



SLATE

Retail
REIT

Investor Update
Q4 2017



WHO WE ARE

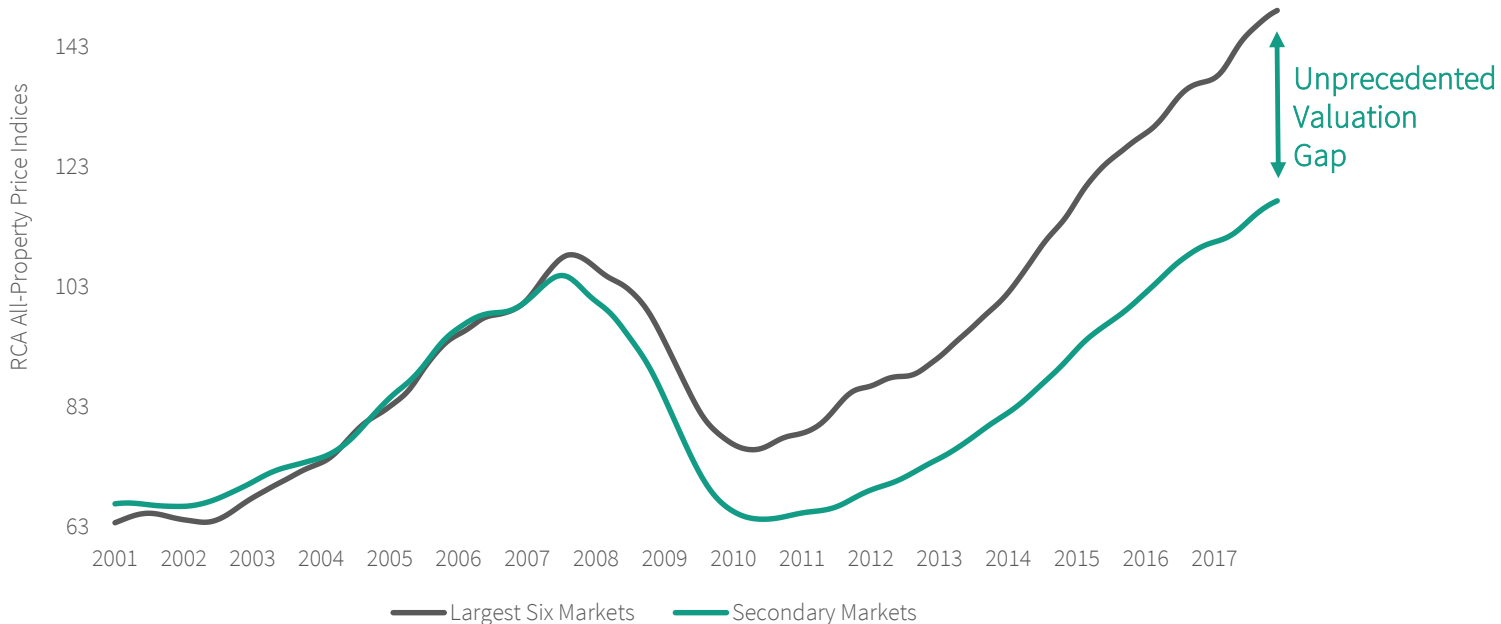
(All amounts in this presentation are in U.S. dollars unless otherwise stated)

- **Pure Play:** 100% grocery-anchored portfolio, entirely located in the United States
 - 86 properties located across 21 states totaling 11.2 million square feet¹
- **Focused Strategy:** Build scale in large markets with market-leading grocers
 - Focus on over-looked secondary markets in Metropolitan Statistical Areas (“MSAs”) with population of 1 million or more
- **Embedded Growth:** Below-market rents, limited new grocery store supply driving occupancy gains, and anchor redevelopment opportunities
- **Operators:** Apply hands-on real estate expertise through a proactive approach to unlock value in historically under-managed real estate

¹As of December 31, 2017

OPPORTUNITY FOR GROWTH

Target overlooked markets for mispriced assets



Source: RCA



ABILITY TO BUILD SCALE IN THE U.S.

There are ~15x more grocery stores in the U.S. than in Canada and the largest U.S. landlord only controls ~1% of the inventory, resulting in a fractured investment landscape in which to build scale (1 shopping cart represents ~500 grocery stores)

United States | ~38,000 Grocery Stores



Canada | ~2,700 Grocery Stores
















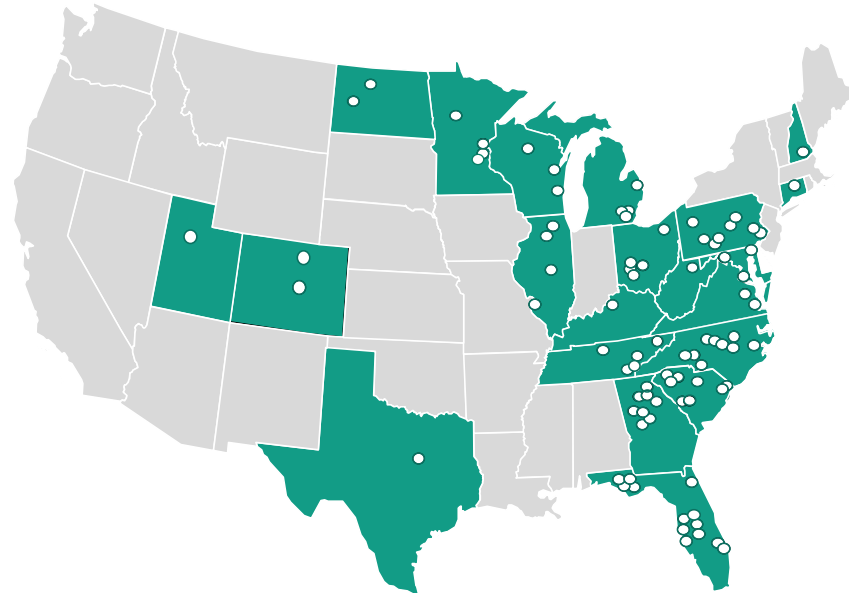
Source: U.S. Census Bureau , Progressive Grocer

EXPOSURE TO LARGE U.S. MARKETS

Our portfolio is well diversified by geography and grocer with 86 properties across 21 states and presence in 23 major metropolitan areas¹

Top 10 Grocery Tenants

Tenant	% of Base Rent	% of GLA	Credit Rating
 Walmart	7.7%	11.6%	Aa2 / AA
 Kroger	6.0%	9.5%	Baa1 / BBB
 Winn-Dixie	4.1%	4.1%	-
 BILO	4.1%	4.1%	-
 Publix	4.0%	4.9%	A2
 Stop&Shop	3.9%	2.7%	Baa2 / BBB
 Shop n Save	3.6%	3.6%	B1 / B
 Farm Fresh	3.6%	3.6%	B1 / B
 CASH WISE	1.7%	1.1%	-
 Jewel-Osco	1.6%	2.2%	B3
 SAFEWAY	1.6%	2.2%	B3
 Lowe's	1.5%	1.3 %	-
 BEALLS	1.1%	1.2%	-



¹As of December 31, 2017

FOCUS ON GROCERY RETAIL

Our strategy offers several attractive **long-term defensive** characteristics

- The grocery business is non-cyclical and less susceptible to economic fluctuation
 - Visits to grocery store average 2-3x per week driving strong foot traffic, attracting other tenants to the center
- Grocery retailing is least threatened by the increasing popularity of e-commerce
- Grocery stores are strategically located close to houses in dense neighborhoods making it difficult to replace their efficacy online

99%

Grocery purchases in the U.S. made in store

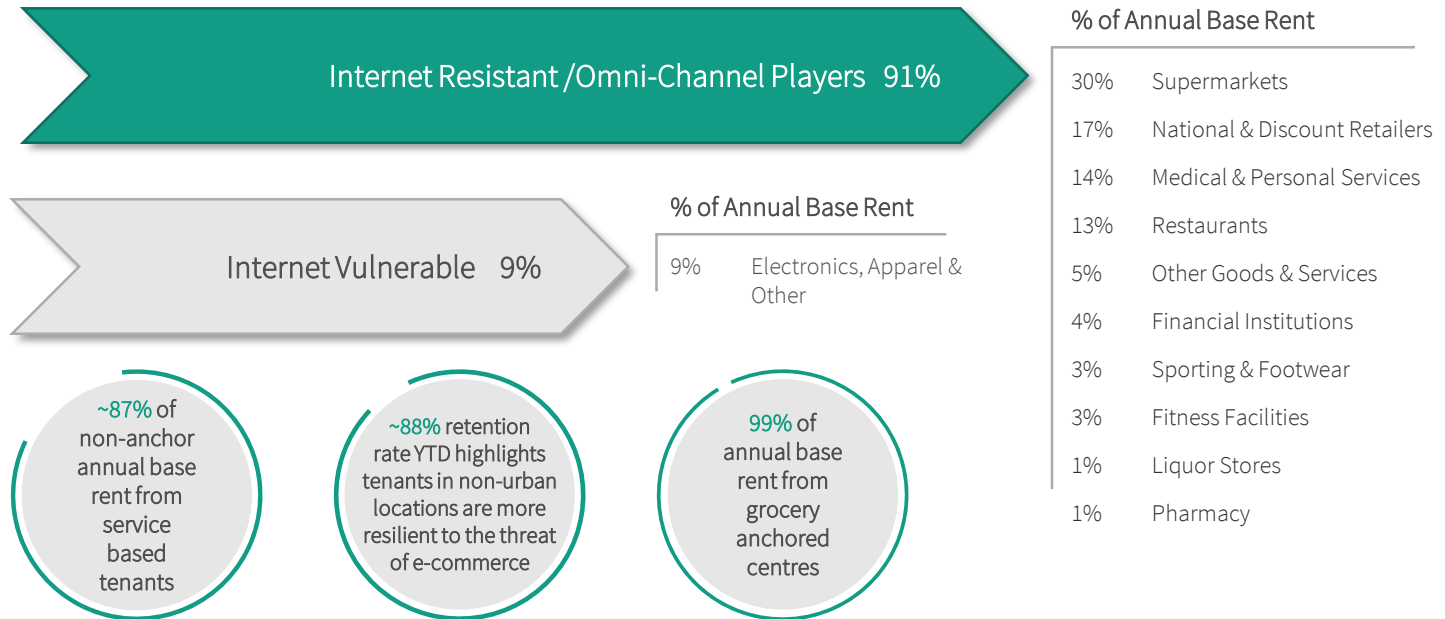
\$700 bln

U.S. grocery sales annually—the largest consumer segment by 70%

Sources: Kantar Group, U.S Commerce Dept, Progressive Grocer

FOCUS ON NECESSITY-BASED TENANTS

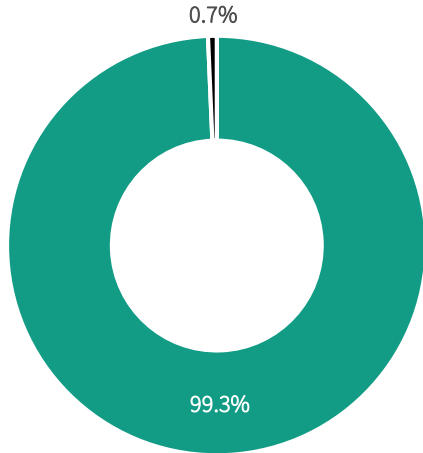
We derive the **majority of our income** from retailers that provide in-person services and leverage their stores to provide e-commerce solutions



FOCUS ON NECESSITY-BASED TENANTS

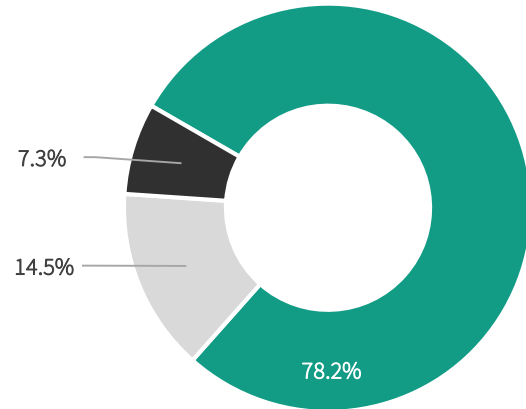
Grocery-anchored **neighborhood** shopping centers are located closest to households serving as **local food distribution points**

■ Grocery Anchored ■ Other



% of total base rent

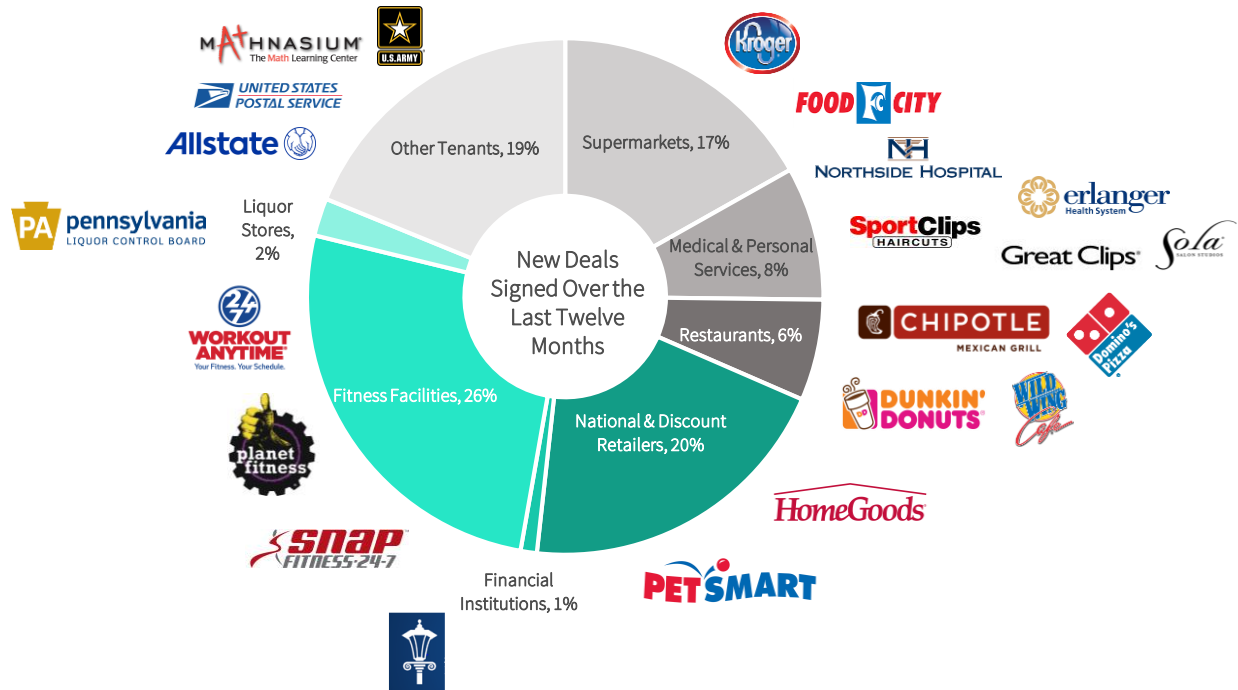
■ Neighbourhood ■ Community ■ Power



% of total base rent

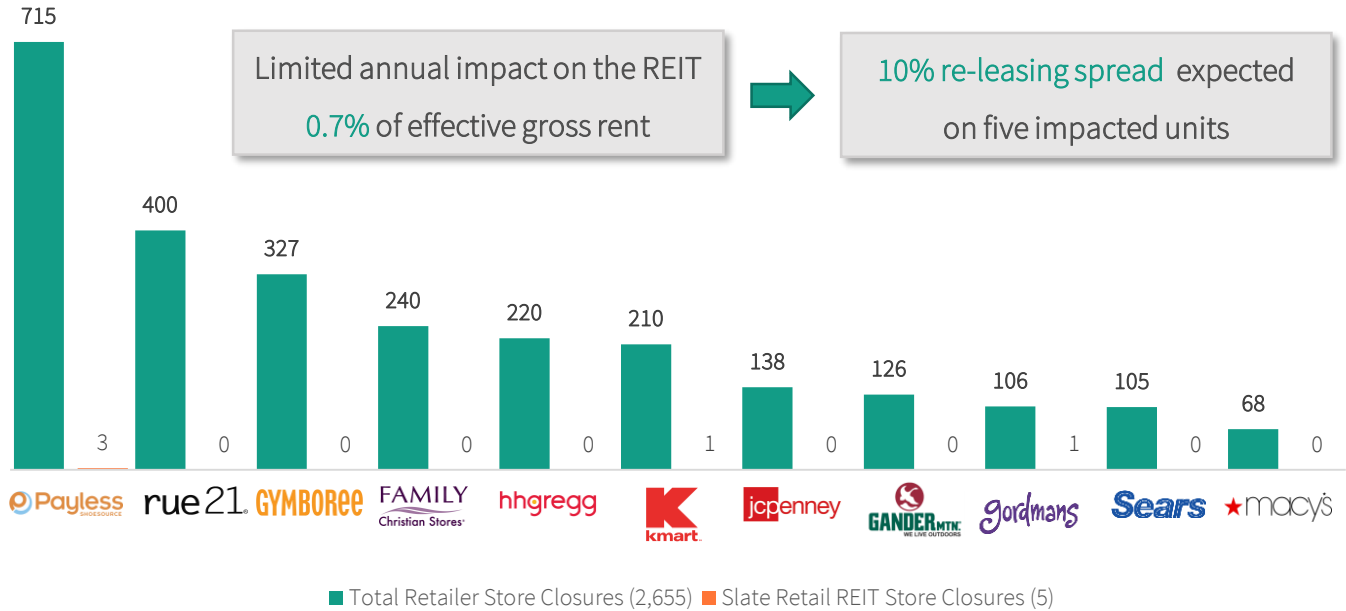
RETAIL WILL ALWAYS CHANGE

Consistently taking the **opportunity to upgrade tenant mix** as many thriving retailers are growing their store count today



PERCEPTION VS. REALITY

2017 store closures have a **limited impact** on Slate Retail REIT



WELL-POSITIONED IN THE CYCLE

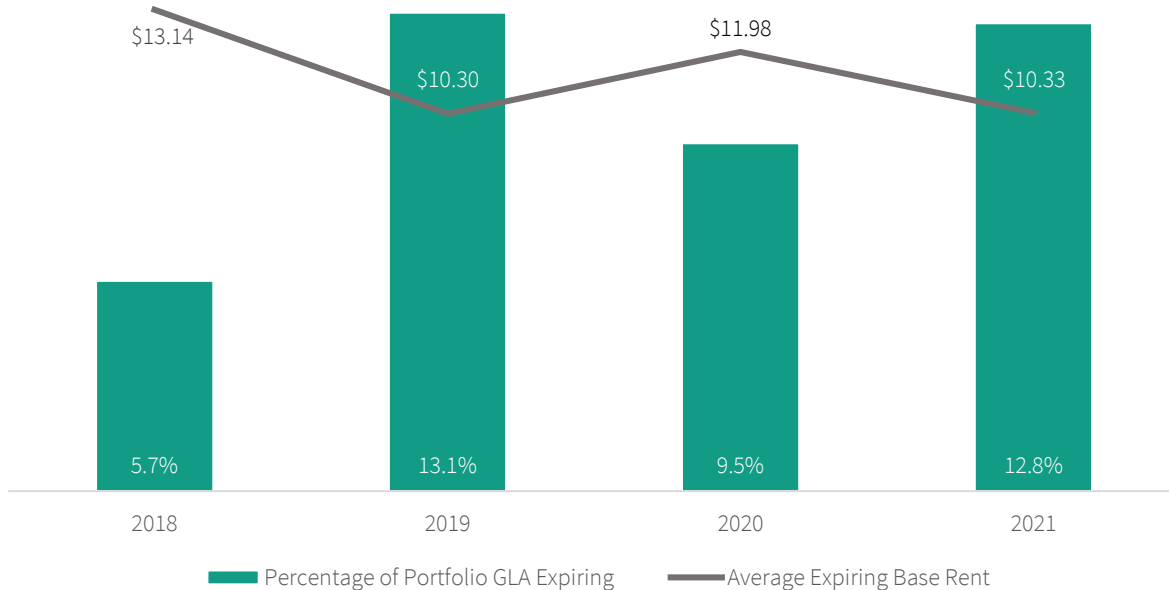
High occupancy and historically low new construction creates **upward pressure on rents**



Source: CoStar

EMBEDDED LEASING UPSIDE

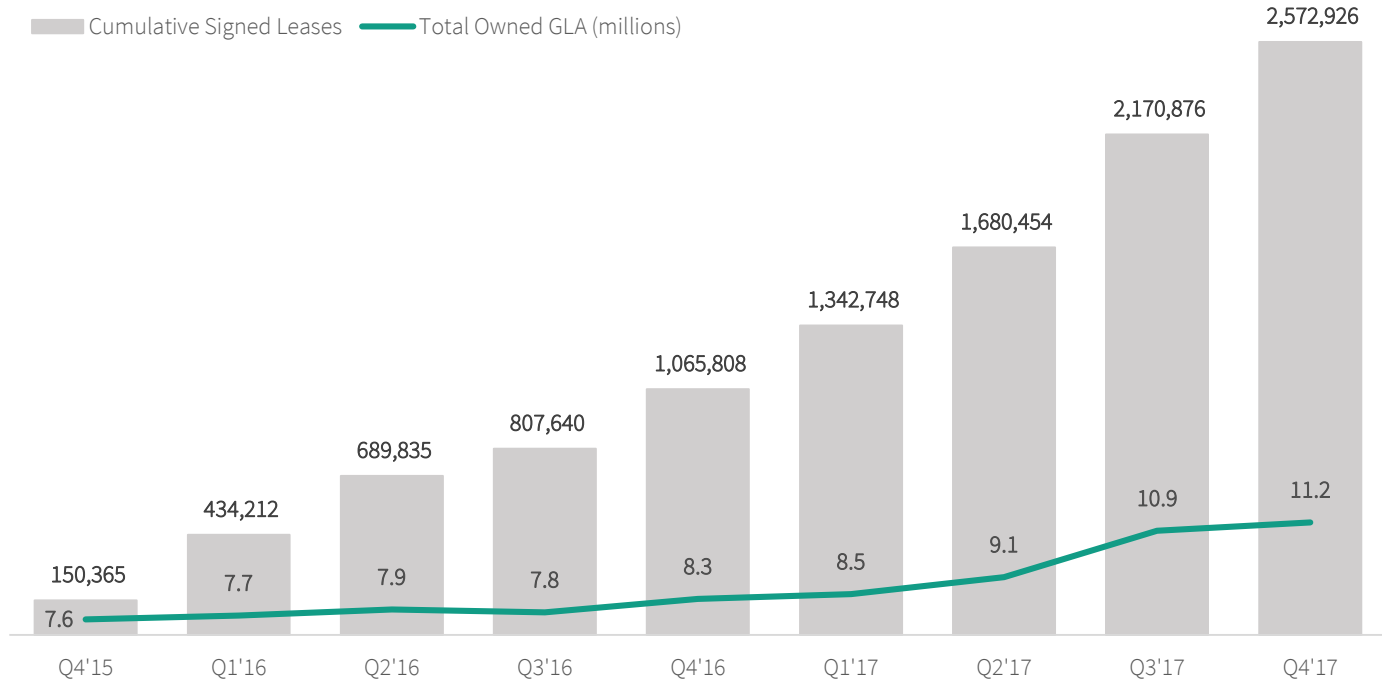
Significant runway remains to **reset expiring rents upward** in-line with market rents



Average lease renewals <10,000 square feet in 2017: \$18.54

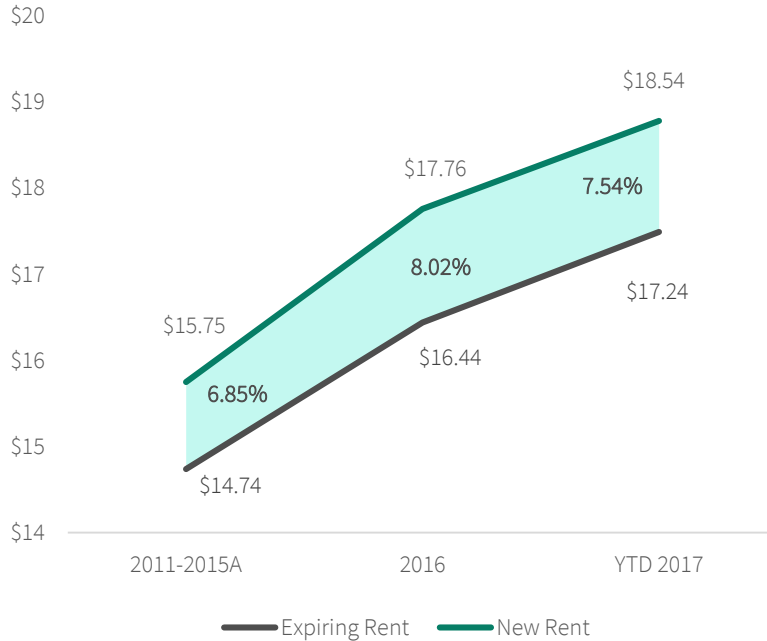
LEVERAGING PLATFORM FOR FUTURE ORGANIC GROWTH

1,507,118 square feet of leases signed in 2017



EMBEDDED LEASING UPSIDE

Growth through opportunistic acquisition followed by **leasing and value creation**



- Mark to market spread on shop space leases was 7.5% in 2017
- 510 naked leases¹ expiring through 2022 totaling 1.3M square feet
- Cumulative growth in new per square foot rental rates is 17.7% since 2011-2015 period

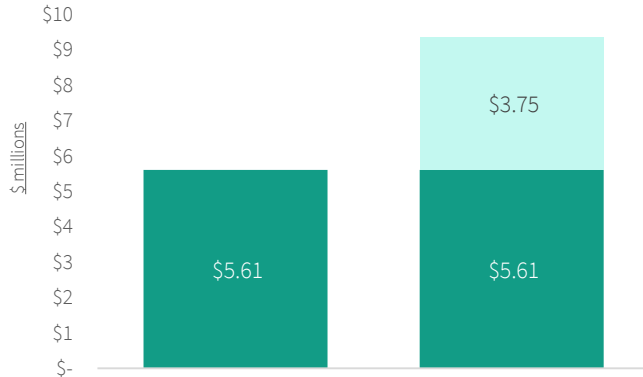
¹Naked leases are defined as leases with no remaining options

VALUE CREATION THROUGH REDEVELOPMENT

Progress to date exemplifies opportunity to grow NOI and create value

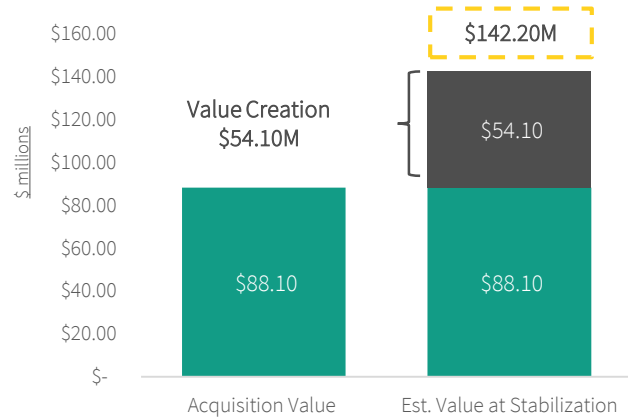
- Projected incremental income of **\$3.75M** drives potential value creation of **\$54.10M** across 7 wholly-owned active redevelopment projects
- Estimated incremental yield on cost of ~10% assuming total estimated project costs of **\$54.10M**

Estimated Annual Income for Active Redevelopments



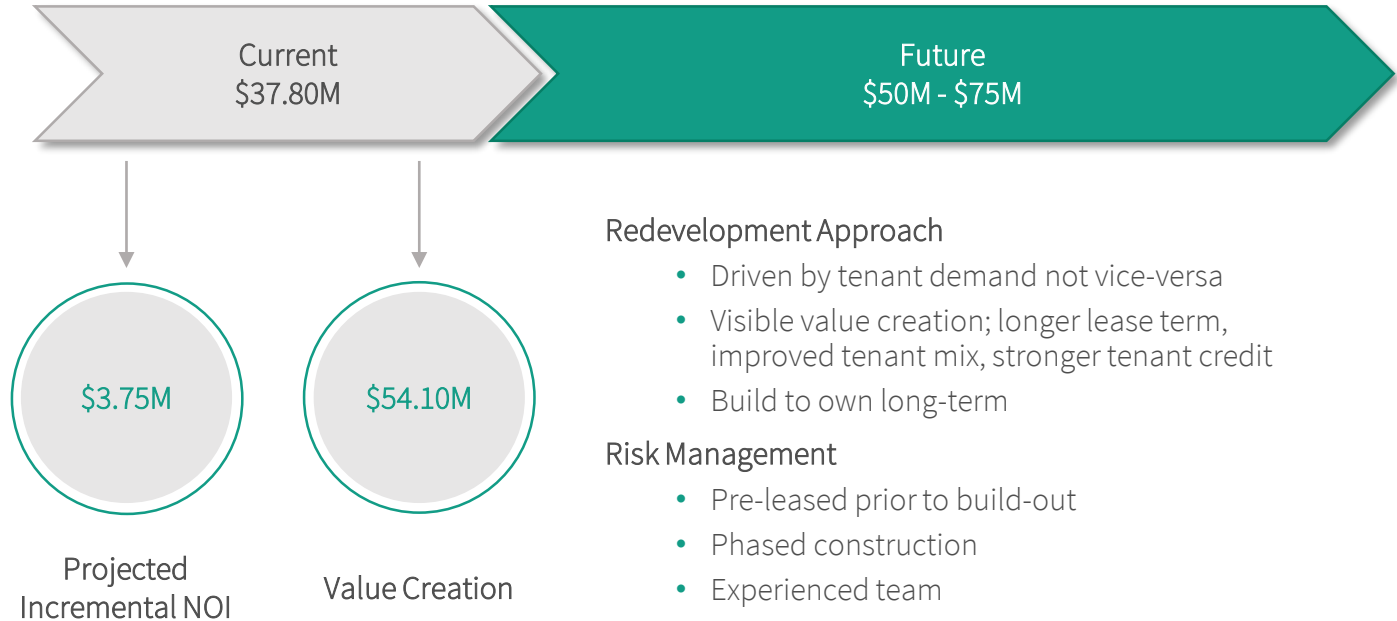
■ Pre-Development Income ■ Projected Incremental NOI

Illustrative Value Creation from Active Redevelopments



■ Cost Basis ■ Net Value Creation

NAV GROWTH: REDEVELOPMENT PIPELINE



VALUE-ADDED ASSET MANAGEMENT **ST. ELMO CENTRAL SHOPPING CENTER**



Investment Thesis:

- 10-acre site along main retail corridor where undulating topography limits new development
- Performance hindered by unwillingness of existing landlord to reinvest in the property
- Invest new capital to exploit premier location and reinvigorate desirability
- Improve tenant credit quality and mix of retail offering to be more synergistic
- Purchase at discount to replacement cost at \$81 per square foot with under market rents

Outcome:

- Replaced existing anchor tenant with new and growing grocery concept
- Completed a major \$5.7M property upgrade with \$5.0M contribution from anchor tenant
- Built new 2-storey brick-and-glass façade, installed full-service gas station, re-paved parking lot, full roof replacement, landscaping upgrade, and LED light installation
- Replaced local retailers with national retailers and extended lease term with limited capital investment from Slate

Date of acquisition: August 2012

Purchase price:	\$6.1M
Occupancy:	100.0%
Yield:	9.5%
Lease term:	3.6 years

Operating performance

- Increased net operating income 22.7%
- 98% increase in rental rates on 7,700 square feet of shop space
- 10-year lease signed with anchor tenant

Today

IFRS value:	\$10.1M
IFRS cap rate:	7.0%
Occupancy:	100.0%
Yield:	10.5%
Lease term:	7.5 years

VALUE-ADDED ASSET MANAGEMENT WESTHAVEN TOWN CENTER



Investment Thesis:

- Retail center serving as the commercial focal point for a 1,550 acre master planned community located in an affluent neighborhood south of Nashville, TN
- Distressed seller monetizing retail parcel to fund remaining housing development
- 50% completed but once finalized, community includes 3,000 captive homes for retail tenants
- Existing landlord focused on housing development presenting an opportunity for a focused real estate manager to complete lease up
- Increase in grocery-anchor sales would result in percentage rent payments

Outcome:

- Kroger completed a major store remodel in 2016 at their cost as a result of strong sales growth
- Growth in home construction spurred tenant demand resulting in lease up to 100% occupancy
- Growth in tenant sales resulted in percentage rent payments
- Sold non-core office outparcel in Q1 2018 for \$8.8M reducing basis in center to less than \$6.0M

Date of acquisition: December 2012

Purchase price:	\$14.5M
Occupancy:	96.1%
Yield:	8.2%
Lease term:	4.1 years

Operating performance

- Increased net operating income 32.5%
- Increased occupancy to 100.0%
- More than doubled overall lease term
- Accretively sold non-core office outparcel

Today

IFRS value:	\$12.5M
Realized proceeds:	\$8.8M
IFRS cap rate:	6.25%
Occupancy:	100.0%
Yield:	13.7%
Lease term:	9.0 years

VALUE-ADDED ASSET MANAGEMENT MITCHELLVILLE PLAZA



Investment Thesis:

- 15-acre site located 20 miles east of Washington, DC
- Corner parcel at the intersection of two major thoroughfares results in dominate retail location
- Anchored by Food Lion that struggled to keep up with improving demographics
- Replacing Food Lion with higher-end grocer would result in more foot traffic and increased demand
- Existing landlord passing on leasing opportunities due to capital constraints

Outcome:

- Replaced Food Lion at expiration of their term with grocer Weis Markets
- Weis completed a major store remodel and upgraded service offering to better serve local customer base driving meaningful sales growth
- Executed ground-lease for construction of outparcel with Dunkin Donuts generating income 3x in excess of the costs to provide build-ready pad
- 39 new and renewal executed lease deals driving NOI growth and increase in occupancy

Date of acquisition: December 2012

Purchase price:	\$28.4M
Occupancy:	91.9%
Yield:	8.8%
Lease term:	3.6 years

Operating performance

- Increased net operating income 17.0%
- Improved tenant mix and increased density
- Limited capital required to drive income growth

Today

IFRS value:	\$41.6M
IFRS cap rate:	7.00%
Occupancy:	93.4%
Yield:	10.3%
Lease term:	3.5 years

VALUE-ADDED ASSET MANAGEMENT **MERCHANTS CROSSING**



Investment Thesis:

- 16-acre site located 30 miles south of Atlanta located in a well-established retail node
- Located in one of Georgia's fastest growing cities with the population doubling since 2000
- Anchored by Kroger who has been operating on site since 1987
- Minimal on-going capital required following Kroger's major interior and exterior remodel in 2012 which included the addition of a full-service fuel center on site
- Purchase center with 30,000 square foot vacant box (former Kmart) below replacement cost at \$59 per square foot

Outcome:

- Continued growth in Kroger's sales driving increased foot traffic and ancillary tenant demand
- Back-filled vacant 30,000 square foot Kmart box with an 8-year lease term
- Increased occupancy to 95.2% driven robust new and renewal leasing activity
- Four remaining vacant units provide opportunity for future income growth

Date of acquisition: June 2014

Purchase price:	\$10.3M
Occupancy:	78.2%
Yield:	7.5%
Lease term:	6.7 years

Operating performance

- Increased net operating income 34.7%
- Increased occupancy to 95.2% from 78.2%
- Limited capital required to drive income growth

Today

IFRS value:	\$14.3M
IFRS cap rate:	7.25%
Occupancy:	95.2%
Yield:	10.1%
Lease term:	4.6 years

VALUE-ADDED ASSET MANAGEMENT NORTH AUGUSTA PLAZA



Investment Thesis:

- 20-acre site along main retail corridor located less than 7-miles from Augusta National Golf Club
- 90,000 square foot Kmart with weak sales and under market rent is not highest and best use
- Replacing Kmart would reinvigorate center driving rent increases in shop space as well
- Anchored by a recently remodeled Publix with strong sales and long operating history
- Purchase at a discount to replacement cost at \$82 per square foot

Outcome:

- Replaced Kmart with junior anchor tenants led by investment-grade Ross Stores, Inc.
- New glass facades, parking lot re-pave, roof replacement, new sidewalks, lighting upgrade
- Capital upgrades and new tenancies spurred interest from Chipotle Mexican Grill who built a drive-thru restaurant on site
- Renewing existing shop space tenants at more than 10.0% increase to expiring rents following redevelopment

Date of acquisition: December 2013

Purchase price:	\$19.0M
Occupancy:	94.1%
Yield:	8.8%
Lease term:	4.2 years

Operating performance

- Increased net operating income 42.2%
- 114% increase rent replacing Kmart
- 10-year lease term achieved on junior anchor leases
- \$10.9M of capital upgrades driving rent growth and cap rate compression
- Net operating income received through development period (2014-2017) ~\$6.0M

Today

IFRS value:	\$36.9M
IFRS cap rate:	6.25%
Occupancy:	91.0%
Yield:	7.7%
Lease term:	5.4 years

REIT/REOC TRADING COMPS

	Price 29-Dec-17	Market Cap	TEV	Yield	2018E FFO		2018EAFFO		Debt/ TEV	Debt/ GBV	Implied Cap Rate	TEV/ Owned SF
					Multiple	Payout Ratio	Multiple	Payout Ratio				
Canadian Retail Comparables - C\$		<i>(\$ millions)</i>										
RioCan REIT	\$24.36	\$7,977	\$13,665	5.9%	13.6 x	80.3%	15.4 x	91.0%	42.9%	40.8%	5.9%	\$312
Choice Properties	\$13.35	\$5,498	\$9,797	5.5%	12.3 x	68.2%	14.9 x	82.6%	43.9%	44.6%	6.1%	\$216
First Capital Realty	\$20.72	\$5,055	\$9,406	4.2%	17.1 x	70.9%	18.6 x	77.3%	45.9%	43.5%	5.4%	\$359
SmartCentres REIT	\$30.91	\$4,923	\$9,155	5.7%	13.4 x	75.9%	14.4 x	81.3%	49.0%	46.8%	5.9%	\$240
CT REIT	\$14.50	\$3,099	\$5,687	5.0%	12.5 x	62.6%	15.1 x	75.8%	45.5%	47.4%	6.0%	\$210
Crombie REIT	\$13.80	\$2,074	\$4,601	6.4%	11.2 x	72.2%	13.5 x	87.4%	58.2%	51.6%	6.4%	\$237
Plaza Retail REIT	\$4.26	\$437	\$988	6.3%	11.7 x	74.2%	12.9 x	81.8%	56.2%	53.1%	7.3%	\$183
Average				5.6%	13.1x	72.0%	15.0x	82.5%	48.8%	46.8%	6.1%	\$247
U.S. Retail Comparables - US\$												
Regency Centers	\$69.18	\$11,768	\$15,308	3.1%	18.3 x	56.1%	21.7 x	66.6%	26.3%	68.7%	5.5%	\$344
Kimco	\$18.15	\$7,726	\$14,115	6.2%	11.9 x	73.5%	14.9 x	92.0%	44.0%	45.4%	7.3%	\$205
Brixmor Property Group	\$18.66	\$5,690	\$11,374	5.9%	9.3 x	54.8%	11.8 x	69.8%	55.7%	50.9%	7.8%	\$135
Weingarten Realty Investors	\$32.87	\$4,223	\$6,575	4.7%	13.7 x	64.2%	16.8 x	78.8%	37.4%	45.8%	6.5%	\$242
DDR	\$8.96	\$3,301	\$7,835	8.5%	8.8 x	74.8%	10.9 x	92.6%	55.1%	35.2%	8.3%	\$167
Acadia Realty Trust	\$27.36	\$2,290	\$4,522	3.9%	19.6 x	77.2%	22.9 x	90.4%	40.4%	56.2%	5.0%	\$501
Cedar Realty Trust	\$6.08	\$556	\$1,344	3.3%	10.7 x	35.2%	14.1 x	46.3%	51.5%	40.5%	7.7%	\$149
Average				5.1%	13.2x	62.3%	16.2x	76.6%	44.3%	48.9%	6.9%	\$249
Slate Retail REIT C\$	\$13.02	\$603	\$1,707	8.1%	7.8 x	62.8%	9.9 x	79.7%	64.7%	58.4%	7.4%	\$157
Slate Retail REIT US\$	\$10.35	\$480	\$1,360	8.1%	7.7 x	62.8%	9.8 x	79.7%	64.7%	58.4%	7.4%	\$125

Source: CIBC, SNL Financial, FactSet, company reports

U.S. STRIP CENTRE REIT COMPS

REIT/REOC	Average Base Rent (per square foot)	Occupancy	Median Household Income	Population
American Assets Trust	\$27.33	97%	\$89,214	97,105
Acadia Realty Trust	\$26.68	96%	\$87,524	379,184
Brixmor	\$13.50	93%	\$65,476	86,272
DDR	\$15.25	92%	\$77,136	133,093
Federal Realty Trust	\$26.44	94%	\$102,307	125,838
Kimco	\$15.11	95%	\$79,253	130,941
Regency Centres	\$20.43	95%	\$86,417	141,998
Retail Opportunity Investments Corp.	\$19.74	97%	\$82,751	110,352
Retail Properties of America	\$17.33	95%	\$72,248	218,263
Urban Edge Properties	\$17.14	96%	\$82,262	171,835
Weingarten Realty Investors	\$18.03	94%	\$73,938	113,480
U.S. Strip Centre REIT W/A	\$17.04	95%	\$79,861	138,075
Slate Retail REIT	\$10.67	94%	\$70,114	52,202

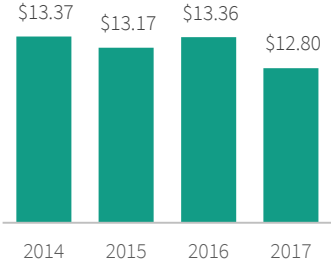
Source: Green Street Advisors



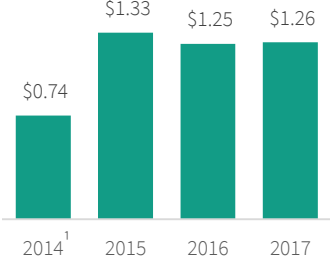
TRACK RECORD

Generating stable, long-term **total returns**

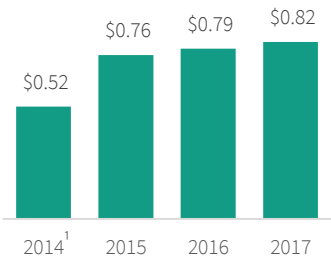
Net Asset Value per unit (\$ millions)



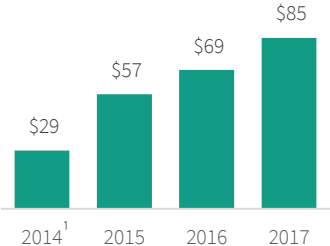
Funds From Operations per unit (\$)



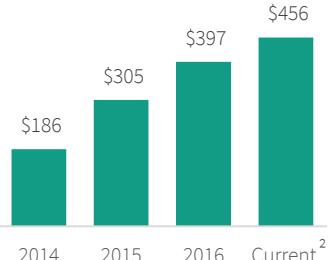
Distributions per unit (\$)



Net Operating Income (\$ millions)



Market Capitalization (\$ millions)



¹ Partial year April 14, 2014 – December 31, 2014
² As of February 1, 2018



EXTERNAL MANAGEMENT CONTRACT

Slate Retail benefits from the ability to leverage the entire \$5B Slate Asset Management platform and the expertise of more than 60 real estate professionals.

- Annual asset management fee equal to 40 bps of Gross Book Value
- Performance fee totaling 15% of FFO per unit above \$1.30 (plus inflation mechanism). Calculation of FFO does not include gain from sales
- Acquisition fee equal to 75 bps of gross acquisition cost, capitalized upon closing
- No leasing, property management, construction, re-financing or disposition fees
- 5-year term(s) with internalization mechanism at \$750M market cap (\$CAD) equal to 1x trailing twelve month fees
- Slate Asset Management L.P. and insiders own ~6.7% of Slate Retail REIT

REIT Comparison – General & Administrative Expense

		US REITs (in \$US) ¹			Canadian REITs (in \$CAD) ¹		
	Slate Retail REIT	Brixmor	Kimco Realty	Regency Centers	First Capital	Crombie REIT	Plaza Retail REIT
G&A (YTD, Dec 31, 2017)	\$ 7,988	\$ 67,043	\$ 86,395	\$ 49,618	\$ 27,115	\$ 14,831	\$ 6,916
Total assets	1,499,519	9,196,220	11,702,241	11,118,745	9,861,267	4,082,257	1,038,619
Total revenue	\$ 118,736	\$ 963,120	\$ 885,609	\$ 719,576	\$ 326,172	\$ 306,146	\$ 79,502
G&A as % of total assets	0.5%	0.7%	0.7%	0.4%	0.3%	0.4%	0.7%
G&A as % of total revenue	6.7%	7.0%	9.8%	6.9%	8.3%	4.8%	8.7%

¹As at September 30, 2017

EQUITY ANALYST COVERAGE

The REIT has seen a significant increase in equity research coverage over the last two years. There are currently 6 analysts who cover the REIT.

Company	Analyst	Email
BMO	Troy MacLean	troy.maclean@research.bmo.com
CIBC	Sumayya Hussain	sumayya.hussain@cibc.com
GMP Securities	Himanshu Gupta	hgupta@gmpsecurities.com
Raymond James	Johann Rodrigues	johann.rodrigues@raymondjames.ca
RBC Capital Markets	Michael Smith	michael.smith-tor@rnccm.com

CAUTIONARY STATEMENTS

Forward-Looking Statements

This presentation contains forward-looking information within the meaning of applicable securities laws. These statements include, but are not limited to, statements concerning the REIT's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Readers should not place undue reliance on any such forward-looking statements. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained herein. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, the continued availability of mortgage financing and current interest rates; the extent of competition for properties; assumptions about the markets in which the REIT and its subsidiaries operate; the global and North American economic environment; and changes in governmental regulations or tax laws. Although the forward-looking information contained in this presentation is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this presentation may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this presentation. Except as required by applicable law, the REIT undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Non-IFRS Measures

This presentation contains financial measures that do not have a standardized meaning under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board. Slate Retail uses the following non-IFRS financial measures: Funds from Operations ("FFO"), Adjusted Funds from Operations ("AFFO"), Net Operating Income ("NOI"), and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). Management believes that in addition to conventional measures prepared in accordance with IFRS, investors in the real estate industry use these non-IFRS financial measures to evaluate the REIT's performance and financial condition. Accordingly, these non-IFRS financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS. In addition, they do not have standardized meanings and may not be comparable to measures used by other issuers in the real estate industry or other industries.

Use of Estimates

The preparation of the REIT financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management's estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions.



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Investor Relations

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