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SmartCentres and Mitchell Goldhar Announce a Joint Venture for a New Relocated Walmart and Land for Residential Uses in the Vaughan Metropolitan Centre (VMC)

Toronto, Ontario (December 19, 2019) – SmartCentres Real Estate Investment Trust (“SmartCentres” or the “REIT”) (TSX:SRU.UN), one of Canada’s largest real estate investment trusts, and the Penguin Group of Companies (“Penguin”), owned by Mitchell Goldhar, announced today that the two parties have entered into a joint venture with respect to a 15.48 acre site (“the JV Site”) immediately abutting the VMC lands and proximate to the SmartVMC lands already jointly owned by SmartCentres and Penguin, and the termination of an existing Walmart lease paving the way for strategic development on VMC lands.

10.76 acres of the JV site will be used for the development of the latest new Walmart prototype store (“New Walmart Store”). This New Walmart Store is a relocation of the existing Walmart store (“Old Walmart Store”) currently situated on 15.7 acres of land in the centre of SmartVMC owned in a 50/50 partnership between SmartCentres and Penguin. The lease for the Old Walmart Store provided Walmart with a leasehold interest in the 15.7 acres for up to 78 more years (2097); its termination is expected to unlock significant value for SmartCentres and Penguin in the near and medium term as it will allow for full realization of the master plan vision for SmartVMC; the REIT and Penguin’s prized new Vaughan City Centre development at Highways 400 & 7. The land on which this Old Walmart Store operates is strategically located in the desirably zoned TTC Subway Precinct planning area of the VMC, steps from the new TTC VMC University Line Subway Station and the new York Region Bus Terminal. Once the Old Walmart Store is relocated in 2020, this land will be redeveloped by SmartCentres on behalf of the partnership for significant mixed-use density, comprising of at least 6 additional, not previously announced, residential condominium and/or purpose-built rental towers and will also provide lands required to complete the Transit City 1 and Transit City 2 sold-out, 55 storey condominium towers and the 225,000 square foot mixed-use tower that now houses PwC’s recently opened, 77,000 square foot offices. The total mixed-use density available from the Old Walmart Store lands is expected to exceed 4.5 million square feet. The development of this 15.7 acres is part of the recently announced 59.3 million square feet (27.9 million square feet at SmartCentres’ share) intensification and development initiatives, currently expected to involve development activity of approximately \$12.1 billion (\$5.5 billion at SmartCentres’ share), all as outlined in the SmartCentres Third Quarter MD&A.

As part of the joint venture for the JV Site, SmartCentres will purchase a 50% interest in the JV Site from Penguin for \$109.2 million in cash. SmartCentres will use funds from its recently announced senior unsecured debenture offering to finance the acquisition. The acquisition price represents the fair market value for the anticipated development potential for the lands.

A special committee of independent Trustees of the Board (the “Special Committee”) reviewed the transaction and its merits and negotiated the terms of the transaction with Penguin. The Board and the Special Committee were provided advice by the Special Committee’s independent counsel and received financial advice from a major valuation firm. Independent Trustees of the

Board, following receipt of a unanimous recommendation from the Special Committee, approved the transaction in light of the unique value creation opportunity resulting from the relocation of the Old Walmart Store, substantially increasing the value of the existing 15.7 acre parcel, and the opportunity to acquire a 50% interest in additional lands around the VMC at a fair valuation.

The JV site in the new joint venture will be used immediately to construct the New Walmart Store of 140,000 square feet and subsequently over the next several years to develop an additional 1.7 million square feet of residential condominium and/or purpose-built residential rental density, on that portion of the JV Site not subject to the lease for the New Walmart Store. To accommodate the new store development, existing leases in the SmartCentres home office building and Kumon home office building on site were terminated by Penguin and the buildings were recently demolished. The New Walmart Store, expected to open in August 2020, will be the latest new prototype store in Canada, including a large dedicated picking facility, enhanced customer pick-up experience and a dedicated parking lot for family parking. The New Walmart Store will have an initial lease term of 22 years, plus options to extend for an additional 55 years. The New Walmart Store and the additional density will have outstanding visibility from Highway 400 as well as easy access to and from Highways 7 and 400.

“We see this as a tremendous opportunity to unlock significant value for us on the lands beside the VMC subway station,” said Peter Forde, President & CEO of SmartCentres. “At the same time, we are able to provide Walmart with a new prototype store with great visibility, highway and transit access and proximity to this urban centre of Vaughan and provide convenient access to food and general merchandise to this new community which is expected to have an additional 40,000 to 50,000 residents when complete,” added Mr. Forde.

About SmartCentres

SmartCentres is one of Canada’s largest real estate investment trusts with total assets of approximately \$9.7 billion. It owns and manages in excess of 34.0 million square feet in value-oriented, principally Walmart-anchored retail centres, having the strongest national and regional retailers as well as strong neighbourhood merchants. In addition, SmartCentres is a joint-venture partner in the Premium Outlets locations in Toronto and Montreal with Simon Property Group.

SmartCentres continues to grow its portfolio to include residential (single-family, condominium and rental), retirement homes, office, and self-storage with an additional \$12.1 billion (\$5.5 billion at SmartCentres’ share) 59.3 million square feet (27.9 million square feet at SmartCentres’ share) in expected intensification and developments to commence over the next five years. This growth will occur on its large urban properties such as SmartVMC at the Vaughan Metropolitan Centre or as additional intensified uses to its well-located existing shopping centres. For more information on SmartCentres, visit www.smartcentres.com.

About Penguin Group of Companies

The Penguin Group of Companies is a private company owned by Mitchell Goldhar. Penguin owns real estate across Canada at various stages of development including an interest in the Vaughan Metropolitan Centre 100-acre master planned development. Penguin’s portfolio includes 12 properties co-owned with Walmart.

Mr. Goldhar has also developed an emerging network of Penguin Pick-Up locations offering free, convenient pick-up locations for online purchases, and Penguin Fresh, an online food marketplace. The Penguin Pick-Up network now has 118 locations, including some co-branded with Walmart. For more information, visit www.penguinpickup.com.

Certain statements in this press release are “forward-looking statements” that reflect management’s expectations regarding SmartCentres future growth, results of operations, performance and business prospects and opportunities. More specifically, certain statements including statements related to SmartCentres expected or planned development plans and joint venture projects, including the described type, scope, VMC population growth, costs and other financial metrics; 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 Unitholders and financial analysts to understand SmartCentres development potential 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. 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 and development, debt and equity financing for development, interest and financing costs, construction and development risks, ability to obtain commercial and municipal consents for development and potential conflicts of interest. These risks and others are more fully discussed under the heading “Risks and Uncertainties” and elsewhere in the SmartCentres most recent MD&A, as well as under the heading “Risk Factors” in SmartCentres most recent annual information form. Although the forward-looking statements contained in this press release are based on what management believes to be reasonable assumptions, including those discussed under the heading “Outlook” and elsewhere in SmartCentres’ MD&A, SmartCentres cannot assure investors that actual results will be consistent with these forward-looking statements.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: a stable retail environment; relatively low and stable interest costs; a continuing trend toward land use intensification, including residential development in urban markets and continued growth along transportation nodes; access to equity and debt capital markets to fund, at acceptable costs, future capital requirements and to enable our refinancing of debts as they mature; that requisite consents for development will be obtained in the ordinary course, construction and permitting costs remaining generally consistent with the past year and recent inflation trends.

For more information, please contact:

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