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SMARTCENTRES REAL ESTATE INVESTMENT TRUST RELEASES SECOND QUARTER RESULTS FOR 2021

- **Maintained $1.85 per unit annualized distribution;**
- **Portfolio continues to provide recurring income with an occupancy rate of 97.1%;**
- **Non-retail pipeline reaches 55 million square feet across the network (inclusive of partners' share);**
- **Average collection levels across the portfolio approximate 95% for the quarter;**
- **Approximately 70% of the 631 unit presold condominium units at Transit City 3 closed during the quarter generating FFO of $12.9 million ($0.07 per Unit), the remaining units closed subsequent to quarter end;**
- **ACFO Payout Ratio declines to 84.5%; and**
- **Strong debt metrics continue, including Debt to Total Assets of 44.6%, Interest Coverage Ratio net of capitalized interest multiple of 3.8X, and Adjusted Debt to Adjusted EBITDA multiple of 8.2X.**

TORONTO, ONTARIO - (August 11, 2021) SmartCentres Real Estate Investment Trust ("SmartCentres" or the "Trust") (TSX: SRU.UN) is pleased to report its financial and operating results for the quarter ended June 30, 2021.

"Our second quarter results reflect the continued strength of our portfolio that experienced collection levels of approximately 95%. Our occupancy level improved to 97.1%, our payout ratio declined to 84.5% and our various debt metrics all reflected improved levels over the prior quarter. These results are encouraging and reflective of our confidence in our assets, which supports our decision not to have cut distributions," said Mitchell Goldhar, Executive Chairman of SmartCentres. "As Canadians return to previous patterns, we are seeing signs of improvement in leasing activity, tenant collections, and customer traffic at our properties. In addition, our results were further improved with earnings from the closings of 439 units in Transit City 3, contributing $12.9 million in FFO during the quarter. 2021 represents the second consecutive year of income derived from our on-site intensification program. The many exciting non-retail projects in our pipeline now represent over 55 million square feet, inclusive of partners' share, and are expected to be a strong source of income, add considerable FFO and NAV growth for Unitholders, for many years to come. In this regard, significant progress has been made under SmartLiving, the REIT's wholly-owned in-house residential development brand. This quarter, SmartLiving commenced construction on two rental apartment buildings in Montreal and two rental seniors' residences in Ottawa. Further, in the coming months, we expect to launch ArtWalk, the next phase of condominiums at SmartVMC with over 600 high-rise condominium units, and will bring over 175 townhome units to market at our Vaughan Northwest property", added Mr. Goldhar.

The following table presents the monthly collection experience since the pandemic began:

Month[(1)]	**% of Gross Monthly Billings Collected Before Application of CECRA Related Arrangements**[(2)]	**% of Gross Monthly Billings Collected After Application of CECRA Related Arrangements**[(2)]
April 2020	79.6	86.1
May 2020	80.4	86.8
June 2020	83.7	90.1
July 2020	88.7	95.2
August 2020	90.2	96.7
September 2020[(2)]	90.2	96.8
October 2020	96.6	96.6
November 2020	96.5	96.5
December 2020	96.4	96.4
January 2021	94.8	94.8
February 2021	95.1	95.1
March 2021	96.4	96.4
April 2021	95.2	95.2
May 2021	95.0	95.0
June 2021	94.1	94.1

(1) Represents the Trust's collection experience up to July 21, 2021.
(2) The CECRA program ended on September 30, 2020.

As of July 21, 2021, the Trust has collected 94.4% of gross monthly billings for the month of July 2021.

While collections have recovered to 95%, the challenges associated with the COVID-19 pandemic have continued to impact the remaining 5%. Accordingly, in the first six months of 2021, the Trust recorded additional bad debt expense/expected credit loss ("ECL") provisions totalling $4.6 million. The following table provides some additional details on the Trust's tenant billings, amounts received, abatements and deferral arrangements up to July 21, 2021, and the remaining balance outstanding subject to deferral arrangements under negotiation and before ECL provision:

(in thousands of dollars)	**Six Months Ended June 30, 2021**	**As a %**	Nine Months Ended December 31, 2020[(1)]	As a %
Total recurring tenant billings	**400,715**	**100.0**	601,251	100.0
Less: Amounts received directly from tenants to date	**381,041**	**95.1**	535,668	89.1
Balance outstanding	**19,674**	**4.9**	65,583	10.9
Less:				
Recovery from governments for CECRA	—	—	15,412	2.6
Amounts forgiven by the Trust for CECRA	—	—	7,706	1.3
Sales tax on CECRA	—	—	2,976	0.5
Rent abatements provided to tenants	**235**	**0.1**	6,120	1.0
Balance outstanding	**19,439**	**4.8**	33,369	5.5
Less: Deferral arrangements negotiated	**918**	**0.2**	7,395	1.2
Rents to be collected before ECL provision provided	**18,521**	**4.6**	25,974	4.3

(1) The Trust identifies the nine months ended December 31, 2020 as the beginning of the COVID-19 pandemic period.

The table below represents a summary of total tenant receivables and ECL balances as at June 30, 2021 and December 31, 2020:

(in thousands of dollars)	**June 30, 2021**	December 31, 2020
Tenant receivables	**54,748**	57,563
Unbilled other tenant amounts	**9,311**	8,287
Total tenant receivables	**64,059**	65,850
Less: Allowance for ECL	**22,183**	19,742
Total tenant receivables net of ECL provisions	**41,876**	46,108

Highlights

Mixed-Use Development and Intensification at SmartVMC

- Occupancy of the 55-storey Transit City 3 condo tower representing 631 residential units commenced in May 2021, with 439 units closed by the end of June 2021 and the remaining 192 units are expected to close in Q3 of 2021.

- Construction continues on Transit City 4 (45 storeys) and 5 (50 storeys) condo towers, representing 1,026 sold residential units. Construction is complete on the multi-level underground parking garage. Above grade, concrete and formwork is up to level 6 for Transit City 4 and level 4 for Transit City 5.

- Construction continues on the 36-storey, 362-unit purpose-built residential rental building at SmartVMC, with concrete and formwork up to level 2. There are also an additional 92 purpose-built rental units located within a portion of the Transit City 4 and Transit City 5 podiums.

- As part of the Transit City 1 and 2 projects, construction is well underway and delivery is expected in early 2022 of the 22 townhomes, which are 100% pre-sold.

- Preparation is underway for the launch of the next phase of high-rise condominium development in 2021 which is expected to include 627 units.

Other Business Development

- The completed first phase of the two-phase, purpose-built residential rental project in Laval, Quebec, which had initial occupancy by tenants commencing in March 2020 and, to date, approximately 90% of the 171-unit building has been leased. Construction of the next phase is expected to commence in fall 2021.

- The Trust completed construction of its two self-storage facilities in Brampton and Vaughan NW, each of which has been very well received by the local communities, with current occupancy levels ahead of expectations.

- Construction started in April 2021 on two purpose-built residential rental towers in Mascouche, Quebec with joint venture partner Cogir.

- Construction commenced for a new retirement residence and a seniors' apartment in May 2021 with joint venture partner Selection Group in Ottawa.

- Three additional self-storage facilities in Oshawa, Aurora and Scarborough are currently under construction of which two are expected to be completed in 2021. Additional self-storage facilities have been approved by the Board of Trustees and the Trust is in the process of obtaining municipal approvals in Whitby, Markham and an additional location in Brampton.

- With the Minister's Zoning Order issued in Q4 2020, the Trust has commenced the redevelopment of a portion of its 73-acre Cambridge retail property which now allows various forms of residential, retail, office, institutional, and commercial uses providing for the creation of a vibrant urban community with the potential for over 12.0 million square feet of development. The initial phase of the redevelopment will include various forms of residential development including townhouses as well as mid-rise and high-rise residential buildings.

- During the COVID-19 pandemic, the Trust has been aggressively pursuing final municipal approvals for mixed-use density on many of its shopping centres.

Financial

- Net income and comprehensive income[1] was $97.0 million as compared to a net loss and comprehensive loss of $133.7 million in the same period in 2020, representing an increase of $230.7 million. This increase was primarily attributed to: i) $208.2 million decrease in unfavourable fair value adjustments on revaluation of investment properties, ii) $18.5 million increase in earnings from equity accounted investments (principally from Transit City 3 closings), iii) $13.5 million increase in net operating income principally due to lower bad debt expense and ECL provision, iv) $0.3 million lower general and administrative expense (net), and partially offset by i) $9.2 million increase in unfavourable fair value adjustments on financial instruments principally due to the increase in the Trust's Unit Price, which was partially offset by $0.6 million fair value gains on total return swap, ii) $0.4 million lower interest income, and iii) $0.2 million higher interest expense.

- Debt metrics continue to demonstrate the Trust's commitment to its balance sheet, including Debt to Total Assets[2][3] of 44.6%, Interest Coverage Ratio multiple[2] of 3.4X, Interest Coverage net of capitalized interest multiple[2] of 3.8X, and Adjusted Debt to Adjusted EBITDA multiple[2][3] of 8.2X.

- The Trust further improved its unsecured/secured debt ratio[2] to 70%/30% (June 30, 2020 – 65%/35%).

- The Trust continues to add to its unencumbered pool of high-quality assets. As at June 30, 2021, this unencumbered portfolio consisted of income properties valued at $5.9 billion (June 30, 2020 – $5.6 billion).

- In June 2021, the Trust's 2.757% Series T senior unsecured debentures (the "Senior T Debentures") matured. There was $323.1 million aggregate principal amount of Senior T Debentures outstanding on the maturity date and payment to holders was funded by cash-on-hand.

- FFO[2] increased by $25.3 million or 33.6% to $100.5 million as compared to the same period in 2020, primarily due to $14.0 million in net operating income recognized on the Transit City 3 condo closings and $13.2 million in lower ECL provisions.

- ACFO[2] increased by $19.3 million or 25.8% to $94.2 million as compared to the same period in 2020 primarily due to the impact of the Transit City 3 condo closings.

- ACFO[2] exceeded distributions declared by $14.6 million (2020 – shortfall of ACFO over distributions declared of $4.6 million).

- The Payout Ratio relating to ACFO with one-time adjustment[2] for the rolling 12 months ended June 30, 2021 decreased by 6.9% to 84.5%, as compared to the same period in 2020.

Operational

- Rentals from investment properties and other[1] was $193.9 million, as compared to $190.3 million in the same period in 2020, representing an increase of $3.6 million or 1.9%. This increase was primarily due to higher straight-line rent, short-term rental revenue and percentage rent revenue, and was partially offset by higher vacancy which was principally resulted from the COVID-19 pandemic.

- In-place and committed occupancy rates were 97.1% and 97.3%, respectively, as at June 30, 2021 (December 31, 2020 - 97.0% and 97.3%, respectively).

- Same Properties NOI excluding ECL[2] decreased by $2.5 million or 2.0% as compared to the same period in 2020. Same Properties NOI inclusive of ECL provisions increased by 10.7 million or 9.6% as compared to the same period in prior year.

Subsequent Events

- The Trust entered into a $150.0 million revolving senior unsecured term facility with an international financial institution, bearing interest at a variable interest rate based on either bank prime rate plus 20 basis points or the banker's acceptance rate plus 120 basis points, which matures on February 2, 2024.

(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. For definitions and basis of presentation of the Trust's non-GAAP measures, refer to "Presentation of Certain Terms Including Non-GAAP Measures".
(3) Net of cash-on-hand of $55.7 million as at June 30, 2021 for the purposes of calculating the ratios.

Selected Consolidated Operational, Mixed-Use Development and Financial Information

Key consolidated operational, mixed-use development and financial information shown in the table below includes the Trust's proportionate share of equity accounted investments:

(in thousands of dollars, except per Unit and other non-financial data)	**June 30, 2021**	December 31, 2020	June 30, 2020
Portfolio Information			
Number of retail and other properties	**146**	148	150
Number of properties under development	**11**	10	9
Number of office properties	**1**	1	1
Number of mixed-use properties	**10**	8	6
Total number of properties with an ownership interest	**168**	167	166
Leasing & Operational Information			
Gross leasable area including retail and office space (in thousands of sq. ft.)	**34,186**	34,056	34,169
Occupied area including retail and office space (in thousands of sq. ft.)	**33,180**	33,039	33,353
Vacant area including retail and office space (in thousands of sq. ft.)	**1,006**	1,017	816
Committed occupancy rate (%)	**97.3**	97.3	97.8
In-place occupancy rate (%)	**97.1**	97.0	97.6
Average lease term to maturity (in years)	**4.6**	4.6	4.8
Net retail rental rate (per occupied sq. ft.) ($)	**15.43**	15.37	15.54
Net retail rental rate excluding Anchors (per occupied sq. ft.) ($)	**22.04**	21.89	22.34
Mixed-use Development Information			
Future development area (in thousands of sq. ft.)	**32,400**	32,500	27,900
Trust's share of estimated costs of future projects currently under construction, or for which construction is expected to commence within the next 5 years	**7,800,000**	7,900,000	5,500,000
Total number of residential rental projects	**96**	96	88
Total number of seniors' housing projects	**40**	40	45
Total number of self-storage projects	**50**	50	48
Total number of office building projects	**7**	7	10
Total number of hotel projects	**4**	4	5
Total number of condominium developments	**72**	72	46
Total number of townhome developments	**15**	15	14
Total number of future projects currently in development planning stage	**284**	284	256

(in thousands of dollars, except per Unit and other non-financial data)	**June 30, 2021**	December 31, 2020	June 30, 2020
Financial Information			
Total assets(1)	**10,036,672**	10,724,492	10,382,902
Investment properties(2)(3)	**9,490,636**	9,400,584	9,313,835
Total unencumbered assets(2)	**5,937,900**	5,835,600	5,644,500
Debt(2)(3)	**4,591,889**	5,261,360	5,000,070
Debt to Aggregate Assets (%)(2)(3)(4)	**44.6**	44.6	44.5
Debt to Gross Book Value (%)(2)(3)(4)	**50.1**	50.1	50.1
Unsecured to Secured Debt Ratio(2)(3)(4)	**70%/30%**	68%/32%	65%/35%
Unencumbered assets to unsecured debt(2)(3)(4)	**1.9X**	1.9X	1.9X
Weighted average interest rate (%)(2)(3)	**3.27**	3.28	3.46
Weighted average term of debt (in years)	**5.3**	5.0	4.8
Interest coverage ratio(2)(3)(4)	**3.4X**	3.2X	3.3X
Interest coverage ratio (net of capitalized interest expense)(2)(3)(4)	**3.8X**	3.7X	3.8X
Adjusted Debt to Adjusted EBITDA (net of cash)(2)(3)(4)	**8.2X**	8.5X	8.8X
Equity (book value)(1)	**5,168,610**	5,166,975	5,161,337
Weighted average number of units outstanding – diluted	**173,480,822**	172,971,603	172,980,866

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(3) Includes the Trust's proportionate share of equity accounted investments.
(4) As at June 30, 2021, cash-on-hand of $55.7 million was excluded for the purposes of calculating the applicable ratios (December 31, 2020 – $754.4 million).

Quarterly Comparison to Prior Year

The following table presents key financial, per Unit, and payout ratio information for the three months ended June 30, 2021 and June 30, 2020:

(in thousands of dollars, except per Unit information)	**June 30, 2021**	June 30, 2020	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other[1]	**193,937**	190,285	3,652
Net base rent[1]	**123,500**	122,911	589
Total recoveries[1]	**63,995**	63,810	185
Miscellaneous revenue[1]	**2,998**	1,465	1,533
Service and other revenues[1]	**3,444**	2,099	1,345
Net income and comprehensive income[1][3]	**96,985**	(133,674)	230,659
Net income and comprehensive income excluding fair value adjustments[2][3]	**93,156**	66,134	27,022
Cash flows provided by operating activities[1]	**62,168**	46,349	15,819
NOI[2]	**136,091**	108,094	27,997
NOI excluding condominium sales[2]	**122,063**	108,108	13,955
Change in SPNOI[2]	**9.6 %**	(13.2)%	22.8 %
Change in SPNOI excluding ECL[2]	**(2.0)%**	(2.4)%	0.4 %
FFO[2][3][4][5]	**100,457**	75,199	25,258
FFO with Transactional FFO[2][3][4][5]	**100,457**	75,199	25,258
FFO excluding condominium sales[2][3][4][5]	**87,566**	75,199	12,367
ACFO[2][3][4][5]	**94,248**	74,923	19,325
Distributions declared	**79,685**	79,562	123
Surplus (shortfall) of ACFO over distributions declared[2]	**14,563**	(4,639)	19,202
Shortfall of cash provided by operating activities over distributions declared[2]	**(17,517)**	(33,213)	15,696
Units outstanding[6]	**172,280,187**	172,046,139	234,048
Weighted average – basic	**172,275,798**	171,988,473	287,325
Weighted average – diluted[7]	**173,543,923**	172,980,866	563,057
Per Unit Information (Basic/Diluted)			
Net income (loss) and comprehensive income (loss)[1]	**$0.56/$0.56**	$-0.78/$-0.78	$1.34/$1.33
Net income and comprehensive income excluding fair value adjustments[2][3]	**$0.54/$0.54**	$0.38/$0.38	$0.16/$0.16
FFO[2][3][4][5]	**$0.58/$0.58**	$0.44/$0.43	-$0.14/-$0.15
Distributions declared	**$0.463**	$0.463	$—
Payout Ratio Information			
Payout ratio to ACFO[2][3][4][5]	**84.5 %**	106.2 %	(21.7)%

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(3) Includes the Trust's proportionate share of equity accounted investments.
(4) See "Other Measures of Performance" in the Trust's 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 presents key financial, per Unit, and payout ratio information for the six months ended June 30, 2021 and June 30, 2020:

(in thousands of dollars, except per Unit information)	**June 30, 2021**	June 30, 2020	Variance
	(A)	(B)	(A–B)
Financial Information			
Rentals from investment properties and other[1]	**392,775**	397,012	(4,237)
Net base rent[1]	**244,830**	249,253	(4,423)
Total recoveries[1]	**135,777**	138,641	(2,864)
Miscellaneous revenue[1]	**5,839**	4,310	1,529
Service and other revenues[1]	**6,329**	4,808	1,521
Net income (loss) and comprehensive income (loss)[1]	**157,544**	(69,473)	227,017
Net income and comprehensive income excluding fair value adjustments[2][3]	**169,709**	152,803	16,906
Cash flows provided by operating activities[1]	**141,652**	125,511	16,141
NOI[2]	**255,072**	234,491	20,581
NOI excluding condominium sales[2]	**240,978**	234,750	6,228
Change in SPNOI[2]	**1.8 %**	(6.5)%	8.3 %
Change in SPNOI excluding ECL[2]	**(2.6)%**	(1.2)%	(1.4)%
FFO[2][3][4][5]	**184,733**	171,163	13,570
FFO with Transactional FFO[2][3][4][5]	**186,320**	171,163	15,157
FFO excluding condominium sales[2][3][4][5]	**171,842**	171,163	679
ACFO[2][3][4][5]	**179,401**	167,714	11,687
Distributions declared	**159,345**	159,480	(135)
Surplus of ACFO over distributions declared[2]	**20,056**	8,234	11,822
Shortfall of cash provided by operating activities over distributions declared[2]	**(17,693)**	(33,969)	16,276
Units outstanding[6]	**172,280,187**	172,046,139	234,048
Weighted average – basic	**172,256,994**	171,988,473	268,521
Weighted average – diluted[7]	**173,480,822**	172,980,866	499,956
Per Unit Information (Basic/Diluted)			
Net income (loss) and comprehensive income (loss)[1]	**$0.91/$0.91**	$-0.40/$-0.40	$1.31/$1.31
Net income and comprehensive income excluding fair value adjustments[2][3]	**$0.99/$0.98**	$0.89/$0.88	$0.10/$0.10
FFO[2][3][4][5]	**$1.07/$1.06**	$1.00/$0.99	$0.07/$0.07
Distributions declared	**$0.925**	$0.925	$0.000
Payout Ratio Information			
Payout Ratio to ACFO with one-time adjustment (rolling 12-months)[2][3][4][5]	**84.5 %**	91.4 %	(6.9)%
Payout Ratio to ACFO[2][3][4][5]	**88.8 %**	95.1 %	(6.3)%

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(3) Includes the Trust's proportionate share of equity accounted investments.
(4) See "Other Measures of Performance" in the Trust's 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, 2021, net income (loss) and comprehensive income (loss) increased by $230.7 million as compared to the same period last year. This increase was primarily attributed to the following:

- $212.9 million increase in fair value adjustments on revaluation of investment properties principally due to the higher revaluation loss recorded during the same period in 2020, which reflected the changes in leasing and cash flow assumptions principally as a result of the COVID-19 pandemic;
- $28.0 million increase in NOI (see further details in the "Net Operating Income" subsection in the Trust's MD&A); and
- $0.3 million decrease in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section in the Trust's MD&A) ;

Partially offset by the following:

- $9.3 million increase in unfavourable fair value adjustment on financial instruments primarily due to: i) $4.3 million increase in interest rate swap fair value loss; ii) $2.0 million increase in fair value loss on deferred unit plan and $1.0 million increase in fair value loss on Units classified as liabilities, as a result of the Trust's Unit price changes; iii) $1.5 million loans receivable fair value gain recorded in the comparative period; iv) $1.1 million equity incentive plan fair value loss, partially offset by v) $0.6 million TRS fair value gains;
- $0.5 million increase in supplemental costs;
- $0.4 million decrease in interest income; and
- $0.4 million increase in interest expense.

For the six months ended June 30, 2021, net income (loss) and comprehensive income (loss) increased by $227.0 million as compared to the same period last year. This increase was primarily attributed to the following:

- $268.5 million increase in fair value adjustments on revaluation of investment properties principally due to the higher revaluation loss recorded during the same period in 2020, which reflected the changes in leasing and cash flow assumptions at the inception of the COVID-19 pandemic;
- $20.6 million increase in NOI (see further details in the "Net Operating Income" subsection in the Trust's MD&A); and
- $2.2 million decrease in acquisition-related costs;

Partially offset by the following:

- $58.4 million increase in unfavourable fair value adjustment on financial instruments primarily due to: i) $34.8 million increase in unfavourable fair value adjustment on Units classified as liabilities and $19.6 million increase in unfavourable fair value adjustment on deferred unit plan, as a result of the Trust's Unit price changes; ii) $2.4 million increase in interest rate swap fair value loss; iii) $1.5 million loans receivable fair value gain recorded in the comparative period; iv) $1.1 million equity incentive plan fair value loss, and partially offset by v) $1.1 million TRS fair value gains;
- $3.6 million increase in interest expense, supplemental costs and loss on sale of investment properties;
- $1.5 million increase in general and administrative expenses (net) (see further details in the "General and Administrative Expense" section in the Trust's MD&A); and
- $0.8 million decrease in interest income.

FFO Highlights

For the three months ended June 30, 2021, FFO increased by $25.3 million or 33.6% to $100.5 million. This increase was primarily attributed to:

- $28.0 million increase in NOI, which was primarily due to Transit City 3 condominium unit closings and lower ECL provisions (see further details in the "Net Operating Income" subsection in the Trust's MD&A);
- $0.6 million net gain relating to TRS recognized during the three months ended June 30, 2021; and
- $0.3 million decrease in net general and administrative expense;

Partially offset by:

- $1.5 million increase in changes in fair value of financial instruments due to adjustments in the comparative period;
- $0.6 million decrease in adjustment of indirect interest incurred in respect of equity accounted development projects which was principally due to the Transit City 3 condominium unit closings;
- $0.7 million decrease in FFO add back for both salaries and related costs attributed to leasing activities, distributions on Units classified as liabilities, and tenant incentives amortization;
- $0.4 million decrease in interest income; and
- $0.4 million net increase in interest expense.

For the six months ended June 30, 2021, FFO increased by $13.6 million or 7.9% to $184.7 million. This increase was primarily attributed to:

- $20.6 million increase in NOI, which was primarily due to Transit City 3 condominium unit closings and lower ECL provisions (see further details in the "Net Operating Income" subsection in the Trust's MD&A); and
- $1.1 million gain relating to TRS recognized during the six months ended June 30, 2021;

Partially offset by:

- $3.4 million net increase in interest expense, which was primarily due to a higher debt level;
- $1.5 million increase in net general and administrative expense;
- $1.5 million increase in changes in fair value of financial instruments due to adjustments in the comparative period;
- $0.8 million decrease in interest income which was primarily due to lower interest rates being charged on outstanding loans to related parties pursuant to the Omnibus Agreement commencing December 8, 2020;
- $0.5 million decrease in FFO add back for salaries and related costs attributed to leasing activities; and
- $0.4 million decrease in add back for indirect interest incurred in respect of equity accounted development projects which was principally due to the Transit City 3 condominium unit closings.

ACFO Highlights

For the three months ended June 30, 2021, ACFO increased by $19.3 million or 25.8% to $94.2 million compared to the same period in 2020, which was primarily due to the items previously identified.

The Payout Ratio relating to ACFO for the three months ended June 30, 2021 decreased by 21.7% to 84.5% compared to the same period in 2020, which primarily resulted from the Transit City 3 condominium unit closings.

For the six months ended June 30, 2021, ACFO increased by $11.7 million or 7.0% to $179.4 million compared to the same period in 2020, which was primarily due to the items previously identified.

The Payout Ratio relating to ACFO for the six months ended June 30, 2021 decreased by 6.3% to 88.8% as compared to the same period in 2020, which primarily resulted from the Transit City 3 condominium unit closings.

Development and Intensification Summary

Included in the Trust's large development pipeline are 284 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
Number of projects in which the Trust has an ownership interest				
Residential Rental	17	28	51	96
Seniors' Housing	5	16	19	40
Self-storage	14	17	19	50
Office Buildings	—	1	6	7
Hotels	—	—	4	4
Subtotal – Recurring rental income initiatives	36	62	99	197
Condominium developments	13	21	38	72
Townhome developments	2	3	10	15
Subtotal – Development income initiatives	15	24	48	87
Total	**51**	**86**	**147**	**284**
Trust's share of project area (in thousands of sq. ft.)				
Recurring rental income initiatives	3,400	6,200	9,400	19,000
Development income initiatives	2,600	3,800	7,000	13,400
Total Trust's share of project area (in thousands of sq. ft.)	**6,000**	**10,000**	**16,400**	**32,400**
Trust's share of such estimated costs (in millions of dollars)	**2,800**	**5,000**	**–** (1)	**7,800**

(1) The Trust does not fully determine the costs attributable to future projects expected to commence after five years and as such they are not included in this table.

As noted in the table above, The Trust is currently working on initiatives for the development of many properties, for which final municipal approvals have been or are being actively pursued:

a. the development of up to 5.3 million square feet of predominately residential space, in various forms, at Highway 400 & Highway 7, in Vaughan, Ontario, with a rezoning application submitted in December 2019 and a site plan application for the first four buildings totalling 1,742 units submitted in October 2020;

b. the development of more than 4.0 million square feet (4,600 units) of residential density on the land at SmartVMC previously occupied by a Walmart store, with rezoning and site plan applications submitted in 2020 for approval of Phase 1 of 550,000 square feet;

c. the development of 1.2 million square feet of mixed-use density – office, retail and residential – on the SmartVMC lands immediately south of the Transit City 4 and 5 towers, with the rezoning and site plan applications submitted in September 2020;

d. the development of up to 5.0 million square feet of predominately residential space, in various forms over the long term, in Pickering, Ontario, with the site plan application for a two-tower mixed-use phase, approximating 650,000 square feet, submitted in April 2020;

e. the development of up to 5.5 million square feet of predominately residential space, in various forms, at Oakville North in Oakville, Ontario, with the rezoning application for an initial two-tower 585-unit residential phase submitted in April 2021;

f. the development of up to 2.55 million square feet of predominately residential space, in various forms, at the Westside Mall in Toronto, Ontario, with an application for the first 35-storey mixed-use tower submitted in Q1 2021;

g. the development of up to 1.5 million square feet of residential space in various forms on the Trust's undeveloped lands at the Vaughan NW property in Vaughan, Ontario. Residential development includes townhomes, to be developed in partnership with Fieldgate Homes ("Fieldgate"); a seniors' apartment building and separate retirement residence to be developed in partnership with Revera; along with condominiums and residential rental buildings. Applications for these six towers have been submitted;

h. the development of up to 1.5 million square feet of residential space, in various forms, in Pointe-Claire, Quebec, with the first phase, a two-tower rental project, being actively pursued;

i. the development of up to 318,000 square feet of residential townhomes at Oakville South in Oakville, Ontario, with a third party homebuilder and a potential retirement residence project with Revera;

j. the intensification of the Toronto StudioCentre ("StudioCentre") in Toronto, Ontario (zoning allows for up to 1.2 million square feet);

k. the development of four high-rise purpose-built residential rental buildings comprising approximately 1,800 units with Greenwin, in Barrie, Ontario, for which a zoning application was approved by Barrie City Council in January 2021 with site plan approved for Phase 1 by Barrie City Council in June 2021. An application for building permit was submitted in July 2021;

l. the development of a 35-storey high-rise purpose-built residential rental tower containing 449 units, on Balliol Street in midtown Toronto, Ontario, with zoning and site plan applications submitted in September 2020. A second submission of these applications was made in July 2021;

m. the development of up to 1,600 residential units, in various forms, in Mascouche, Quebec and as noted above, with the first phase consisting of 238 units in two 10-storey rental towers approved by municipal council in August 2020. Construction began in April 2021, and the occupancy of units is anticipated to commence in July 2022;

n. the development of residential density at the Trust's shopping centre at 1900 Eglinton in Scarborough with rezoning applications for the first two residential towers (38 and 40 storeys) submitted in January 2021;

o. the development of up to 270,000 square feet of residential space in 148 townhomes at London Fox Hollow in London, Ontario, with site plan approval applications submitted in December 2020;

p. the development of the first phase, 46-unit rental building, which is part of a multi-phase masterplan in Alliston, Ontario, with a rezoning application approved by Council in December 2020 and a site plan application submitted in May 2020. The site plan application was resubmitted in March 2021 and again in July 2021 with approvals expected by Q3 2021;

q. the development of four additional self-storage facilities in Ontario with the Trust's partner, SmartStop, in Markham, Stoney Creek, Toronto and Whitby, with zoning and/or site plan applications either well underway or to be submitted in 2021. Project agreements for another four locations are being finalized;

r. the Q4 2020 acquisition of an additional 33.33% interest (new ownership structure of 66.66% held by the Trust and 33.33% held by Penguin) in 50 acres of adjacent land to the Trust's Premium Outlets Montreal in Mirabel for the ultimate development of residential density of up to 4,500 units. Zoning applications for the first phase rental building with 168 units expected to be submitted in Q4 2021;

s. the development of residential density of approximately 500 condo units (in three phases) at Laval Centre in Quebec, with the zoning application for the first tower of 160 units expected to be submitted in the third quarter of 2021;

t. with the issued Minister's Zoning Order, the Trust has begun to redevelop its 73-acre Cambridge retail property with various forms of residential, retail, office, institutional and commercial uses to create a complete vibrant urban community representing over 12.0 million square feet. The initial phase is expected to include townhouses, mid-rise and high-rise residential buildings;

u. the development of residential density at the Trust's shopping centre at Bayview and Major Mackenzie in Richmond Hill, with a rezoning application for a 10-storey retirement residences building submitted in Q1 2021, to be developed in partnership with Revera;

v. the development of 1.5 million square feet of residential density adjacent to the new South Keys light rail train station at the Trust's Ottawa South Keys centre, consistent with current zoning permissions. Site plan application for the first phase rental building with 240 units expected to be submitted in Q3 2021;

w. the development of up to 830,000 square feet of predominately residential space in Aurora (Yonge and Murray), with rezoning applications for the entire site and site plan submitted for Phase 1 for 498,000 square feet in July 2021;

x. the Q4 2020 acquisition of a 50% interest in a property in downtown Markham for the development of a 243,000 square foot retirement residence with Revera. The rezoning application was submitted in December 2020; and

y. the development of approximately 1.0 million square feet of residential density on the Trust's Parkway Plaza centre in Stoney Creek, Ontario with an application for a Phase 1 development for a 26-storey, 233,500 square foot, 290-unit condo expected to be submitted in Q3 2021.

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 'Management's Discussion and Analysis' ("MD&A") of the Trust for the six months ended June 30, 2021, 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, 2021 are outlined in the unaudited interim condensed consolidated financial statements and the related MD&A of the Trust for the three and six months ended June 30, 2021, which are available on SEDAR at www.sedar.com.

Conference Call

SmartCentres will hold a conference call on Thursday, August 12, 2021 at 2:00 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 93639#. 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 12, 2021 beginning at 8:30 p.m. (ET) through to 8:30 p.m. (ET) on Thursday, August 19, 2021. To access the recording, please call 1-855-201-2300, enter the conference access code 93639# and then key in the participant access code 0100639#.

About SmartCentres

SmartCentres Real Estate Investment Trust is one of Canada's largest fully integrated REITs, with a best-in-class portfolio featuring 168 strategically located properties in communities across the country. SmartCentres has approximately $10.0 billion in assets and owns 33.9 million square feet of income producing value-oriented retail space with over 97% 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. Project 512, a publicly announced $13.1 billion intensification program ($7.8 billion at SmartCentres' share) represents the REIT's current major development focus on which construction is expected to commence within 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 55.2 million square feet (32.4 million square feet at SmartCentres' share) of space, 27.3 million square feet (16.0 million square feet at SmartCentres' share) of which has or will commence construction within the next five years. From shopping centres to city centres, SmartCentres is uniquely positioned to reshape the Canadian urban and urban-suburban landscape.

Included in this intensification program is the Trust's share of SmartVMC which, when completed, is expected to include approximately 11.0 million square feet of mixed-use space in Vaughan, Ontario. Construction of the first five sold-out phases of Transit City Condominiums that represent 2,789 residential units continues to progress. Final closings of the first two phases of Transit City Condominiums began ahead of budget and ahead of schedule in August 2020 and all 1,100 units in the first and second phases have closed. Closings of all 631 presold units in the third phase began in May 2021 and are now fully completed. In addition, the 22 sold-out townhomes that complete this phase of the project, are expected to close in 2022. The fourth and fifth sold-out phases representing 1,026 units are currently under construction and are expected to close in 2023.

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. More specifically, certain statements including, but not limited to, statements related to SmartCentres' expected or planned development plans and joint venture projects, including the described type, scope, costs and other financial metrics and the expected timing of construction and condominium closings 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. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including risks associated with potential acquisitions not being completed or not being completed on the contemplated terms, public health crises such as the COVID-19 pandemic, 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. These risks and others are more fully discussed under the heading "Risks and Uncertainties" and elsewhere in the SmartCentres' most recent Management's Discussion and Analysis, 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, SmartCentres 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 SmartCentres assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by applicable securities legislation.

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 consistent with the past year and recent inflation trends.

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