-GAAP measure.

"During the first quarter of the year, we remained focused on the execution of our two core strategies of optimizing the performance of our core retail portfolio despite sub optimal market conditions, and creating and now increasingly executing on our multitude of development opportunities. Our future success will in large part be built on the capability and experience of our development team and they continue to deliver quality projects on time and on budget, which bodes very well for significant future value creation for our Unitholders" said Huw Thomas, SmartCentres CEO.



Selected Consolidated Financial and Operational Information:

The consolidated financial and operational information shown in the table below includes the Trust's share of equity accounted investments and represents key financial and operational information for the three months ended March 31, 2018, December 31, 2017 and March 31, 2017. With the exception of net income and comprehensive income, cash flows provided by operating activities, total assets, and equity, all other items represent non-GAAP financial measures.

(in thousands of dollars, except per Unit and other non-financial data)	March 31, 2018	December 31, 2017	March 31, 2017
Consolidated Financial and Operational Information			
Net income and comprehensive income ⁽¹⁾	100,466	101,911	59,999
Cash flows provided by operating activities ⁽¹⁾	44,063	137,492	56,338
Rentals from investment properties ⁽¹⁾	195,382	193,925	183,167
Net income and comprehensive income excluding loss on disposition and fair value adjustments ⁽²⁾	84,815	99,108	76,704
Number of retail and other properties	153	154	142
Number of properties under development	7	7	8
Number of office properties	1	1	1
Number of mixed-use properties	2	1	1
Total number of properties with an ownership interest	163	163	152
Gross leasable area (in thousands of sq. ft.)	34,158	34,157	32,025
Future estimated development area (in thousands of sq. ft.)	3,961	4,038	4,068
Lands under Mezzanine Financing (in thousands of sq. ft.)	615	614	701
Occupancy rate	98.0%	98.2%	98.1%
Average lease term to maturity	5.7 years	5.8 years	6.1 years
Net rental rate (per occupied sq. ft.)	\$15.29	\$15.28	\$15.24
Net rental rate excluding Anchors (per occupied sq. ft.)	\$21.67	\$21.61	\$21.83
Financial Information			
Investment properties ⁽²⁾⁽³⁾	8,984,949	8,952,467	8,427,532
Total assets ⁽¹⁾	9,416,938	9,380,232	8,886,478
Total unencumbered assets ⁽²⁾	3,524,500	3,387,000	2,744,600
Debt ⁽²⁾⁽³⁾	4,269,593	4,318,330	4,031,172
Debt to Aggregate Assets ⁽²⁾⁽³⁾	45.0%	45.4%	45.0%
Debt to Gross Book Value ⁽²⁾⁽³⁾	51.8%	52.3%	52.5%
Interest Coverage ⁽²⁾⁽³⁾	3.1X	3.1X	3.1X
Debt to Adjusted EBITDA ⁽²⁾⁽³⁾	8.5X	8.4X	8.4X
Equity (book value) ⁽¹⁾	4,871,886	4,827,457	4,669,726

⁽¹⁾ Represents a GAAP measure.

⁽²⁾ Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and accordingly may not be comparable.

⁽³⁾ Includes the Trust's share of equity accounted investments.



The following table represents key financial, per Unit, and payout ratio information for the three months ended March 31, 2018 and March 31, 2017.

(in thousands of dollars, except per Unit information)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Variance
Financial Information			
Net income and comprehensive income ⁽¹⁾	100,466	59,999	40,467
Rentals from investment properties ⁽¹⁾	195,382	183,167	12,215
Net income and comprehensive income excluding loss on disposition and fair value adjustments ⁽²⁾	84,815	76,704	8,111
NOI ⁽²⁾⁽³⁾	122,839	117,094	5,745
FFO ⁽²⁾⁽³⁾	89,287	81,188	8,099
FFO with one time adjustment and before transactional FFO ⁽²⁾⁽³⁾	89,287	83,728	5,559
FFO with one time adjustment and transactional FFO ⁽²⁾⁽³⁾	89,777	83,728	6,049
ACFO ⁽²⁾⁽³⁾⁽⁴⁾	81,808	75,400	6,408
ACFO with one time adjustment ⁽²⁾⁽³⁾	81,808	77,940	3,868
Distributions declared	70,408	66,650	3,758
Surplus of ACFO with one time adjustment over distributions declared ⁽²⁾	11,400	11,290	110
Surplus of ACFO with one time adjustment over distributions paid ⁽²⁾	24,794	23,539	1,255
Units outstanding ⁽⁵⁾	160,173,698	156,072,260	4,101,438
Weighted average – basic	159,943,580	155,882,593	4,060,987
Weighted average – diluted ⁽⁶⁾	160,687,906	156,500,558	4,187,348
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income	\$0.63/\$0.63	\$0.38/\$0.38	\$0.25/\$0.25
Net income and comprehensive income excluding fair value adjustments	\$0.53/\$0.53	\$0.49/\$0.49	\$0.04/\$0.04
FFO with one time adjustment and before transactional FFO ⁽²⁾⁽³⁾	\$0.56/\$0.56	\$0.54/\$0.54	\$0.02/\$0.02
FFO with one time adjustment and transactional FFO ⁽²⁾⁽³⁾	\$0.56/\$0.56	\$0.54/\$0.54	\$0.02/\$0.02
Distributions declared	\$0.437	\$0.425	\$0.012
Payout ratio Information			
Payout ratio to ACFO ⁽²⁾⁽³⁾⁽⁴⁾	86.1%	88.4%	(2.3)%
Payout ratio to ACFO with one time adjustment ⁽²⁾⁽³⁾	86.1%	85.5%	0.6 %

(1) Represents a GAAP measure.

(2) Represents a non-GAAP measure. The Trust's method of calculating non-GAAP measures may differ from other reporting issuers' methods and accordingly may not be comparable.

(3) Includes the Trust's share of equity accounted investments.

(4) The calculation of the Trust's ACFO and related ACFO payout ratio, including comparative amounts, is a new financial metric pursuant to the February 2018 REALpac White Paper on ACFO. Comparison with other reporting issuers may not be appropriate. Payout ratio is calculated as declared distributions divided by ACFO.

(5) Total Units outstanding include Trust Units and LP Units, including Units classified as liabilities. LP Units classified as equity in the consolidated financial statements are presented as non-controlling interests.

(6) The diluted weighted average includes the vested portion of the deferred unit plan.

Operational Highlights

Net income and comprehensive income for the quarter ended March 31, 2018 increased by \$40.5 million compared to the same quarter last year. The primary reasons for the increase pertain to: (i) fair value adjustments on revaluation of investment properties being higher by \$24.6 million principally due to changes in lease and NOI assumptions relating to the Trust's portfolio; (ii) a \$6.0 million increase in fair value adjustment on financial instruments principally due to the reduction in the Trust's unit price compared to the prior period (as the financial instruments are fair valued at the balance sheet date); (iii) a \$4.6 million increase in net rental income attributed to the growth of the portfolio, predominantly from the properties acquired pursuant to the Arrangement; (iv) a \$3.6 million increase in earnings from equity accounted investments, primarily due to both an increase in rental revenues (from the Arrangement) of \$0.8 million and an increase in the fair value adjustment on investment properties of \$3.2 million, partially offset by an increase in operating costs of \$0.5 million; (v) a \$2.0 million decrease in general and administrative expenses, principally



resulting from both \$1.1 million in lower Long Term Incentive Plan (LTIP) and Deferred Unit Plan (DUP) costs that are tied directly to the Trust's Unit price and \$0.9 million in higher capitalized amounts, and (vi) a \$0.2 million acquisition related gain, net, offset by (vii) a \$0.5 million loss on sale of investment properties.

For the three months ended March 31, 2018, NOI increased by \$5.7 million or 4.9% compared to the same quarter in 2017, which was primarily due to: (i) a \$13.8 million increase in rentals from investment properties attributed to the growth of the portfolio, predominantly from the properties acquired pursuant to the Arrangement, and other Earnouts, offset by (ii) a \$6.2 million increase in recoverable property operating costs primarily attributed to the properties acquired pursuant to the Arrangement, (iii) a \$1.3 million increase in non-recoverable costs primarily attributed to the reversal in the three months ended March 31, 2017 of previously recognized general bad debt provisions, and (iv) a \$0.6 million increase in property management fees costs principally resulting from additional costs associated with the properties acquired pursuant to the Arrangement.

With respect to the total recovery ratio (including the Trust's share of equity accounted investments) both including and excluding prior year adjustments, the Trust recovered 96.5% and 96.5%, respectively, of total recoverable expenses during the three months ended March 31, 2018, compared to 96.1% and 96.2%, respectively, in the same quarter last year.

FFO and ACFO Highlights

FFO

For the three months ended March 31, 2018, FFO with one time adjustment and transactional FFO increased by \$6.0 million or 7.2% to \$89.8 million, and by \$0.02 or 3.7% to \$0.56 on a per Unit basis. The increase in FFO with one time adjustment and transactional FFO was primarily due to: (i) a \$5.7 million increase in NOI, (ii) a \$0.5 million gain on sale of land to a joint-venture, (iii) a \$0.4 million adjustment for supplemental contribution, partially offset by (iv) an acquisition related gain, net of \$0.2 million, and (v) a \$0.2 million decrease in indirect interest with respect to the development portion of equity accounted investments.

ACFO

For the three months ended March 31, 2018, ACFO with one time adjustment increased by \$3.9 million to \$81.8 million compared to the same quarter in 2017. This increase of \$3.9 million was primarily due to: (i) a \$15.9 million increase in adjustments to working capital items that are not indicative of sustainable cash available for distribution, partially offset by (ii) a \$12.3 million decrease in cash flows provided by operating activities.

The payout ratio relating to ACFO with one time adjustment for the three months ended March 31, 2018 increased by 0.6% to 86.1% compared to the same quarter last year, for the reasons noted above.

Non-GAAP Measures

The non-GAAP measures used in this Press Release, including FFO, Transactional FFO, ACFO, NOI, Same Property NOI, average yield rates, and payout ratio do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP measures are more fully defined and discussed in the 'Management Discussion and Analysis' ("MD&A") of the Trust for the three months ended March 31, 2018, available on SEDAR at www.sedar.com.

Full reports of the financial results of the Trust for the three months ended March 31, 2018 are outlined in the unaudited interim condensed consolidated financial statements and the related MD&A of the Trust, which are available on SEDAR at www.sedar.com. In addition, supplemental information is available on the Trust's website at www.smartcentres.com.



Conference Call

SmartCentres will hold a conference call on Wednesday, May 9, 2018 at 5:30 p.m. (ET). Participating on the call will be members of SmartCentres' senior management.

Investors are invited to access the call by dialing 1-800-239-9838. You will be required to identify yourself and the organization on whose behalf you are participating. A recording of this call will be made available Wednesday, May 9, 2018 beginning at 8:30 p.m. (ET) through to 8:30 p.m. (ET) on Wednesday, May 16, 2018. To access the recording, please call 1-888-203-1112 and enter the Replay Passcode 3429172#.

About SmartCentres

SmartCentres is one of Canada's largest real estate investment trusts with total assets of approximately \$9.4 billion. It owns and manages 34 million square feet of retail space in value-oriented, principally Walmart-anchored retail centres, having the strongest national and regional retailers as well as strong neighbourhood merchants. The retail centres continue to experience industry-leading occupancy levels of 98.0%. In addition, SmartCentres is a joint-venture partner in the Premium Outlets locations in Toronto and Montreal with Simon Property Group.

SmartCentres is expanding the breadth of its portfolio to include residential (single-family, condominium and rental), retirement homes, office, and self-storage, either on its large urban properties such as the Vaughan Metropolitan Centre or as an adjunct to its well-located existing shopping centres. For more information on SmartCentres, visit www.smartcentres.com.

Certain statements in this Press Release are "forward-looking statements" that reflect management's expectations regarding the Trust's future growth, results of operations, performance and business prospects and opportunities as outlined under the headings "Business Overview and Strategic Direction" and "Outlook". More specifically, certain statements contained in this Press Release, including statements related to the Trust's maintenance of productive capacity, estimated future development plans and costs, view of term mortgage renewals including rates and upfinancing amounts, timing of future payments of obligations, intentions to secure additional financing and potential financing sources, and vacancy and leasing assumptions, and statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions and statements relating to matters that are not historical facts, constitute "forward-looking statements". These forward-looking statements are presented for the purpose of assisting the Trust's Unitholders and financial analysts in understanding the Trust's operating environment, and may not be appropriate for other purposes. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. However, such forward-looking statements involve significant risks and uncertainties, including those discussed under the heading "Risks and Uncertainties" and elsewhere in the Trust's Management's Discussion & Analysis for the three months ended March 31, 2018 and under the heading "Risk Factors" in its Annual Information Form for the year ended December 31, 2017. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the forward-looking statements contained in this Press Release are based on what management believes to be reasonable assumptions, the Trust cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. These forward-looking statements are made as at the date of this Press Release and the Trust assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by applicable securities legislation.

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