SMARTCENTRES®

700 APPLEWOOD CRES. | VAUGHAN, ON. CANADA L4K 5X3
T 905 326 6400 F 905 326 0783

SMARTCENTRES REAL ESTATE INVESTMENT TRUST RELEASES SECOND QUARTER RESULTS FOR 2018 AND ANNOUNCES DISTRIBUTION INCREASE

TORONTO, ONTARIO - (August 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 second quarter ended June 30, 2018.

Key business development highlights for the three months ended June 30, 2018 include the following:

- During the quarter, the Trust, together with its partner CentreCourt, began construction on the three Transit City Condo towers. 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 substantially sold out and financing is in place for all three towers.

- An investment property in Valleyfield, Quebec, was acquired from a third party, totalling 54,193 square feet of leasable area for a total purchase price of $15.7 million, of which $15.5 million was paid in cash, adjusted for costs of acquisition and other working capital amounts.

- In June 2018, the Trust transferred a property located in Toronto (Leaside) into its joint venture arrangement with SmartStop Asset Management, LLC (“SmartStop”). Under the terms of the joint venture arrangement, several sites currently owned by the Trust have initially been selected for potential development, along with additional future sites to be identified. The Trust will develop and construct the joint venture sites, and SmartStop will operate the SmartStop branded self storage business. The sites will be co-owned 50:50 by each partner.

Financial and operational highlights for the three months ended June 30, 2018 include the following:

- Net income and comprehensive income was $103.7 million, as compared to $124.1 million for the same quarter last year, representing a decrease of $20.4 million or 16.4%[(1)], which was primarily due to lower IFRS fair value adjustments on revaluation of investment properties.

- Net rental income was $124.7 million, as compared to $116.1 million for the same quarter last year, representing an increase of $8.6 million or 7.4%.[(1)]

- Committed occupancy rate and in-place occupancy rate were 98.2% and 98.0%, respectively, compared to the same quarter last year of 98.5% and 98.4%, respectively.

- Cash flows provided by operating activities was $101.1 million, as compared to $74.3 million over the same quarter last year, representing an increase of $26.8 million or 36.0%.[(1)]

- Net income excluding loss on disposition and fair value adjustments was $93.0 million, as compared to $82.2 million over the same quarter last year, representing an increase of $10.8 million or 13.2%.[(2)]

- FFO with one time adjustment and before Transactional FFO increased by $6.7 million or 7.8% to $92.5 million and by $0.02 or 3.6% to $0.57 on a per Unit basis.[(2)]

(1) Represents a GAAP measure.
(2) Represents a non-GAAP measure.

- FFO with one time adjustment and Transactional FFO increased by $6.1 million or 6.8% to $95.0 million and by $0.02 or 3.5% to $0.59 on a per Unit basis.(2)

- ACFO with one time adjustment increased by $3.2 million or 3.7% to $88.4 million compared to the same quarter in 2017.(2)

- Payout ratio to ACFO with one time adjustment increased by 1.5% to 79.9% compared to the same quarter of 2017.(2)

- ACFO with one time adjustment exceeded both distributions declared and distributions paid by $17.7 million and $31.6 million, respectively.(2)

- Same properties' NOI increased by 1.1% compared to the same quarter of 2017.(2)

- The weighted average stabilized capitalization rate for the Trust's investment property portfolio was 5.93% (December 31, 2017 – 5.95%). For those income properties valued using the direct income capitalization method, the weighted average stabilized capitalization rate was 5.82% (December 31, 2017 – 5.85%).

- The Trust's unencumbered pool of high-quality assets increased to $3.9 billion (June 30, 2017 – $2.9 billion).

- On May 25, 2018, the Trust issued a notice of redemption to holders of the 5.50% extendible convertible unsecured subordinated debentures due June 30, 2020, representing a redemption in full of all of the currently outstanding Debentures. The Debentures were assumed by SmartCentres from OneREIT on October 4, 2017 in connection with the closing of SmartCentres' acquisition of a portfolio of 12 properties from OneREIT.

(1) Represents a GAAP measure.
(2) Represents a non-GAAP measure.

Subsequent to Quarter End:

- On July 4, 2018, further to the notice issued by the Trust on May 25, 2018, the Trust completed the redemption of the 5.50% Convertible Debentures for $36.3 million in cash, which included the aggregate principal amount outstanding and accrued interest.

- On August 9, 2018, the Board of Trustees approved an increase of $0.05 per Unit (2.9%) in annual distributions to $1.80 per Unit effective October 2018.

"Our strong retail portfolio continues to provide stable operating results such that we are pleased to announce a further increase in our annual distributions from $1.75 per Unit to $1.80 per Unit effective for the November distribution payment. It also provides a solid foundation for our exciting development and intensification initiatives," said Peter Forde, President & CEO. "We are unique among our peers in that we are initiating developments on our existing sites in a very diverse set of businesses. We continue to conduct a thorough analysis of every one of our centres and expect to identify a growing number of opportunities in residential - rentals, condos, and townhouses, seniors' residences, self storage, hotel, medical and office," added Mr. Forde.

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 June 30, 2018, December 31, 2017 and June 30, 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)	**June 30, 2018**	December 31, 2017	June 30, 2017
Consolidated Financial and Operational Information			
Net income and comprehensive income[(1)]	**103,748**	101,911	124,070
Cash flows provided by operating activities[(1)]	**101,060**	137,492	74,285
Rentals from investment properties[(1)]	**193,808**	193,925	181,511
Net income and comprehensive income excluding loss on disposition and fair value adjustments[(2)]	**93,041**	99,108	82,200
Number of retail and other properties	**154**	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	**164**	163	152
Gross leasable area (in thousands of sq. ft.)	**34,207**	34,157	31,940
Future estimated development area (in thousands of sq. ft.)	**4,046**	4,038	4,089
Lands under Mezzanine Financing (in thousands of sq. ft.)	**615**	614	615
Committed occupancy rate	**98.2%**	98.3%	98.5%
In-place occupancy rate	**98.0%**	98.2%	98.4%
Average lease term to maturity	**5.7 years**	5.8 years	6.0 years
Net rental rate (per occupied sq. ft.)	**$15.29**	$15.28	$15.24
Net rental rate excluding Anchors (per occupied sq. ft.)	**$21.62**	$21.61	$21.80
Financial Information			
Investment properties[(2)(3)]	**9,046,739**	8,952,467	8,453,702
Total assets[(1)]	**9,513,881**	9,380,232	8,843,016
Total unencumbered assets[(2)]	**3,940,600**	3,387,000	2,914,000
Debt[(2)(3)]	**4,296,836**	4,318,330	3,909,966
Debt to Aggregate Assets[(2)(3)]	**44.7%**	45.4%	43.9%
Debt to Gross Book Value[(2)(3)]	**51.4%**	52.3%	51.5%
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)]	**4,921,463**	4,827,457	4,739,552

(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.

Key Financial Highlights

Quarterly Comparison to Prior Year

The following table represents key financial, per Unit, and payout ratio information for the three months ended June 30, 2018 and June 30, 2017.

(in thousands of dollars, except per Unit information)	**Three Months Ended June 30, 2018**	Three Months Ended June 30, 2017	Variance
Financial Information			
Net income and comprehensive income(1)	**103,748**	124,070	(20,322)
Rentals from investment properties(1)	**193,808**	181,511	12,297
Net income and comprehensive income excluding gain (loss) on disposition and fair value adjustments(2)	**93,041**	82,200	10,841
NOI(2)(3)	**126,708**	117,107	9,601
FFO(2)(3)	**91,036**	85,634	5,402
FFO with one time adjustment and before transactional FFO(2)(3)	**92,538**	85,815	6,723
FFO with one time adjustment and transactional FFO(2)(3)	**95,012**	88,939	6,073
ACFO(2)(3)(4)	**88,355**	84,997	3,358
ACFO with one time adjustment(2)(3)	**88,355**	85,178	3,177
Distributions declared	**70,634**	66,806	3,828
Surplus of ACFO with one time adjustment over distributions declared(2)	**17,721**	18,372	(651)
Surplus of ACFO with one time adjustment over distributions paid(2)	**31,617**	30,672	945
Units outstanding(5)	**160,704,177**	156,455,314	4,248,863
Weighted average – basic	**160,415,583**	156,256,467	4,159,116
Weighted average – diluted(6)	**161,220,808**	156,916,777	4,304,031
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income	**$0.65/$0.64**	$0.79/$0.79	$-0.14/$-0.15
Net income and comprehensive income excluding fair value adjustments	**$0.58/$0.58**	$0.53/$0.52	$0.05/$0.06
FFO with one time adjustment and before transactional FFO(2)(3)	**$0.58/$0.57**	$0.55/$0.55	$0.03/$0.02
FFO with one time adjustment and transactional FFO(2)(3)	**$0.59/$0.59**	$0.57/$0.57	$0.02/$0.02
Distributions declared	**$0.437**	$0.425	$0.012
Payout ratio Information			
Payout ratio to ACFO(2)(3)(4)	**79.9%**	78.6%	1.3 %
Payout ratio to ACFO with one time adjustment(2)(3)	**79.9%**	78.4%	1.5 %

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(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.

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Year-to-Date Comparison to Prior Year

The following table represents key financial, per Unit, and payout ratio information for the six months ended June 30, 2018 and June 30, 2017.

(in thousands of dollars, except per Unit information)	**Six Months Ended June 30, 2018**	Six Months Ended June 30, 2017	Variance
Financial Information			
Net income and comprehensive income[1]	**204,214**	184,069	20,145
Rentals from investment properties[1]	**389,190**	363,066	26,124
Net income and comprehensive income excluding gain (loss) on disposition and fair value adjustments[2]	**177,856**	158,904	18,952
NOI[2][3]	**249,547**	234,201	15,346
FFO[2][3]	**180,323**	166,821	13,502
FFO with one time adjustment and before transactional FFO[2][3]	**181,825**	169,542	12,283
FFO with one time adjustment and transactional FFO[2][3]	**184,789**	172,666	12,123
ACFO[2][3][4]	**170,163**	160,397	9,766
ACFO with one time adjustment[2][3]	**170,163**	163,118	7,045
Distributions declared	**141,042**	133,456	7,586
Surplus of ACFO with one time adjustment over distributions declared[2]	**29,121**	26,941	2,180
Surplus of ACFO with one time adjustment over distributions paid[2]	**56,411**	54,211	2,200
Units outstanding[5]	**160,704,177**	156,455,314	4,248,863
Weighted average – basic	**160,180,885**	156,070,563	4,110,322
Weighted average – diluted[6]	**160,945,056**	156,709,817	4,235,239
Per Unit Information (Basic/Diluted)			
Net income and comprehensive income	**$1.27/$1.27**	$1.18/$1.17	$0.09/$0.10
Net income and comprehensive income excluding fair value adjustments	**$1.11/$1.11**	$1.02/$1.01	$0.09/$0.10
FFO with one time adjustment and before transactional FFO[2][3]	**$1.14/$1.13**	$1.09/$1.08	$0.05/$0.05
FFO with one time adjustment and transactional FFO[2][3]	**$1.15/$1.15**	$1.11/$1.10	$0.04/$0.05
Distributions declared	**$0.875**	$0.850	$0.025
Payout ratio Information			
Payout ratio to ACFO[2][3][4]	**82.9%**	83.2%	(0.3)%
Payout ratio to ACFO with one time adjustment[2][3]	**82.9%**	81.8%	1.1 %

(1) Represents a GAAP measure.
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(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

For the three months ended June 30, 2018, net income and comprehensive income decreased by $20.3 million or 16.4% compared to the same quarter in 2017. The primary reasons for the decrease pertain to:

(i) fair value adjustments on revaluation of investment properties being lower by $26.1 million principally due to changes in lease, NOI and cap rate assumptions relating to the Trust's portfolio;
(ii) a $5.6 million decrease in fair value adjustment on financial instruments principally due to the increase in the Trust's unit price as compared to the prior period (as financial instruments are fair valued at the balance sheet date);
(iii) a $2.7 million increase in net interest expense principally due to the debt assumed as part of the Arrangement; and
(iv) a $0.9 million increase in general and administrative expense, of which, $1.5 million pertains to CEO transition and related costs;

Offset by the following factors:

(i) an $8.5 million increase in net rental income and other due to the growth of the portfolio, predominantly from the properties acquired pursuant to the Arrangement;
(ii) a $5.4 million increase in earnings from equity accounted investments, primarily due to both: (a) an increase in the fair value adjustments on revaluation of investment properties, principally VMC, and (b) an increase in rental revenues from an investment property acquired pursuant to the Arrangement;
(iii) $0.6 million in an acquisition related gain arising from the Arrangement; and
(iv) $0.5 million in disposition related gains.

For the three months ended June 30, 2018, NOI increased by $9.6 million or 8.2% compared to the same quarter in 2017, which was primarily due to:

(i) a $6.8 million NOI increase predominantly from the properties acquired pursuant to the Arrangement;
(ii) a $1.3 million increase in same property NOI;
(iii) a $0.8 million NOI increase resulting from the Acquisition, Earnouts and Developments completed during the current quarter; and
(iv) a $0.7 million increase in lease termination fees and other adjustments earned during the current quarter.

For the six months ended June 30, 2018, net income and comprehensive income increased by $20.1 million or 10.9% compared to the same period in 2017. The primary reasons for the increase pertain to:

(i) a $15.5 million increase in net rental income and other due to the growth of the portfolio, predominantly from the properties acquired pursuant to the Arrangement;
(ii) a $9.0 million increase in earnings from equity accounted investments, primarily due to both an increase in the fair value adjustment on investment properties and an increase in rental revenues from an investment property acquired pursuant to the Arrangement; and
(iii) a $0.8 million increase in net acquisition related gain and others;

Offset by the following factors:

(i) a $2.7 million net increase in interest expense;
(ii) a $1.3 million increase in non-recoverable costs primarily relating to a $1.1 million reversal of a bad debt provision in the prior year comparative period; and
(iii) a $1.2 million lower in fair value adjustment on revaluation of investment properties and other financial instruments.

For the six months ended June 30, 2018, NOI increased by $15.3 million or 6.6% compared to the same period in 2017, which was primarily due to:

(i) a $13.2 million NOI increase predominantly from the properties acquired pursuant to the Arrangement;
(ii) a $1.2 million increase in same property NOI;
(iii) a $0.6 million increase in straight-lining of rents; and
(iv) a $0.2 million increase in lease termination fees and other adjustments earned during the current quarter.

FFO Highlights

For the three months ended June 30, 2018, FFO with one time adjustment and Transactional FFO increased by $6.1 million or 6.8% to $95.0 million, and by $0.02 or 3.5% to $0.59 on a per Unit basis, which was primarily due to the following:

(i) a $9.6 million increase in NOI, as a result of increases in rentals from investment properties pursuant to the Arrangement); and
(ii) a $0.6 million increase in interest income;

Offset by the following factors:

(i) a $2.8 million increase in interest expense, net of both the increase in distributions on LP Units and vested deferred units recorded as interest expense of $0.7 million, and, the decrease in yield maintenance on redemption of unsecured debentures and related write-off of unamortized financing costs of $0.2 million,
(ii) a $0.7 million decrease in Transactional FFO – gain on sale of land to co-owners; and
(iii) a $0.6 million increase in general and administrative expense, net of both the decrease in salaries and related costs attributed to leasing activities of $1.2 million, and, the increase in transition costs of $1.5 million.

For the six months ended June 30, 2018, FFO with one time adjustment and Transactional FFO increased by $12.1 million or 7.0% to $184.8 million, and by $0.05 or 4.5% to $1.15 on a per Unit basis, which was primarily due to the following:

(i) a $15.3 million increase in NOI, as a result of increases in rentals from investment properties pursuant to the Arrangement;
(ii) a $1.0 million increase in interest income; and
(iii) a $0.5 million decrease in general and administrative expense, net of both the decrease in salaries and related costs attributed to leasing activities of $1.0 million, and, the increase in transition costs of $1.5 million;

Partially offset by the following factor:

(i) a $4.9 million increase in interest expense, net of both the increase in distributions on LP Units and vested deferred units recorded as interest expense of $1.5 million, and, the decrease in yield maintenance on redemption of unsecured debentures and related write-off of unamortized financing costs of $2.7 million.

ACFO Highlights

For the three months ended June 30, 2018, ACFO with one time adjustment increased by $3.2 million or 3.7% to $88.4 million compared to the same quarter in 2017, which was primarily due to the following:

(i) a $26.8 million increase in cash flows provided by operating activities;

Partially offset by the following factors:

(i) a $22.8 million decrease in adjustments to working capital items that are not indicative of sustainable cash available for distribution; and
(ii) a $0.7 million decrease in Transactional FFO – gain on sale of land to co-owners.

The payout ratio relating to ACFO with one time adjustment for the three months ended June 30, 2018 increased by 1.5% to 79.9% compared to the same quarter last year, for the reasons noted above.

For the six months ended June 30, 2018, ACFO with one time adjustment increased by $7.0 million to $170.2 million compared to the same period in 2017, which was primarily due to the following:

(i) a $14.5 million increase in cash flows provided by operating activities;

Partially offset by the following factor:

(i) a $6.9 million decrease in adjustments to working capital items that are not indicative of sustainable cash available for distribution.

The payout ratio relating to ACFO with one time adjustment for the six months ended June 30, 2018 increased by 1.1% to 82.9% compared to the same period 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 June 30, 2018, available on SEDAR at www.sedar.com.

Full reports of the financial results of the Trust for the three months ended June 30, 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 Thursday, August 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 Thursday, August 9, 2018 beginning at 8:30 p.m. (ET) through to 8:30 p.m. (ET) on Thursday, August 16, 2018. To access the recording, please call 1-888-203-1112 and enter the Replay Passcode 9887545#.

About SmartCentres

SmartCentres is one of Canada's largest real estate investment trusts with total assets of approximately $9.5 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 June 30, 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.

For more information, please contact:

Peter Forde
President & Chief Executive Officer
SmartCentres
(905) 326-6400 ext. 7615
pforde@smartcentres.com

Peter Sweeney
Chief Financial Officer
SmartCentres
(905) 326-6400 ext. 7865
psweeney@smartcentres.com

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