3200 HIGHWAY 7 • VAUGHAN, ON • L4K 5Z5
T 905 326 6400 • F 905 326 0783

SMARTCENTRES REAL ESTATE INVESTMENT TRUST RELEASES SECOND QUARTER RESULTS FOR 2020

TORONTO, ONTARIO - (August 5, 2020) SmartCentres Real Estate Investment Trust ("SmartCentres" or the "Trust") (TSX: SRU.UN) is pleased to report its financial and operating results for the second quarter ended June 30, 2020.

"Notwithstanding short-term data points, our locations have not changed, the highways and transit to them have not changed, the visibility of our properties has not changed, the populations around them and their needs have not changed; our greatest assets remain unchanged: our real estate. And as past financial downturns have substantiated time and time again, real estate is resilient and prime real estate in economic downturns represents opportunity. SmartCentres is best described as a real estate company with substantial and reliable recurring income as a starting point on the path to development of higher and better uses on these exceptional locations. However, our current unit price does not reflect the value of any of this development potential," said Mitchell Goldhar, Executive Chairman of SmartCentres.

"While COVID-19 has added some challenges in the short term, it has not altered our long-term strategy as we remain intently focused on our initiatives to grow the business through mixed-use development. We have more than 256 projects in our mixed-use development pipeline, more than 196 of which will provide recurring income, and the first income from these initiatives is expected to substantively impact our FFO in the second half of 2020 as we close 100% of the 1,100 units in the first two phases of our Transit City condominium development at SmartVMC in Vaughan. These two towers are estimated to generate $50.0 million of profit for the Trust in 2020," said Peter Forde, President and CEO of SmartCentres.

On March 23, 2020, SmartCentres officially offered free use of 1.0 million square feet of the Trust's built space, as well as its land, parking lots and signage to Canadian government and health care authorities, to help support their COVID-19 relief efforts. To date, Trillium Health Network and Hamilton Health Sciences, which include 13 hospital and medical facilities in Southern Ontario, have accepted the Trust's offer to help in their front-line patient care efforts. Most recently, the Trust was able to provide over 100,000 square feet of space in one of its Oakville, Ontario locations to assist Trillium Health Network with its COVID-19 related needs. The Trust is continuing discussions with all levels of governments and health care leaders across the country to activate the use of additional space in its shopping centres to assist in any way it can and it is hoped that this collaborative initiative will help to further protect Canadians. Notwithstanding all other COVID-19 related efforts, it is of this initiative that we are most proud.

The Trust is also intensely focused on helping its tenants safely serve the communities in which they operate during these challenging times. Approximately 60% of the Trust's rental revenues are derived from retail tenants that are 'essential businesses' that, during this pandemic, remained fully or partially open under various emergency orders in the places where SmartCentres shopping centres are located. These retailers supply local communities with everyday groceries, pharmaceuticals, general merchandise, medical assistance, banking, telecom and other essential needs. Given the value-focused origins of the Trust's portfolio, these 'essential businesses' include strong and stable creditworthy retailers such as Walmart, Loblaws, Shoppers Drug Mart, Canadian Tire, Sobeys, Metro, Dollarama, Rexall, Home Depot, McDonald's, the LCBO, Rogers, Telus, Lowe's, Dollar Tree, BMO, CIBC, RBC, Scotiabank and TD.

Walmart is the anchor in 73% of the Trust's properties, representing over 25% of its rental income. The Walmart relationship is testament to the Trust's strong belief that a long-term view of tenant relationships is most beneficial. In this regard, as many tenants that were required to close their businesses over the last several months and now begin the process of "opening their doors" and slowly and safely recovering, the Trust believes that it is critical to assist these tenants in the recovery process, thus ensuring their viability on a long-term basis. To this end, the Trust continues to have in-depth collaborative conversations with various tenants to advance reconciliation and optimize rent collection efforts. The Trust believes that these rents will be collected over a period of time, and in addition to the federal government's CECRA program, the Trust continues to assist these retailers through proactive offerings including rent deferral and similar programs.

These collaborative efforts have resulted in the following improving collection experience over the last 4 months:

Month	% of Gross Billings Collected	% of Gross Monthly Billings Collected Excluding Premium Outlets
April	74.0 %	76.5 %
May	71.8 %	74.6 %
June	76.8 %	79.0 %
July	84.8 %	86.5 %

During Q2, in an effort to assist those small to medium sized businesses that have been most effected across the country, the federal government announced the CECRA program. This program provides for federal rent subsidies to qualifying tenants of 50% of their rents for the period April – August 2020 and requires respective landlords to 'forgive' 25% of the rent otherwise payable for the subject months. Qualifying tenants are therefore required to fund only 25% of their rents for this period, with the expectation that those tenants that have been significantly impacted by the pandemic are permitted the opportunity to stabilize their respective businesses. Since the inception of the program, the Trust has been working with its tenants that qualify for this program and on their behalf, the Trust will file applications for the federal subsidies later in August.

In addition, principally because of their size, there are many other tenants, that were required to close their retail operations, and in some cases, have been required until only recently, to remain closed, that do not qualify for CECRA based assistance. However, their businesses have been severely impacted by the pandemic and they too have not had the resources to fund their rental obligations. These tenants include restaurants, fitness clubs, cinemas and other large retailers. The Trust continues to work with each of these organizations to customize payments of rent around the realities of each retail tenants' situation - giving them as much as is appropriate, while taking into account the reality of the Trust's own situation. This includes establishing mutually satisfactory arrangements that will allow for some relief of their rental obligations that is expected to permit these organizations to re-establish their operations as Canadians begin to 'get back to work'.

The table below provides some additional details on the Trust's tenant billings, amounts received, expected recovery and related provisions for the three months ended June 30, 2020.

Description	Amount (in thousands of dollars)	As a %
Total tenant billings for the 3 months ended June 30, 2020	202,100	100.0
Less: Amounts received to date	149,700	74.1
Balance outstanding	52,400	25.9
Less: Expected recovery from governments and tenants for CECRA	10,575	5.2
Total rents to be collected excluding CECRA	41,825	20.7
Less: Expected recovery from other tenants with whom we are currently working on rent relief and similar deferral arrangements	17,958	8.9
Total rents to be collected excluding CECRA and collectible deferrals	23,867	11.8
Less: Provision in Q2 2020	15,046	7.4
Balance to be recovered in time	8,821	4.4

Our Q2 results reflect expected credit loss provisions of $7.0 million to allow for CECRA eligible and non-CECRA eligible tenants to put themselves on a strong footing to once again begin the work of serving Canadians. This pandemic has also resulted in several of the Trust's tenants being forced to seek creditor protection and restructure or reorganize their businesses. Companies including Reitman's, Sail and various Comark brands have recently sought protection through CCAA filings and are expected to have stronger and much healthier balance sheets and liquidity positions after their respective restructuring efforts have been completed. Based on discussions with these companies, the Trust expects that once they have completed their restructuring efforts that many of their locations will remain open, principally in the Trust's centres where Walmart is the anchor tenant. These restructuring initiatives have resulted in the Trust taking additional provisions for collections of $8.0 million during the quarter.

The table below represents a summary of the nature of special COVID-19 related provisions taken by the Trust during the quarter.

(in thousands of dollars)	**Amount**
Provisions for CECRA-Eligible Tenants	5,606
Provisions for Tenants Not Eligible for CECRA	1,407
	7,013
Provisions for Tenants Filing Under CCAA and similar bankruptcy restructurings	2,265
Provisions for additional expected credit losses	5,768
	8,033
Total	15,046

Highlights

Mixed-Use Development and Intensification at SmartVMC

- Occupancy of the 55-storey Transit City 1 and 2 condo towers representing 1,100 residential units will commence on August 5th, and it is projected that approximately 75% of the units will be closed by the end of September and 100% closed by year end. In addition, the 1,098 unit multi-level parking facility providing parking for these buildings and the neighbouring PWC/YMCA mixed-use facility is also expected to be functional in August. These closings are expected to contribute approximately $50 million in FFO for the second half of 2020.

- Construction of the 55-storey Transit City 3 condo tower representing 631 residential units continues to be on schedule and ahead of budget, with concrete being poured for the 55th level and closings expected to commence in spring and summer 2021.

- Construction is underway on Transit City 4 (45 storeys) and 5 (50 storeys) condo towers, representing 1,026 residential units, with bulk excavation almost complete and tower cranes erected. Concrete and formwork for the multi-level underground parking garage have started.

- Construction commenced of a 35-storey, 451-unit purpose-built residential rental building at SmartVMC, with the tower crane expected to be erected in August.

- Construction of the new Walmart store continues, with opening expected in the fall of 2020, allowing for the closing of the existing store on the SmartVMC site, and freeing up approximately 15.5 acres of valuable land for residential density.

- Planning to premarket in Q3, 22 luxury townhomes as part of the Transit City 1&2 project with construction expected to commence later in 2020 and delivery of units expected in late 2021.

- The Trust has been very aggressively pursuing final municipal approvals for mixed-use density on many of its shopping centres during the past few months, even during the COVID-19 "shutdown".

Other Business Development

- The first phase of the two-phase, 338-unit, purpose-build residential rental project in Laval, Quebec was completed, with initial move in by tenants commencing in March and to date, approximately 65% of the 177 unit building have been leased. Commencement of construction of the next phase of 161 units is expected to commence later this year.

- The Trust completed construction of its first self-storage facility in Toronto (Leaside) which has been very well received by the local community and leasing by the Trust’s joint venture partner, SmartStop, is now in progress.

- Based on planning and rezoning work completed to date, the Trust expects to commence construction on two retirement home initiatives later this year with its joint venture partners, Revera and Selection Group in Barrie and Ottawa respectively.

- Three additional self-storage facilities in Brampton, Vaughan and Oshawa are currently under construction with completion expected later this year or early in 2021.

Operational

- Both committed and in-place occupancy rates have maintained industry-leading levels of 97.8% and 97.6%, respectively, as at June 30, 2020, which are slightly lower than the prior comparable quarter.

- Rentals from investment properties and other was $190.3 million, as compared to $196.7 million in the same period in 2019, representing a decrease of $6.4 million or 3.3%. This decrease was primarily due to lower: i) percentage rent, ii) short-term rental revenue, and iii) parking revenue and other miscellaneous revenue, as a result of COVID-19.

- Same Properties NOI for the three months ended June 30, 2020 decreased by $16.9 million or 13.2% as compared to the same period in 2019. This decrease was primarily due to an increase in expected credit losses recorded for the three months ended June 30, 2020 as a result of COVID-19. Excluding the higher expected credit losses recorded in the three months ended June 30, 2020, Same Properties NOI would have been $125.1 million representing a decrease of $3.1 million or 2.4% as compared to the same period in 2019.(2)

Financial

- The Trust issued $300.0 million aggregate principal amount of 3.192% Series V senior unsecured debentures and $300.0 million aggregate principal amount of 3.648% Series W senior unsecured debentures, maturing on June 11, 2027 and December 11, 2030, respectively, the proceeds of which are expected be used primarily to repay existing debt. Strong demand by investors for the Trust’s debentures resulted in the issuances being five times over-subscribed.

- The Trust continues to add to its unencumbered pool of high-quality assets. As at June 30, 2020, the portfolio consisted of income properties valued at $5.6 billion (June 30, 2019 – $4.5 billion).

- Debt metrics continue to demonstrate the Trust's commitment to its balance sheet, including Debt to Aggregate Assets of 44.5%, Interest Coverage multiple of 3.3X, Interest Coverage net of capitalized interest multiple of 3.8X, and Adjusted Debt to Adjusted EBITDA multiple of 8.8X.

- Net loss and comprehensive loss was $133.7 million as compared to net income and comprehensive income of $95.5 million in the same period in 2019, representing a decrease of $229.2 million. This decrease was primarily attributed to adjustments recorded to reflect the impact of COVID-19, namely: i) decrease in fair value adjustments on revaluation of investment properties of $199.2 million principally due to changes in occupancy and cash flow assumptions such as rental rates, lease renewal rates, leasing costs, downtime on lease expiries, vacancy allowance, among others, and ii) expected credit loss provisions of $15.0 million. Note, IFRS fair values do not reflect expected incremental property values emanating from the Trust's mixed-used intensification initiatives which would include SmartVMC, Leaside, Westside Mall, 1900 Eglinton Avenue, Vaughan NW, Pointe-Claire, and other future development properties.(1)

- FFO decreased by $0.11 per unit or $16.6 million to $75.2 million as compared to the same period in 2019 principally as a result of a decrease of $20.0 million in NOI which includes the adverse impact of a COVID-19 related expected credit loss provision of $15.0 million (represents a decrease in FFO per Unit of approximately $0.08).(2)

- ACFO decreased by $18.0 million or 19.4% to $74.6 million as compared to the same period in 2019 principally as a result of COVID-19 related expected credit loss provisions of $15.0 million.(2)

- Distributions declared and paid exceeded ACFO by $4.9 million. Comparatively, for the three months ended June 30, 2019, ACFO exceeded both distributions declared and distributions paid by $15.6 million and $32.7 million, respectively. The change is primarily due to the COVID-19 related expected credit loss provisions of $15.0 million and their associated impact on the Trust's cashflows from operations. On a rolling 12-month basis, ACFO with one-time adjustments exceeded distributions declared by $21.1 million (and distributions paid by $76.1 million), resulting in a payout ratio of 93.7%.(2)

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

In light of the COVID-19 pandemic and in accordance with Ontario Instrument 51-504 Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials of the Ontario Securities Commission, SmartCentres will be delaying the filing of its executive compensation disclosure until the filing of its management information circular in connection with its annual meeting of Unitholders. SmartCentres has decided to postpone such meeting to a later date in 2020 to enable greater participation of its Unitholders and a better forum for communication. Such delay will not affect SmartCentres quarterly financial disclosure which will continue to be filed in the ordinary course.

Selected Consolidated Operational, Development and Financial Information

The consolidated operational, development and financial information shown in the table below includes the Trust's proportionate share of equity accounted investments, and represents key operational and financial information as at June 30, 2020, December 31, 2019 and June 30, 2019.

(in thousands of dollars, except per Unit and other non-financial data)	**June 30, 2020**	December 31, 2019	June 30, 2019
Operational Information			
Total number of properties with an ownership interest	**166**	165	164
Gross leasable area including both retail and office space (in thousands of sq. ft.)	**34,169**	34,337	34,252
Occupied area including both retail and office space (in thousands of sq. ft.)	**33,353**	33,678	33,511
Vacant area including both retail and office space (in thousands of sq. ft.)	**816**	659	741
Retail lands under Mezzanine Financing (in thousands of sq. ft.)	**597**	615	615
Committed occupancy rate	**97.8%**	98.2%	98.0%
In-place occupancy rate	**97.6%**	98.1%	97.8%
Future estimated retail development area (in thousands of sq. ft.)	**2,759**	2,593	3,340
Average lease term to maturity (years)	**4.8**	4.9	5.2
Net retail rental rate (per occupied sq. ft.)	**$15.54**	$15.49	$15.38
Net retail rental rate excluding Anchors (per occupied sq. ft.)	**$22.34**	$22.13	$22.01
Mixed-use Development Information			
Future development area (in thousands of sq. ft.)	**27,900**	27,900	N/A(5)
Total number of future projects currently planned	**256**	256	N/A(5)
Financial Information			
Investment properties(2)(3)	**9,313,835**	9,466,501	9,229,352
Total assets(1)	**10,382,902**	9,928,467	9,676,090
Total unencumbered assets(2)	**5,644,500**	5,696,100	4,499,700
Debt(2)(3)	**5,000,070**	4,290,826	4,127,264
Debt to Aggregate Assets(2)(3)(4)	**44.5%**	42.3%	41.8%
Debt to Gross Book Value(2)(3)(4)	**50.1%**	49.0%	48.5%
Unsecured to Secured Debt Ratio(2)(3)(4)	**65%/35%**	63%/37%	53%/47%
Unencumbered assets to unsecured debt(2)(3)(4)	**1.9X**	2.1X	2.1X
Weighted average interest rate(2)(3)	**3.46%**	3.55%	3.69%
Weighted average term of debt (years)	**4.8**	5.0	4.7
Interest Coverage Ratio(2)(3)(4)	**3.3X**	3.5X	3.3X
Interest coverage (net of capitalized interest expense)(2)(3)(4)	**3.8X**	4.0X	3.8X
Adjusted Debt to Adjusted EBITDA (net of cash)(2)(3)(4)	**8.8X**	8.0X	7.8X
Equity (book value)(1)	**5,161,337**	5,367,752	5,286,865
Weighted average number of units outstanding – diluted	**172,980,866**	170,581,531	170,718,814

(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 proportionate share of equity accounted investments.
(4) As at June 30, 2020, cash-on-hand of $506.2 million was excluded for the purposes of calculating the applicable ratios (December 31, 2019 – $37.0 million).
(5) N/A – information not available.

Quarterly Comparison to Prior Year

The following table represents key financial, per Unit, and payout ratio information for the three months ended June 30, 2020 and June 30, 2019:

(in thousands of dollars, except per Unit information)	**June 30, 2020**	June 30, 2019	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other[1]	**190,285**	196,746	(6,461)
Net income (loss) and comprehensive income (loss)[1][3]	**(133,674)**	95,513	(229,187)
Net income and comprehensive income excluding fair value adjustments[2][3]	**66,134**	86,057	(19,923)
Cash flows provided by operating activities[1]	**46,349**	80,767	(34,418)
NOI[2]	**108,094**	128,065	(19,971)
FFO[2][3][4][5]	**75,199**	91,781	(16,582)
ACFO[2][3][4][5]	**74,624**	92,577	(17,953)
Distributions declared	**79,562**	76,985	2,577
Surplus (shortfall) of ACFO over distributions declared[2]	**(4,938)**	15,592	(20,530)
Surplus (shortfall) of ACFO over distributions paid[2]	**(4,907)**	32,669	(37,576)
Units outstanding[6]	**172,046,139**	170,118,375	1,927,764
Weighted average – basic	**171,988,473**	169,858,745	2,129,728
Weighted average – diluted[7]	**172,980,866**	170,718,814	2,262,052
Per Unit Information (Basic/Diluted)			
Net income (loss) and comprehensive income (loss)[1]	**$-0.78/$-0.78**	$0.56/$0.56	$-1.34/$-1.34
Net income and comprehensive income excluding fair value adjustments[2][3]	**$0.38/$0.38**	$0.51/$0.50	$-0.13/$-0.12
FFO[2][3][4][5]	**$0.44/$0.43**	$0.54/$0.54	$-0.10/$-0.11
Distributions declared	**$0.463**	$0.450	$0.013
Payout Ratio Information			
Payout ratio to FFO[2][3][4][5]	**105.8 %**	83.7 %	22.1 %
Payout ratio to ACFO[2][3][4][5]	**106.6 %**	83.2 %	23.4 %

(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 proportionate share of equity accounted investments.
(4) See "Other Measures of Performance" section in the MD&A for a reconciliation of these measures to the nearest consolidated financial statement measure.
(5) The calculation of the Trust's FFO and ACFO and related payout ratios, including comparative amounts, are financial metrics that were determined based on the February 2019 REALpac White Paper on FFO and ACFO, respectively. Comparison with other reporting issuers may not be appropriate. The payout ratio to FFO and the payout ratio to ACFO are calculated as declared distributions divided by FFO and ACFO, respectively.
(6) 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.
(7) The diluted weighted average includes the vested portion of the deferred units issued pursuant to the deferred unit plan.

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, 2020 and June 30, 2019:

(in thousands of dollars, except per Unit information)	**June 30, 2020**	June 30, 2019	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other(1)	**397,012**	403,179	(6,167)
Net income (loss) and comprehensive income (loss)(1)(3)	**(69,473)**	175,486	(244,959)
Net income and comprehensive income excluding fair value adjustments(2)(3)	**152,803**	169,702	(16,899)
Cash flows provided by operating activities(1)	**125,511**	133,349	(7,838)
NOI(2)	**234,491**	253,990	(19,499)
FFO(2)(3)(4)(5)	**171,163**	180,077	(8,914)
ACFO(2)(3)(4)(5)	**166,207**	174,311	(8,104)
Distributions declared	**159,480**	153,701	5,779
Surplus (shortfall) of ACFO over distributions declared(2)	**6,727**	20,610	(13,883)
Surplus of ACFO over distributions paid(2)	**24,179**	54,681	(30,502)
Units outstanding(6)	**172,046,139**	170,118,375	1,927,764
Weighted average – basic	**171,777,611**	168,706,565	3,071,046
Weighted average – diluted(7)	**172,748,294**	169,589,765	3,158,529
Per Unit Information (Basic/Diluted)			
Net income (loss) and comprehensive income (loss)(1)	**$-0.40/$-0.40**	$1.04/$1.03	$-1.44/$-1.43
Net income and comprehensive income excluding fair value adjustments(2)(3)	**$0.89/$0.88**	$1.01/$1.00	$-0.12/$-0.12
FFO(2)(3)(4)(5)	**$1.00/$0.99**	$1.07/$1.06	$-0.07/$-0.07
Distributions declared	**$0.925**	$0.900	$0.025
Payout Ratio Information			
Payout ratio to FFO(2)(3)(4)(5)	**93.2 %**	84.8 %	8.4 %
Payout ratio to ACFO(2)(3)(4)(5)	**96.0 %**	88.2 %	7.8 %

(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 proportionate share of equity accounted investments.
(4) See "Other Measures of Performance" section in the MD&A for a reconciliation of these measures to the nearest consolidated financial statement measure.
(5) The calculation of the Trust's FFO and ACFO and related payout ratios, including comparative amounts, are financial metrics that were determined based on the February 2019 REALpac White Paper on FFO and ACFO, respectively. Comparison with other reporting issuers may not be appropriate. The payout ratio to FFO and the payout ratio to ACFO are calculated as declared distributions divided by FFO and ACFO, respectively.
(6) 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.
(7) The diluted weighted average includes the vested portion of the deferred units issued pursuant to the deferred unit plan.

Operational Highlights

For the three months ended June 30, 2020, net income (loss) and comprehensive income (loss) decreased by $229.2 million as compared to the same period in 2019. This decrease was primarily attributed to the following:

- $199.2 million decrease in fair value adjustments on revaluation of investment properties principally due to changes in leasing and cash flow assumptions such as rental rates, lease renewal rates, leasing costs, downtime on lease expiries, vacancy allowance, among others, principally to reflect the impact on the Trust’s investment properties resulting from COVID-19. Note, IFRS fair values do not reflect expected incremental property values emanating from the Trust's mixed-used intensification initiatives which would include SmartVMC, Leaside, Westside Mall, 1900 Eglinton Avenue, Vaughan NW, Pointe-Claire, and other future development properties;
- $20.0 million decrease in NOI, which includes provisions for COVID-19 related matters;
- $10.1 million decrease in fair value adjustment on financial instruments principally due to the fluctuation in the Trust’s unit price as compared to the same period in 2019; and
- $2.8 million increase in general and administrative expense, net;

Partially offset by the following:

- $2.0 million net decrease in interest expense which was primarily due to $4.3 million higher yield maintenance costs incurred in the same period in 2019 and partially offset by $2.2 million higher interest expense as a result of the higher level of debt in the current quarter; and
- $0.9 million increase in interest income which was principally due to the increase in cash deposits and the average interest-bearing loan receivable balance.

For the six months ended June 30, 2020, net income (loss) and comprehensive income (loss) decreased by $245.0 million as compared to the same period last year. This decrease was primarily attributed to the following:

- $268.5 million decrease in fair value adjustments on revaluation of investment properties principally due to changes in leasing and cash flow assumptions such as rental rates, lease renewal rates, leasing costs, downtime on lease expiries, vacancy allowance, among others, to reflect the impact of COVID-19. Note, IFRS fair values do not reflect expected incremental property values emanating from the Trust's mixed-used intensification initiatives which would include SmartVMC, Leaside, Westside Mall, 1900 Eglinton Avenue, Vaughan NW, Pointe-Claire, and other future development properties;
- $19.5 million decrease in NOI, which includes provisions for COVID-19 related matters;
- $2.0 million increase in general and administrative expense, net; and
- $0.6 million decrease in gain (loss) on sale of investment properties;

Partially offset by the following:

- $40.4 million increase in fair value adjustment on financial instruments principally due to the fluctuation in the Trust’s unit price as compared to the same period in 2019; and
- $5.2 million net decrease in interest expense which was primarily due to a $7.9 million higher yield maintenance costs incurred in the same period in 2019.

FFO Highlights

For the three months ended June 30, 2020, FFO decreased by $16.6 million or 18.1% to $75.2 million. This decrease was primarily attributed to:

- $20.0 million decrease in NOI; and
- $2.8 million net increase in net general and administrative expense;

Partially offset by:

- $1.9 million net decrease in interest expense, which was primarily due to a $4.3 million higher in yield maintenance costs in the comparable quarter and offset by a $2.5 million higher in interest expense in the current quarter mainly due to a higher debt level;
- $1.6 million increase in add back for indirect interest incurred in respect of equity accounted development projects which was primarily due to the recent development property acquisitions
- $1.5 million increase in changes in fair value of financial instruments;
- $0.9 million increase in interest income, which was primarily due to an increase in bank interest as a result of the increase in cash and cash equivalents as compared to the same period in 2019; and
- $0.3 million increase in FFO add back for salaries and related costs attributed to leasing activities and distributions on Units classified as liabilities.

For the six months ended June 30, 2020, FFO decreased by $8.9 million or 5.0% to $171.2 million. This decrease was primarily attributed to:

- $19.5 million decrease in NOI; and
- $2.0 million increase in net general and administrative expense;

Partially offset by:

- $5.2 million net decrease in interest income, which was primarily due to a $7.9 million higher in yield maintenance costs in the comparable period and offset by a $2.7 million higher in interest expense in the current period mainly due to a higher debt level;
- $3.1 million increase in add back for indirect interest incurred in respect of equity accounted development projects which was primarily due to the recent development property acquisitions;
- $2.4 million increase in interest income, which was primarily due to an increase in loan interest as a result of the increase in average loan balances outstanding between both the current and comparable periods;
- $1.5 million increase in changes in fair value of financial instruments; and
- $0.4 million increase in FFO add back for salaries and related costs attributed to leasing activities and distributions on Units classified as liabilities.

ACFO Highlights

For the three months ended June 30, 2020, ACFO decreased by $18.0 million or 19.4% to $74.6 million compared to the same period in 2019, which was primarily due to the items previously identified.

The Payout Ratio relating to ACFO for the three months ended June 30, 2020 increased to 106.6% as compared to the same period in 2019, which was the result of items previously identified, and principally due to the adverse impact of COVID-19.

For the six months ended June 30, 2020, ACFO decreased by $8.1 million or 4.6% to $166.2 million compared to the same period in 2019, which was primarily due to the items previously identified.

The Payout Ratio relating to ACFO for the six months ended June 30, 2020 increased by 7.8% to 96.0% as compared to the same period in 2019, which was the result of items previously identified, and principally due to the adverse impact of COVID-19. Notwithstanding the adverse impact of COVID-19, the Trust funded distributions using cash flows from operating activities, and used any additional amounts to assist with funding the Trust's pipeline of mixed-use development initiatives and repay debt.

Development and Intensification Summary

Included in the Trust's large development pipeline are 256 identified mixed-use development initiatives, which are summarized in the following table:

Description	Underway (Construction underway or expected to commence within next 2 years)	Active (Construction expected to commence within next 3–5 years)	Future (Construction expected to commence after 5 years)	Total
Trust's share of number of projects				
Residential Rental	7	23	58	88
Seniors' Housing	4	13	28	45
Self-storage	10	16	22	48
Office Buildings	1	—	9	10
Hotels	1	2	2	5
Subtotal – Recurring income initiatives	23	54	119	196
Condominium developments	9	12	25	46
Townhome developments	2	5	7	14
Subtotal – Development income initiatives	11	17	32	60
Total	**34**	**71**	**151**	**256**
Trust's share of project area (in thousands of sq. ft.)				
Recurring income initiatives	3,800	4,800	12,400	21,000
Development income initiatives	2,200	1,600	3,100	6,900
Total Trust's share of project area (in thousands of sq. ft.)	**6,000**	**6,400**	**15,500**	**27,900**
Trust's share of such estimated costs (in millions of dollars)	**2,500**	**3,000**	– [1]	**5,500**

(1) The Trust has not yet fully determined the costs attributable to future projects and as such it is marked nil in this table.

Non-GAAP Measures

The non-GAAP measures used in this Press Release, including but not limited 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 six months ended June 30, 2020, available on SEDAR at www.sedar.com.

Full reports of the financial results of the Trust for the three and six months ended June 30, 2020 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 6, 2020 at 3:30 p.m. (ET). Participating on the call will be members of SmartCentres' senior management.

Investors are invited to access the call by dialing 1-855-353-9183 and then keying in the participant access code 93397#. 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 6, 2020 beginning at 8:30 p.m. (ET) through to 8:30 p.m. (ET) on Thursday, August 13, 2020. To access the recording, please call 1-855-201-2300, enter the Conference Reference Number 1252074# and then key in the participant access code 93397#.

About SmartCentres

SmartCentres Real Estate Investment Trust is one of Canada's largest fully integrated REITs, with a best-in-class portfolio featuring 166 strategically located properties in communities across the country. SmartCentres has $10.4 billion in assets and owns 34.2 million square feet of income producing value-oriented retail space with 97.8% occupancy, on 3,500 acres of owned land across Canada.

SmartCentres continues to focus on enhancing the lives of Canadians by planning and developing complete, connected, mixed-use communities on its existing retail properties. A publicly announced $12.1 billion intensification program ($5.5 billion at SmartCentres' share) represents the REIT's current major development focus on which construction is expected to commence in the next five years. This intensification program consists of rental apartments, condos, seniors' residences and hotels, to be developed under the SmartLiving banner, and retail, office, and storage facilities, to be developed under the SmartCentres banner.

SmartCentres' intensification program is expected to produce an additional 59.3 million square feet (27.9 million square feet at SmartCentres' share) of space, 27.3 million square feet (12.4 million square feet at SmartCentres' share) of which has or will commence construction within next five years. From shopping centres to city centres, SmartCentres is uniquely positioned to reshape the Canadian urban and urban-suburban landscape. For more information, 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 further outlined under the headings "Business Overview and Strategic Direction", "Other Measures of Performance" and "Outlook" in the Trust's Management's Discussion & Analysis for the period ended June 30, 2020. 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 six months ended June 30, 2020 and under the heading "Risk Factors" in its Annual Information Form for the year ended December 31, 2019. 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.

However, such forward-looking statements involve significant risks and uncertainties.

For more information, please contact:

Mitchell Goldhar
Executive Chairman
SmartCentres
(905) 326-6400 ext. 7674
mgoldhar@smartcentres.com

Peter Forde
President & CEO
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.