Slate Retail REIT

Q4 2019 Quarterly Report

SLATE

Mooresville Town Square, Mooresville, North Carolina

Roxborough Marketplace, Littleton, Colorado

About Slate Retail REIT

(TSX: SRT.U / SRT.UN)

Slate Retail REIT is a real estate investment trust focused on U.S. grocery-anchored real estate. The REIT owns and operates approximately U.S. $1.3 billion of assets located across the top 50 U.S. metro markets that are visited regularly by consumers for their everyday needs. The REIT's diversified portfolio and quality tenant covenants, provides a strong basis to continue to grow unitholder distributions and the flexibility to capitalize on opportunities that drive value appreciation.

Visit slateretailreit.com to learn more about the REIT.

Slate Retail REIT is managed by Slate Asset Management. Slate Asset Management is a leading real estate focused alternative investment platform with over $6.0 billion in assets under management. Slate is a value-oriented manager and a significant sponsor of all of its private and publicly traded investment vehicles, which are tailored to the unique goals and objectives of its investors. The firm's careful and selective investment approach creates long-term value with an emphasis on capital preservation and outsized returns. Slate is supported by exceptional people, flexible capital and a demonstrated ability to originate and execute on a wide range of compelling investment opportunities. Visit slateam.com to learn more.

Forward-looking Statements

Certain information in this management's discussion and analysis ("MD&A") constitutes "forward-looking statements" within the meaning of applicable securities legislation. These statements reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of Slate Retail REIT (the "REIT") including expectations for the current financial year, and include, but are not limited to, 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. Statements that contain words such as "could", "should", "would", "can", "anticipate", "expect", "does not expect", "believe", "plan", budget", "schedule", "estimate", "intend", "project", "will", "may", "might","continue" and similar expressions or statements relating to matters that are not historical facts constitute forward-looking statements.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the REIT's current estimates and assumptions, which are subject to significant risks and uncertainties. The REIT believes that these statements are made based on reasonable assumptions; however, there is no assurance that the events or circumstances reflected in these forward-looking statements will occur or be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to the risks that are more fully discussed under the "Risk Factors" section of the annual information form of the REIT for the year ended December 31, 2019 ("Annual Information Form"). Factors that could cause actual results to differ materially from those contemplated or implied including, but not limited to the risks that are more fully discussed under the "Risk Factors" section of the annual information form of the REIT for the year ended December 31, 2019 ("Annual Information Form"). Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: risks incidental to ownership and operation of real estate properties including local real estate conditions; financial risks related to obtaining available equity and debt financing at reasonable costs and interest rate fluctuations; operational risks including timely leasing of vacant space and re-leasing of occupied space on expiration of current leases on terms at current or anticipated rental rates; tenant defaults and bankruptcies; uncertainties of acquisition activities including availability of suitable property acquisitions and integration of acquisitions; competition including development of properties in close proximity to the REIT's properties; loss of key management and employees; potential environmental liabilities; catastrophic events, such as earthquakes and hurricanes; governmental, taxation and other regulatory risks and litigation risks.

Forward-looking statements included in this MD&A are made as of February 25, 2020, and accordingly are subject to change after such date. The REIT does not undertake to update any forward-looking statements that are included in this MD&A, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. Investors are cautioned against placing undue reliance on forward-looking statements.

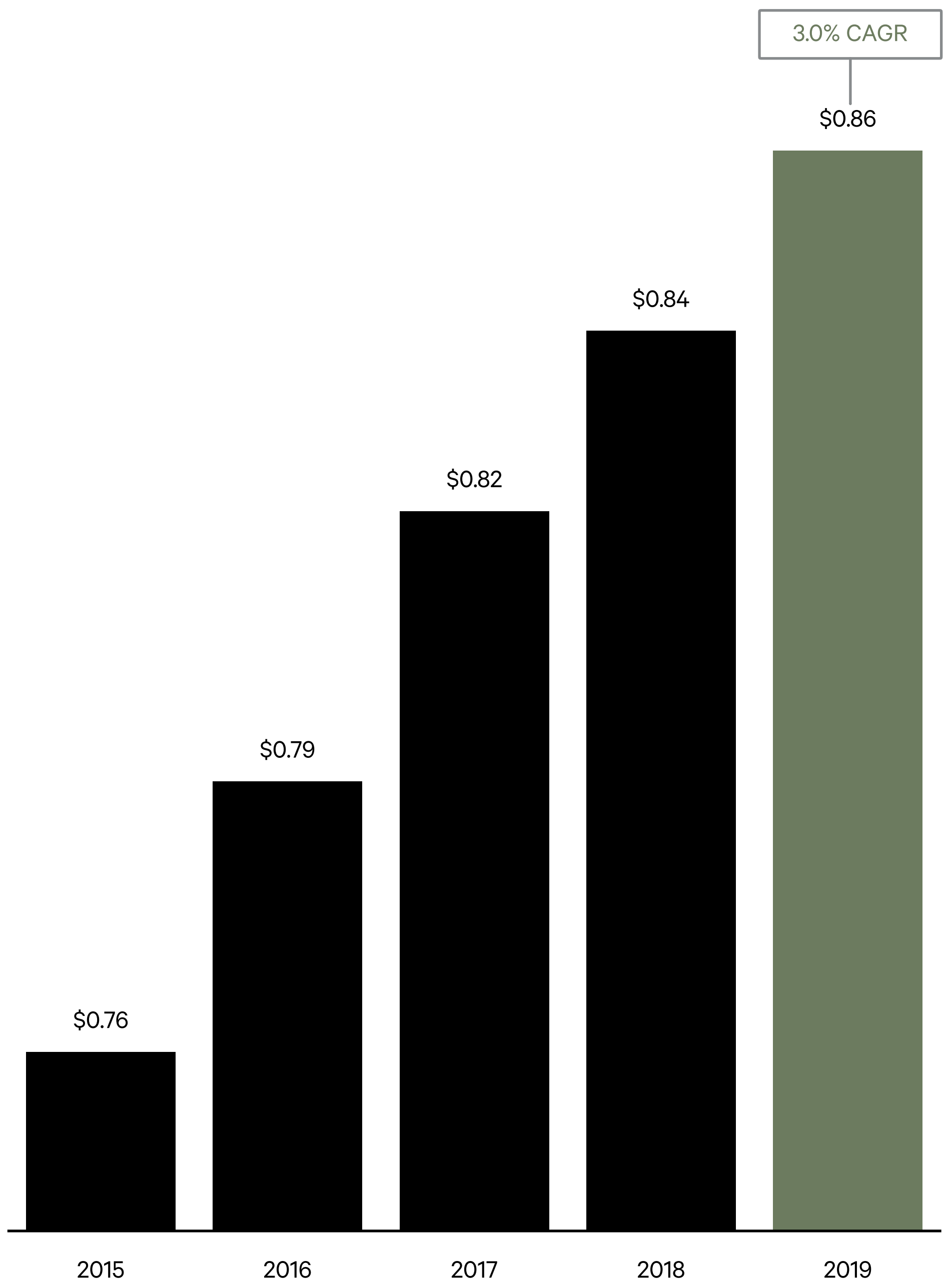
Highlights

93.0%
Portfolio occupancy

4.9%
Rental spread on lease renewals

$1.3B
Total asset value in USD

Track Record of Distribution Growth



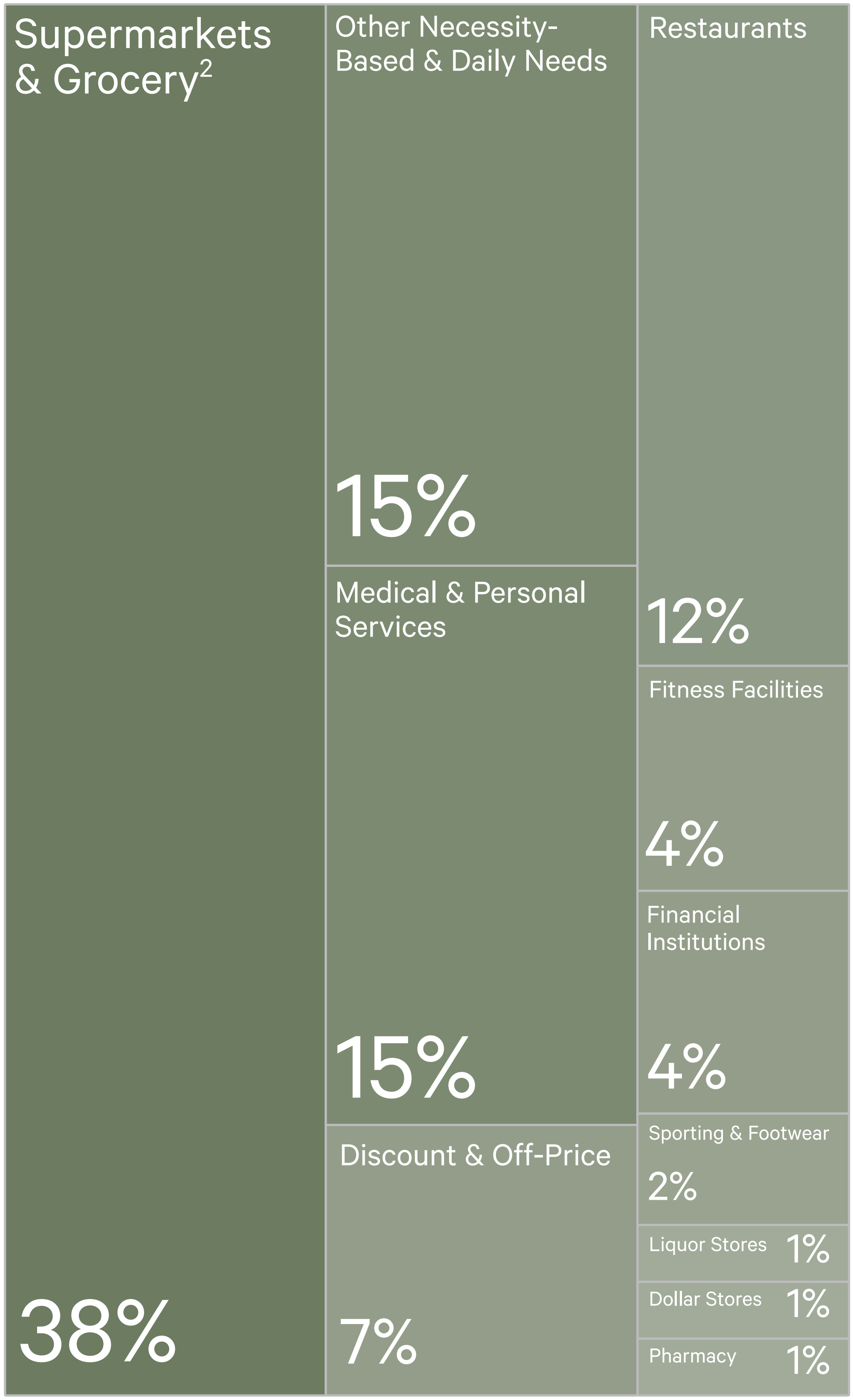
Top 5 Tenants

Ranked by Annual Base Rent[1]

1	8.3%	Walmart
2	6.4%	Kroger
3	4.1%	Ahold Delhaize
4	4.0%	Publix
5	3.3%	Southeastern Grocers

73.8% remaining tenants across 1,168 leases

Necessity Based Tenancy



[1] As of December 31, 2019
[2] Includes Walmart

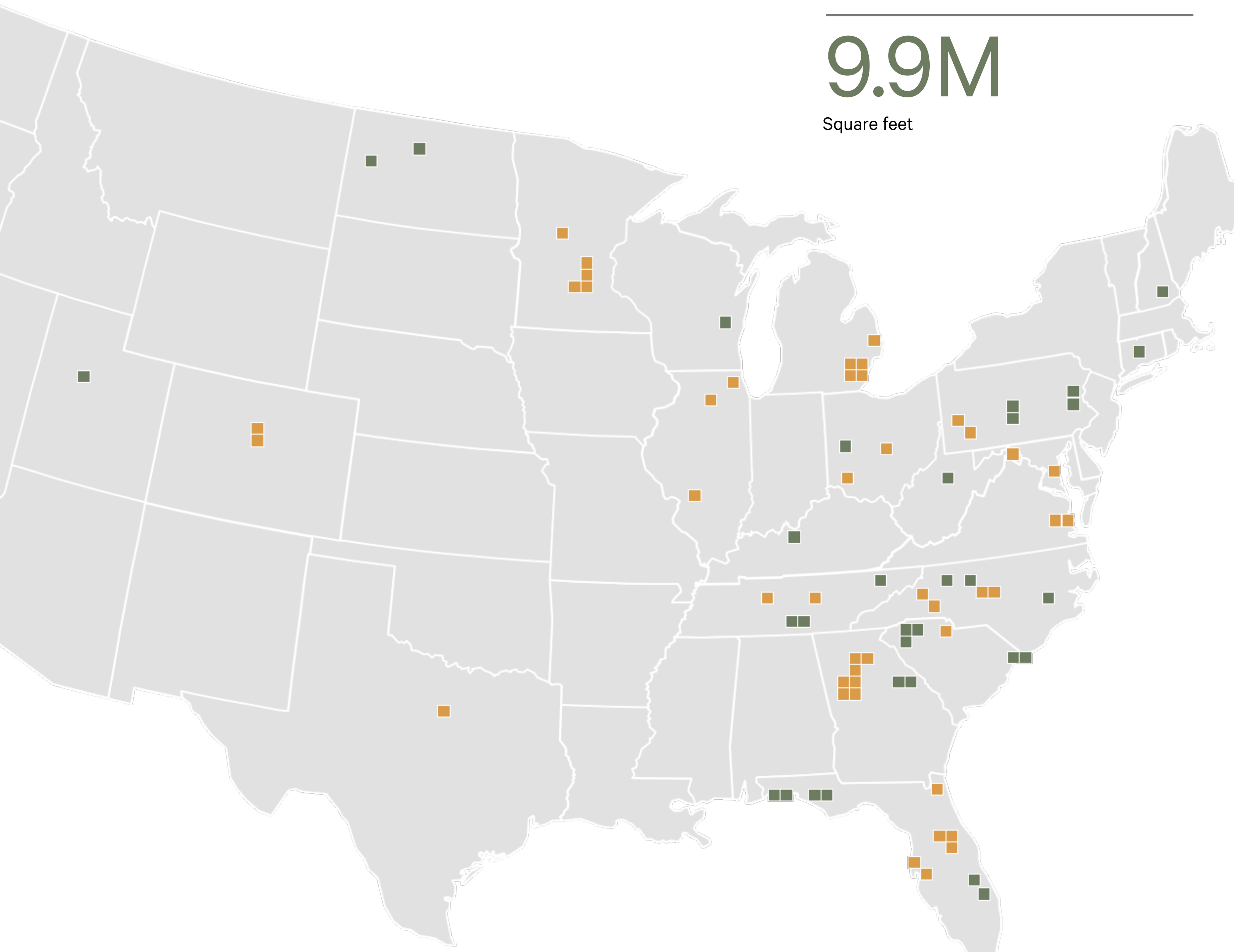

publix
FOOD & PHARMACY

Asset Map

76
Number of properties

21
States

9.9M
Square feet



Legend

Asset   Presence in 19 major U.S. MSAs

Our experience lets us see opportunity clearly.

Letter to Unitholders

Dear Fellow Unitholders,

The Slate Retail team did a tremendous job executing on our 2019 stated objectives. We have spent the last two years fine tuning our balance sheet; extending debt maturities, taking our fixed rate debt to 100% of total debt, as well as generating meaningful liquidity by selling assets in the lower tier of our portfolio.

> "We estimate our recently announced debt refinancing will result in annualized interest savings of $1.7 million or $0.04 of FFO per unit."

We estimate our recently announced debt refinancing will result in annualized interest savings of $1.7 million or $0.04 of Funds From Operations ("FFO") per unit.

We managed our per unit earnings well and part of the disposition proceeds have been used to repurchase units amounting to 10.2% of our market cap. Although we have sacrificed growth over the last two years, the discipline we brought to our decision making allowed us to de-risk the balance sheet and recycle capital to upgrade the property portfolio which are trade offs that will benefit the business for the next several years. We are very excited as we are entering 2020 from a position of strength. Looking forward, we will deploy excess capital from dispositions into opportunities that will upgrade the quality of the portfolio, generate Net Operating Income ("NOI"), as well grow NOI from executing on our leasing plan by leasing up vacancy in the newly acquired properties. We have been active in our underwriting and have a robust pipeline of accretive acquisition opportunities that we expect to begin executing on in 2020. We will get further growth from our redevelopment pipeline which we estimate will generate a 12.2% yield on total spend of $22.7 million.

We can accomplish all of this growth without issuing any equity. The excess cash flow we will generate from this growth, as well as from no longer paying distributions on recent share repurchases, will ultimately allow us to reduce leverage or continue to invest in growth opportunities. The distribution savings from our unit repurchases in the fourth quarter of 2019 alone is $1.6 million annually, offsetting the 2019 distribution increase by a factor of four, benefiting those who have continued to own Slate Retail REIT units. Lastly, a derivative of all of this growth will be a continued reduction in our Adjusted Funds From Operations ("AFFO") payout ratio and the ability to continue to deliver distribution growth to unitholders well into the future.

The defensive nature of our grocery-anchored and necessity based real estate continues to provide durable cash flow with a tenant retention rate that we expect to continue to be above 90.0%. Our tenant expiry profile for the next several years will result in expiring rents of approximately $11 per square foot and we believe we can renew rents on average 5.0% to 7.0% higher, driving organic NOI growth that will be accompanied by annual contractual base rent step increases.

"Redevelopment and organic growth will drive further FFO growth, all contributing to higher cash flow generation and a lower AFFO payout ratio."

St. Elmo Central, Chattanooga, Tennessee

To summarize, Slate Retail has a stronger balance sheet with longer term to maturity and a reduced cost of debt. The successful completion of the disposition program will result in a higher quality portfolio and liquidity to generate meaningful per unit growth FFO. Redevelopment and organic growth will drive further FFO growth, all contributing to higher cash flow generation and a lower AFFO payout ratio. We remain bullish on the outlook for well located grocery anchored strip centers in our targeted markets across the United States.

All of this would not be possible if not for the Slate Retail team who has worked tirelessly to position the business for success in 2020 and beyond.

Sincerely,
David Dunn
Chief Operating Officer
February 26, 2020

Cambridge Crossings, Troy, Michigan

Management's Discussion and Analysis

SLATE RETAIL REIT

TSX: SRT.U and SRT.UN

December 31, 2019

CONTENTS

FINANCIAL AND INFORMATIONAL HIGHLIGHTS

(in thousands, except per unit amounts and as otherwise stated)

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Summary of Portfolio Information						
Number of properties [1]	76	79	83	84	85	86
Gross leasable area ("GLA") [2]	9,857,715	10,157,833	10,536,332	10,709,564	10,768,319	10,897,059
GLA occupied by grocery-anchors [2]	4,609,287	4,884,476	5,058,302	5,118,919	5,170,584	5,198,055
Occupancy [2]	93.0%	94.4%	93.3%	93.3%	94.2%	94.3%
Grocery-anchor occupancy [2]	97.6%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-anchor occupancy [2]	88.7%	89.2%	87.1%	87.1%	88.9%	89.1%
Grocery-anchor weighted average lease term (years) [2]	5.8	5.9	5.4	5.5	5.4	5.2
Portfolio weighted average lease term (years) [2]	5.0	5.1	4.9	5.0	4.8	4.8
Square feet ("SF") leased [2]	149,216	745,112	324,242	375,558	642,773	258,114
Summary of Financial Information						
IFRS gross book value ("GBV") [3]	$ 1,315,080	$ 1,336,836	$ 1,375,824	$ 1,388,403	$ 1,416,334	$ 1,472,898
Total debt	789,395	798,147	838,126	849,498	871,562	875,227
Revenue	34,338	34,545	36,016	36,416	36,301	35,699
Net income (loss) [2]	14,016	4,513	5,934	1,601	(9,017)	(1,024)
Net operating income ("NOI") [2 4]	24,266	24,385	25,507	24,569	25,353	25,551
Funds from operations ("FFO") [2 4]	12,650	12,936	13,622	13,387	13,536	14,469
Adjusted funds from operations ("AFFO") [2 4]	10,616	11,142	10,694	9,137	9,201	8,998
Distributions declared	$ 9,314	$ 9,399	$ 9,399	$ 9,424	$ 9,438	$ 9,627
Per Unit Financial Information						
Class U equivalent units outstanding	42,072	43,972	43,972	43,972	44,309	45,674
WA class U equivalent units outstanding ("WA units")	43,145	44,107	44,101	44,208	44,971	45,489
FFO per WA units [2 4]	$ 0.29	$ 0.29	$ 0.31	$ 0.30	$ 0.30	$ 0.32
AFFO per WA units [2 4]	0.25	0.25	0.24	0.21	0.20	0.20
Declared distributions per unit	$ 0.2145	$ 0.2138	$ 0.2138	$ 0.2138	$ 0.2113	$ 0.2100
Financial Ratios						
FFO payout ratio [2 5]	72.8%	72.7%	69.0%	70.4%	69.7%	66.5%
AFFO payout ratio [2 6]	86.8%	84.4%	87.9%	103.1%	102.6%	107.0%
Debt / GBV	60.0%	59.7%	60.9%	61.2%	61.5%	59.4%
Weighted average interest rate [7]	4.06%	4.06%	4.06%	4.06%	4.06%	4.06%
Interest coverage ratio [8]	2.51x	2.46x	2.53x	2.45x	2.41x	2.64x

All operational amounts are for the three month period ended and all other amounts are as at the end of the period.

[1] Includes the REIT's acquisition of interest in its equity accounted property investment.

[2] Includes the REIT's share of its equity accounted property investment.

[3] GBV is equal to total assets.

[4] Refer to non-IFRS financial measures on page 4.

[5] Distributions declared divided by FFO.

[6] Distributions declared divided by AFFO.

[7] Includes the impact of pay-fixed receive-float swaps.

[8] NOI less other expenses, divided by interest on debt.

PART I – OVERVIEW

INTRODUCTION

This MD&A of the financial position and results of operations of Slate Retail REIT (TSX: SRT.U and SRT.UN) and its subsidiaries (collectively, the "REIT") is intended to provide readers with an assessment of performance and summarize the financial position and results of operations of the REIT for the period ended December 31, 2019. The presentation of the REIT's financial results, including the related comparative information, contained in this MD&A are based on the REIT's consolidated financial statements for the period ended December 31, 2019 (the "consolidated financial statements"), which have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with those financial statements. All amounts are in thousands of United States dollars, unless otherwise noted, which is the functional currency of the REIT and all of its subsidiaries.

The information contained in this MD&A is based on information available to the REIT and is dated as of February 25, 2020, which is also the date the Board of Trustees, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

PROFILE

The REIT is an unincorporated open-ended real estate mutual fund trust constituted in accordance with the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of April 15, 2014, as amended on July 30, 2019. As of December 31, 2019, the REIT owns 76 grocery-anchored retail commercial properties located in the United States of America (the "U.S.") comprising 9.9 million square feet of GLA.

The REIT is externally managed and operated by Slate Asset Management L.P. (the "Manager" or "Slate"). The Manager has an experienced and dedicated team of real estate professionals with a proven track record of success in real estate investment and management. Management's interests are aligned with the unitholders of the REIT through its sponsorship and as a significant unitholder of the REIT. Slate is a significant unitholder in the REIT, with an approximate 8.0% interest, and accordingly, is highly motivated to increase the value to unitholders and provide reliable growing returns to the REIT's unitholders.

On August 18, 2019, Slate announced a passive, non-voting minority equity investment from Goldman Sachs Asset Management's Petershill program, creating a strategic relationship with one of the world's leading investment managers and positioning Slate for future success. The investment provides capital that Slate will use to enhance its platform and increase its GP investments in current and future businesses and investment vehicles, further strengthening the firm's alignment with its clients and investing partners. The transaction will have no impact on the control or decision making of Slate, and the day-to-day operations and management of Slate will remain unchanged.

Additional information on the REIT, including its Annual Information Form, is available on SEDAR at www.sedar.com and on the REIT's website at www.slateretailreit.com.

STRATEGY AND OUTLOOK

Our strategy is to own quality grocery-anchored retail properties located in major markets in the U.S. that are visited regularly by consumers for their everyday needs. We believe that our diversified portfolio, quality tenant covenants, coupled with a conservative payout ratio, provides a strong basis to continue to grow unitholder distributions and flexibility to capitalize on opportunities that provide value appreciation.

We are focused on the following areas to achieve the REIT's objectives:

- Be disciplined in our acquisition of well-located properties that provide opportunity for future value creation;
- Maintain a conservative AFFO payout ratio to continue to provide steady and reliable distributions to unitholders;
- Proactive property and asset management that results in NOI growth while minimizing property and portfolio vacancy exposure;
- Prudent and disciplined management of capital outlays that will maintain and increase the attractiveness of the REIT's portfolio and achieve increased rents; and
- Continue to increase the REIT's financial strength and flexibility through robust balance sheet management.

The REIT's internal growth strategy includes the following:

- Maintaining strong tenant relationships and ensuring tenant retention: Slate expects to continue to nurture its many longstanding relationships with existing tenants by anticipating and adapting to their changing needs and being proactive with lease renewals. Slate understands the value of maintaining existing tenancies and will engage in ongoing discussions with tenants throughout their lease term to be proactive in negotiating early renewals as leases approach their expiries. The growing size of the REIT's portfolio will help strengthen its longstanding relationships with existing tenants and allow Slate to offer leasing opportunities across multiple properties. This strategy will promote organic growth by minimizing marketing, leasing and tenant improvement costs and avoiding interruptions in rental income generation.
- Maximizing rental income through leasing initiatives: Slate expects to maintain the current high level of occupancy in the REIT's properties by leveraging Slate's established leasing platform. Slate intends to continue to implement active strategies that take into consideration prevailing economic conditions, the nature of the property, its local positioning, as well as existing and prospective tenants. Many of the REIT's properties are located in areas with low vacancy rates and minimal new competitive supply, which should minimize leasing costs

and allow the REIT to replace in-place rents with increased market rents as leases expire. Slate also seeks to continue to include contractual rent escalators in leases to further facilitate growth in rental income.

- Repositioning current properties: Slate believes that in a number of situations there exists the opportunity to reposition properties currently held by the REIT through modest and targeted capital projects and/or operational improvements.

The REIT will continue to focus on acquiring diversified revenue producing commercial real estate properties with a focus on grocery-anchored retail properties. The REIT's external growth strategy includes the following:

- Opportunity to benefit from its relationship with Slate: The REIT anticipates that its continuing relationship with Slate provides opportunities to acquire additional properties. Slate has a strong track record of closing acquisitions and believes that it can grow the asset base of the REIT on an accretive basis in the near to medium term.

- Identify undervalued properties: Slate's extensive relationships with a network of U.S.-based commercial real estate brokers allow it to identify undervalued properties, many of which may be "off-market" or not widely marketed for sale. With over approximately 38,000 grocery stores in the U.S., there exists significant opportunity for the REIT to continue its strategy of acquiring attractive, revenue-producing commercial real estate properties anchored by grocery tenants. Slate's familiarity with the REIT's properties allows it to identify complimentary acquisition opportunities that are aligned with the REIT's investment criteria and accretive to cash flow. The REIT will continue to seek to acquire properties: (i) located in secondary markets in the U.S. demonstrating sustainable population and employment statistics; (ii) located in well-developed sub-markets with limited risk of new development; and (iii) with anchor tenants, which typically are the dominant retailer within the sub-market, with a proven track record of strong sales and profitability. Slate will continue to target secondary cities in the U.S., as opposed to primary markets where there is typically less competition for quality assets.

- Apply Slate's hands-on asset management philosophy: Even though Slate targets assets that are stable, income producing properties, Slate will continue to assess each property to determine how to optimally refurbish, reposition and re-tenant the property. Slate will continue to work closely with contractors to reduce operating costs and will oversee capital expenditure projects to ensure they are on budget and completed on time. In addition, Slate will continue to: (i) focus on rebuilding and strengthening tenant relationships with a view to gaining incremental business and extending stable tenant leases; and (ii) outsource property management and other real estate property functions to lower the operating costs borne by the tenants. This cost reduction further improves tenant relationships and will increase the net operating income of the REIT's properties.

Overall, the REIT has established a premier platform of diversified grocery-anchored properties that creates meaningful cash flow for unitholders and the continued opportunity for future growth.

NON-IFRS FINANCIAL MEASURES

We disclose a number of financial measures in this MD&A that are not measures determined in accordance with IFRS, including NOI, same-property NOI, FFO, FFO payout ratio, AFFO, AFFO payout ratio, adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") and the interest coverage ratio, in addition to certain measures on a per unit basis. We utilize these measures for a variety of reasons, including measuring performance, managing the business, capital allocation and the assessment of risk. Descriptions of why these non-IFRS measures are useful to investors and how management uses each measure are included in this MD&A. We believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing the overall performance of our businesses in a manner similar to management. These financial measures should not be considered as a substitute for similar financial measures calculated in accordance with IFRS. We caution readers that these non-IFRS financial measures may differ from the calculations disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others. Reconciliations of these non-IFRS measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are included within this MD&A.

The definition of non-IFRS financial measures are as follows:

- NOI is defined as rental revenue less operating expenses, prior to straight-line rent, IFRIC 21, *Levies* ("IFRIC 21") property tax adjustments and adjustments for equity investment. Same-property NOI includes those properties owned by the REIT for each of the current period and the relevant comparative period excluding those properties under development. NOI margin is defined as NOI divided by revenue, prior to straight-line rent.

- FFO is defined as net income (loss) adjusted for certain items including transaction costs, change in fair value of properties, change in fair value of financial instruments, deferred income taxes, unit expense (income), adjustments for equity investment and IFRIC 21 property tax adjustments.

- AFFO is defined as FFO adjusted for straight-line rental revenue and sustaining capital, leasing costs and tenant improvements.

- FFO payout ratio and AFFO payout ratio are defined as distributions declared divided by FFO and AFFO, respectively.

- FFO per WA unit and AFFO per WA unit are defined as FFO and AFFO divided by the weighted average class U equivalent units outstanding, respectively.

- Adjusted EBITDA is defined as NOI less other expenses.

- Interest coverage ratio is defined as adjusted EBITDA divided by cash interest paid.

- Net asset value is defined as the aggregate of the carrying value of the REIT's equity, deferred income taxes and exchangeable units of subsidiaries.

RISK AND UNCERTAINTIES

The REIT's business is subject to a number of risks and uncertainties which are described in its most recently filed Annual Information Form for the year ended December 31, 2019, available on SEDAR at www.sedar.com. Additional risks and uncertainties not presently known to the REIT or that the REIT currently considers immaterial also may impair its business and operations and cause the price of the REIT's units to decline. If any of the noted risks actually occur, the REIT's business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the units could decline, and unitholders may lose all or part of their investment.

RECENT DEVELOPMENTS

The following is a summary of the key financial and operational highlights and recent developments for the REIT for the year ended December 31, 2019:

- Subsequent to year end, the REIT refinanced its existing revolving credit facility and term loan for four- and five-year terms, respectively, for an aggregate of $525.0 million and reduced pricing for its $250 million term loan. The REIT has also entered into a commitment for an $83.3 million 10 year mortgage bearing interest of 3.48%. On a pro-forma basis, the weighted-average term of the REIT's debt is 4.8 years at a weighted average cost of 4.0% with interest savings of $1.7 million or a $0.04 impact per weighted average class U equivalent unit basis.
- Completed 95,563 square feet of lease renewals at a 4.9% weighted average increase to expiring rent and 53,653 square feet of new leasing at a 4.8% premium above the weighted average in-place rent for comparable space.
- Effective for its December 2019 distributions, the REIT approved the increase of its monthly distribution by 1.1% to U.S.$0.072 per unit, or U.S.$0.864 annually. This increase is the sixth consecutive annual distribution increase since the REIT listed its class U units on the Toronto Stock Exchange in 2014.
- The REIT continues to execute on its capital recycling program. On a year-to-date basis, the REIT has completed 17 dispositions for $110.7 million at a weighted average cap rate of 7.0% on trailing twelve-month NOI. The REIT will seek to reinvest net proceeds into new accretive investment opportunities that will strengthen the quality of the REIT's portfolio and drive growth in NOI.
- The REIT continued to actively repurchase units with 1.9 million class U units purchased and subsequently canceled under the REIT's normal course issuer bid ("NCIB") for a total cost, including transaction costs, of $18.8 million at an average price of $9.90 during the fourth quarter. For the year ended December 31, 2019, 2.2 million class U units were repurchased under the REIT's NCIB and the substantial issuer bid ("SIB") completed February 20, 2019, which will result in approximately $1.9 million less distributions on an annualized basis.
- Occupancy decreased by 1.2% during the year to 93.0% due to the REIT's acquired interest in the property Windmill Plaza, a 50% joint venture with The Kroger Company at an 85.9% occupancy rate and lease expiries, partially offset by the disposition of 10 properties and seven outparcels at various properties which had a weighted average occupancy rate of 86.4%. Lease expirations of 130,439 square feet during the quarter was primarily due to terminating a grocery anchor tenant at Mapleridge Center and a grocery anchor tenant at Westminster Plaza vacating at expiry. These anchor boxes have been added to the REIT's redevelopment pipeline and there is an active leasing strategy in-place. Subsequent to year-end, the Westminster Plaza anchor space was re-leased, resulting in a $0.4 million increase in base rent on the space.
- The weighted average tenant retention rate for the fourth quarter was 93.1%. Since the beginning of 2016, the weighted average retention rate has been 94.8%.
- Rental revenue for the three month period ended December 31, 2019 was $34.3 million, which represents a $2.0 million decrease over the same period in the prior year. The decrease is primarily due to the disposition of 10 properties and seven outparcels, partially offset by rental rate growth from re-leasing at rates above in-place rents, new leasing and the acquisition of an interest in one property.
- Net income for the three month period ended December 31, 2019 was $14.0 million, which is an $23.0 million increase from the same quarter of the prior year. The increase is attributed to the change in fair value of properties, partially offset by increased disposition costs as a result of the aforementioned dispositions.
- NOI for the three month period ended December 31, 2019 decreased by $0.1 million from the third quarter of 2019 to $24.3 million. This is primarily due to the aforementioned dispositions and temporary vacancies, partially offset by higher termination fees and uplifts in rental rates from new leasing typically above in-place rent.
- Of the last 12 quarters, the REIT has had eight quarters of positive same-property NOI growth. Same-property NOI for the trailing twelve month period ended December 31, 2019 (comprised of 64 properties) increased by 0.7% over the same period in the prior year. Same-property NOI for the three month period ended December 31, 2019 (comprised of 68 properties) decreased by 0.9% over the comparative period, primarily due to the timing of termination income. Including the impact of the completion of the REIT's redevelopment projects completed from the fourth quarter of 2018, same-property NOI increased by 1.2% for the trailing twelve month period ended December 31, 2019.

- FFO per unit was $0.29 for the quarter, which represented a $0.01 decrease from the same period in the prior year, primarily due to lost contribution in rental revenue from the aforementioned dispositions over the comparative period, partially offset by a decrease in cash interest paid.
- AFFO per unit was $0.25 for the quarter, which is a $0.05 per unit increase compared to the same quarter in 2018, mainly due to a $2.1 million decrease in capital, leasing and tenant improvement spend. If the REIT calculated capital, leasing and tenant improvement spend as 10% of NOI in the current quarter, which is representative of the REIT's historical sustaining capital, leasing and tenant improvement costs, the REIT would have a modified AFFO per unit of $0.23.

PART II – LEASING AND PROPERTY PORTFOLIO

LEASING

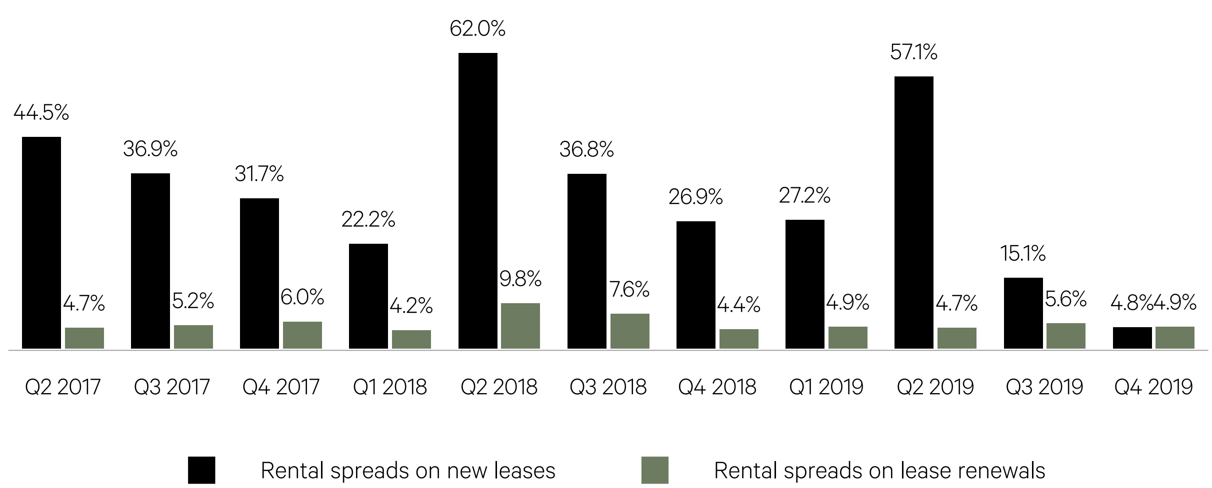
The REIT strives to ensure that its properties are well occupied with tenants who have space that allow them to meet their own business objectives. Accordingly, the REIT proactively monitors its tenant base with the objective to renew in advance of lease maturities, backfill tenant vacancies in instances where a tenant will not renew, or if there is an opportunity to place a stronger or more suitable tenant in the REIT's properties, management endeavors to find a suitable solution.

The following table summarizes the REIT's leasing activity for the four most recent quarters:

Square feet	Deal type		Q4 2019	Q3 2019	Q2 2019	Q1 2019
Less than 10,000	Renewal	Leases signed	32	43	54	49
		Total square feet	84,691	106,416	119,370	122,540
		Average base rent	$ 20.80	$ 19.10	$ 19.66	$ 21.13
		Rental spread	4.7 %	3.6 %	7.3%	6.0%
Greater than 10,000	Renewal	Leases signed	1	10	5	4
		Total square feet	10,872	577,746	166,219	219,241
		Average base rent	$ 10.75	$ 6.98	$ 7.70	$ 6.11
		Rental spread	7.5 %	6.6 %	0.2%	2.8%
Total renewals (square feet)			**95,563**	**684,162**	**285,589**	**341,781**
Less than 10,000	New lease	Leases signed	18	13	16	11
		Total square feet	42,053	22,839	28,384	22,944
		Average base rent	$ 16.78	$ 22.35	$ 18.37	$ 16.90
		Rental spread[1]	16.7 %	60.8 %	33.4%	29.2%
Greater than 10,000	New lease	Leases signed	1	2	1	1
		Total square feet	11,600	38,111	10,269	10,833
		Average base rent	$ 6.72	$ 5.82	$ 21.38	$ 10.76
		Rental spread[1]	(45.6)%	(30.4)%	171.3%	21.0%
Total new leases (square feet)			**53,653**	**60,950**	**38,653**	**33,777**
Total leasing activity (square feet)[2]			**149,216**	**745,112**	**324,242**	**375,558**

[1] Calculated based on the average base rent of the new lease term compared to the average in-place rent for comparable space across the portfolio.
[2] Includes the REIT's share of its equity accounted property investment.

Leasing Spreads



During the fourth quarter, management completed 95,563 square feet of lease renewals. The weighted average rental rate increases on renewals completed for leases less than 10,000 square feet was $0.93 per square foot or 4.7% higher than expiring rent. The weighted average rental rate increases on renewals completed for leases greater than 10,000 square feet was $0.75 per square foot or 7.5% higher than expiring rent.

The weighted average base rent on all new leases completed less than 10,000 square feet was $16.78 per square foot which is $2.40 per square foot or 16.7% higher than the weighted average in-place rent for comparable space across the portfolio. The weighted average rental rate on all new leases greater than 10,000 square feet was $6.72 which is $5.36 or 45.6% lower than the weighted average in-place rent for comparable space across the portfolio. These transactions compare favorably to the current weighted average in place rent of $11.22.

Lease maturities

The REIT generally enters into leases with initial terms to maturity between 5 and 10 years with our grocery-anchor tenants. The initial terms to maturity for non-anchor space tend to be of a shorter duration between 3 and 5 years. The weighted average remaining term to maturity of the REIT's grocery-anchor and non-grocery-anchor tenants as at December 31, 2019 was 5.8 years and 4.2 years, respectively, not including tenants on month-to-month leases. On a portfolio basis, the weighted average remaining term to maturity is 5.0 years.

The following table summarizes the composition of the remaining term to maturity of the REIT's leases at December 31, 2019:

	Weighted average term to maturity	GLA	GLA %
Grocery-anchor	5.8	4,609,287	46.8%
Non-anchor	4.2	4,455,827	45.2%
Total	**5.0**	**9,065,114**	**92.0%**
Month-to-month		99,783	1.0%
Vacant		692,818	7.0%
Total GLA[1]		**9,857,715**	**100.0%**

[1] Includes the REIT's share of its equity accounted property investment.

Occupancy is determined based on lease commencement. The following table shows the change in occupancy during the three month period ended December 31, 2019:

	Total GLA [1]	Occupied GLA [1]	Occupancy
September 30, 2019	10,157,833	9,585,744	94.4%
Dispositions	(300,145)	(286,518)	95.5%
Leasing changes [2]	—	(134,329)	N/A
Re-measurements	27	—	—%
December 31, 2019	**9,857,715**	**9,164,897**	**93.0%**

[1] Includes the REIT's acquisition in the interest of Windmill Plaza. GLA represents the REIT's share of its equity accounted property investment.
[2] Leasing changes include new leases, lease buyouts, expirations and terminations.

Occupancy has decreased by 1.4% to 93.0% from September 30, 2019, mainly due to the disposition of three properties at a weighted occupancy rate of 95.5% and lease expirations totaling 178,731 square feet, partially offset by 53,653 square feet of new leasing. Lease expirations in the quarter are mainly due to two anchor tenant expiries totaling 112,980 square feet, including Rainbow Foods at Mapleridge Center and Safeway at Westminster Plaza. Management is in active lease negotiations with a new grocery anchor to take the former Rainbow Foods premises and an additional unit which will be used as a liquor store. As part of the new grocery and liquor store lease, ownership will complete a significant capital investment in the center projected to cost $4.7 million. Management anticipates executing the anchor lease by the second quarter of 2020, with rent commencement in the first quarter 2021. Subsequent to the year end, management signed a new anchor to take the former Safeway premises at Westminster Plaza.

	Total GLA [1]	Occupied GLA [1]	Occupancy
December 31, 2018	10,768,319	10,145,136	94.2%
Acquisition[1]	105,603	90,758	85.9%
Dispositions	(1,046,554)	(903,778)	86.4%
Leasing changes [2]	—	(189,896)	N/A
Expansions	26,023	18,383	70.6%
Re-measurements	4,324	4,294	99.3%
December 31, 2019	**9,857,715**	**9,164,897**	**93.0%**

[1] Relates to the REIT's acquisition in the interest of Windmill Plaza. GLA represents the REIT's share of its equity accounted property investment.
[2] Leasing changes include new leases, lease buyouts, expirations and terminations.

Occupancy decreased by 1.2% to 93.0% from December 31, 2018, primarily due to two anchor tenant expiries totaling 112,980 square feet in the fourth quarter of 2019, including Rainbow Foods at Mapleridge Center and Safeway at Westminster Plaza, partially offset by the disposal of 10 properties and seven property outparcels at various properties at an occupancy rate of 86.4%.

The following is a profile of the REIT's leases excluding the impact of tenant extension options:

	Grocery-anchor			Non-anchor			Total		
GLA expiration	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent
Month-to-month	—	—	$ —	99,783	1.0%	$ 15.80	99,783	1.0%	$ 15.80
2019	19,775	0.2%	10.50	—	—	—	19,775	0.2%	10.50
2020	239,928	2.4%	6.87	379,331	3.8%	15.46	619,259	6.2%	12.13
2021	467,846	4.7%	7.66	725,857	7.4%	13.75	1,193,703	12.1%	11.37
2022	482,145	5.0%	7.07	735,844	7.5%	14.58	1,217,989	12.5%	11.61
2023	740,525	7.5%	8.03	707,266	7.2%	13.75	1,447,791	14.7%	10.82
2024	1,088,854	11.0%	8.02	653,928	6.6%	15.08	1,742,782	17.6%	10.67
2025 and later	1,570,214	16.0%	8.90	1,253,601	12.7%	14.06	2,823,815	28.7%	11.19
Vacant	112,980	1.1%	N/A	579,838	5.9%	N/A	692,818	7.0%	N/A
Total / weighted average [1]	**4,722,267**	**47.9%**	**$ 8.14**	**5,135,448**	**52.1%**	**$ 14.35**	**9,857,715**	**100.0%**	**$ 11.22**

[1] Includes the REIT's share of its equity accounted property investment.

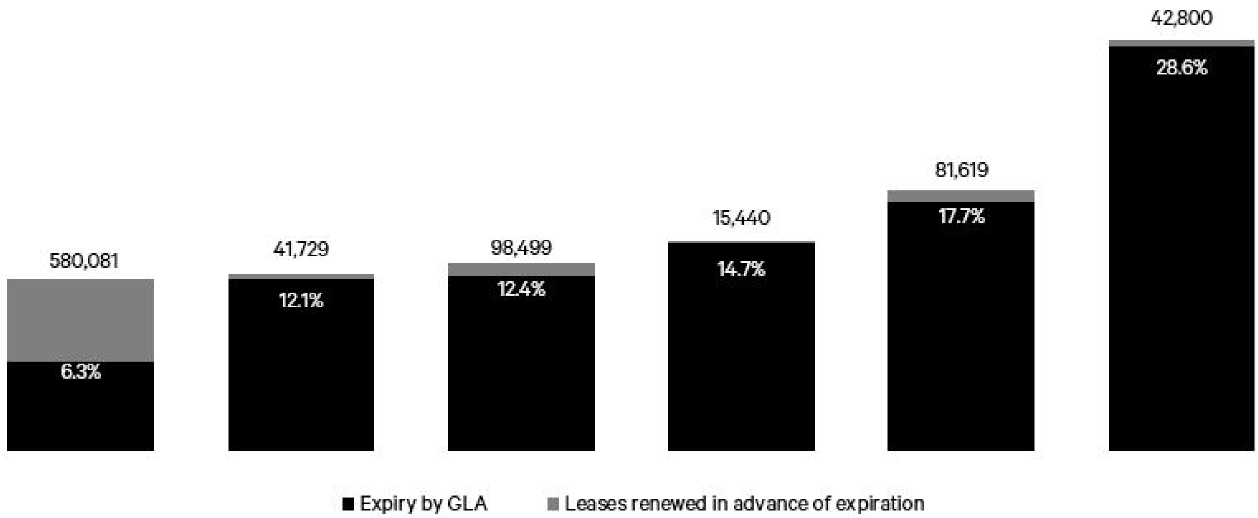
The REIT endeavors to proactively lease upcoming expiries in advance of maturity to maintain high occupancy levels, ensure a proper mix of tenants at each property and certainty in cash flows. The following is a table of lease expiries at December 31, 2019 and pre-existing future maturities that were leased in advance during 2019:

The following table summarizes remaining expiries:

	December 31, 2019		September 30, 2019		June 30, 2019		March 31, 2019	
GLA Expiration	Number of tenants	GLA	Number of tenants	GLA	Number of tenants	GLA	Number of tenants	GLA
Anchors	5	239,928	2	75,902	4	318,615	5	383,690
Non-anchors	133	379,331	53	79,035	77	157,594	130	305,570
Remaining expiries [1]	**138**	**619,259**	**55**	**154,937**	**81**	**476,209**	**135**	**689,260**
Percentage of occupied portfolio		**6.8%**		**1.6%**		**4.8%**		**6.9%**

[1] Includes the REIT's share of its equity accounted property investment.

Lease Expiries and Pre-existing Future Maturities



At December 31, 2019, remaining 2020 expiries totaled 619,259 square feet with 3.8% or 379,331 square feet of total GLA related to non-anchor tenants. Comparatively, at September 30, 2019, remaining 2019 expiries totaled 154,937 with 0.8% or 79,035 square feet of total GLA related to non-anchor tenants. At June 30, 2019, remaining 2019 expiries totaled 476,209 square feet with 1.5% or 157,594 square feet of total GLA related to non-anchor tenants. At March 31, 2019, remaining 2019 expiries totaled 689,260 square feet with 2.9% or 305,570 square feet of total GLA related to non-anchor tenants.

Retention rates

The asset management team strives to maintain strong relationships with all tenants, especially the REIT's grocery-anchor tenants. In certain cases, management has not sought renewals with larger tenants, including in cases where a better user is available, or a redevelopment opportunity exists. Management believes that this success is a result of the strong relationships maintained with tenants and the REIT's underwriting which, in part, considers the relative strength of grocery-anchors in the respective market, recent capital investment by grocers and, where possible, the profitability of the store. Management expects a lower retention rate for our non-grocery-anchor tenants as a result of the dynamics and natural turnover of certain businesses over time which gives us opportunity to re-lease space, potentially at higher rates, and improve overall credit and tenant mix.

The following are the REIT's retention rates for the three and twelve month periods ended December 31, 2019, and year ended December 31, 2018 for both grocery-anchor and non-grocery-anchor tenants:

Retention rate [1]	Three months ended December 31, 2019	Year ended December 31, 2019	Year ended December 31, 2018
Grocery-anchor	97.6%	99.4%	100.0%
Non-grocery-anchor	88.7%	90.1%	84.0%
Net total / weighted average [2]	**93.1%**	**94.9%**	**92.1%**

[1] Retention rate excludes instances where management has not sought a renewal, which are primarily related to redevelopment or property portfolio management opportunities.
[2] Includes the REIT's share of its equity accounted property investment.

The following are the REIT's incremental change in base rent for the four most recent quarters:

	For the three months ended,							
	December 31, 2019		September 30, 2019		June 30, 2019		March 31, 2019	
Renewals								
Square feet		95,563		684,162		285,589		341,781
Expiring rent per square foot [1]	$	18.74	$	8.40	$	12.13	$	10.96
Rent spread per square foot [1]		0.91		0.47		0.57		0.54
Vacated								
Square feet [2]		130,439		38,610		20,560		41,412
Expiring rent per square foot [1]	$	9.78	$	16.00	$	14.38	$	7.77
New								
Square feet		53,653		60,950		38,653		33,777
New rent per square foot [1]	$	14.60	$	12.01	$	19.17	$	14.93
Total base rent retained [3]	**$**	**515**	**$**	**5,129**	**$**	**3,169**	**$**	**3,424**
Incremental base rent [3]	**$**	**870**	**$**	**1,054**	**$**	**904**	**$**	**689**

[1] Calculated on a weighted average basis.
[2] Adjusted for lease buyouts and vacancies due to redevelopment.
[3] Includes the REIT's share of its equity accounted property investment.

In-place and market rents

The REIT's leasing activity during the three month period ended December 31, 2019 is as follows:

	GLA	Number of tenants		Weighted average expiring rent		Weighted average new rent
Renewed leases	95,563	33	$	18.74	$	19.66
New leases	53,653	19		N/A		14.60
Total / weighted average	**149,216**	**52**		**N/A**	**$**	**17.84**
Less, leases not renewed / vacated during term [1]	(130,439)	(24)	$	9.78		N/A
Net total / weighted average [2]	**18,777**	**28**			**$**	**17.84**

[1] Adjusted for lease buyouts and vacancies due to redevelopment.
[2] Includes the REIT's share of its equity accounted property investment.

The REIT's leasing activity during the year ended December 31, 2019 is as follows:

	GLA	Number of tenants		Weighted average expiring rent		Weighted average new rent
Renewed leases	1,407,095	198	$	10.48	$	11.01
New leases	187,033	63		N/A		14.76
Total / weighted average	**1,594,128**	**261**		**N/A**	**$**	**11.45**
Less, leases not renewed / vacated during term [1]	(231,021)	(72)	$	10.87		N/A
Net total / weighted average [2]	**1,363,107**	**189**			**$**	**11.45**

[1] Adjusted for lease buyouts and vacancies due to redevelopment.
[2] Includes the REIT's share of its equity accounted property investment.

During the fourth quarter of 2019, the REIT completed 149,216 square feet of leasing, which represents 1.5% of the REIT's portfolio. For the year ended December 31, 2019, 1,594,128 square feet of leasing was completed, which represents 16.2% of the REIT's portfolio. This level of leasing is consistent with the REIT's strategy of actively managing the properties to create value through a hands-on approach.

Net rental rates

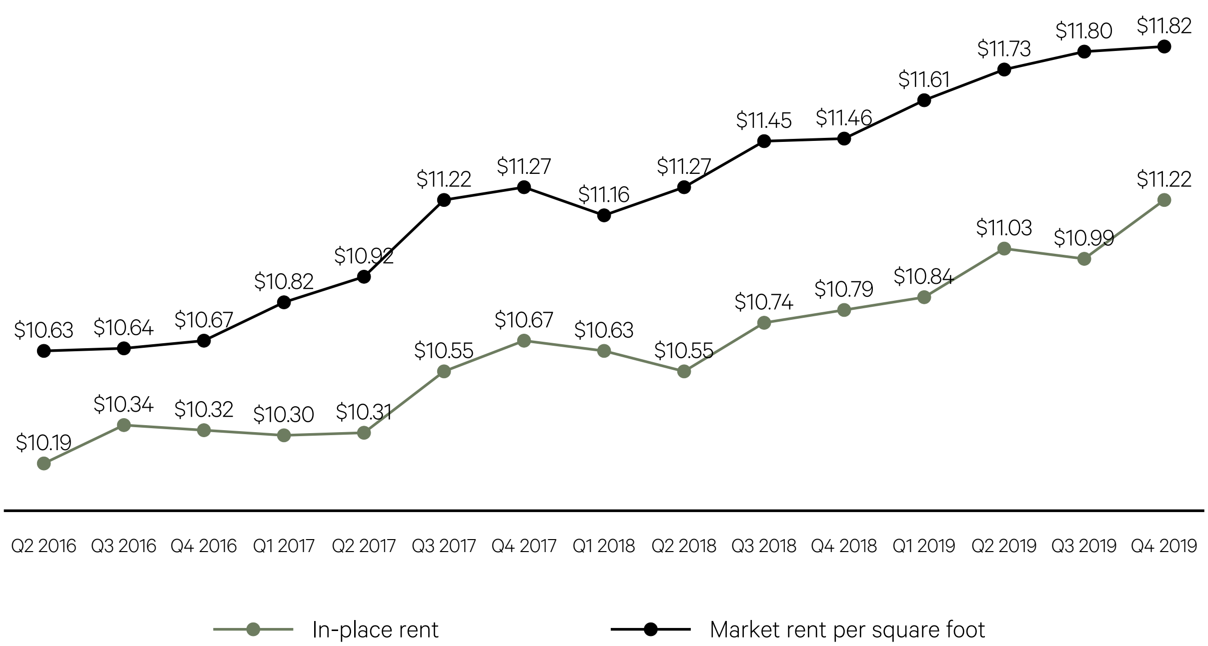
The following table is a summary of in-place rent for the eight most recent financial quarters of the REIT:

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Grocery rent	$ 8.14	$ 8.05	$ 8.16	$ 8.10	$ 8.20	$ 8.10	$ 8.08	$ 8.20
Shop space rent	14.35	14.04	14.08	13.72	13.49	13.44	13.00	13.03
Total [1]	**$ 11.22**	**$ 10.99**	**$ 11.03**	**$ 10.84**	**$ 10.79**	**$ 10.74**	**$ 10.55**	**$ 10.63**
Market rent [2]	**$ 11.82**	**$ 11.80**	**$ 11.73**	**$ 11.61**	**$ 11.46**	**$ 11.45**	**$ 11.27**	**$ 11.16**

[1] Includes the REIT's share of its equity accounted property investment.

[2] Market rate represents the REIT's estimate of market rents for its properties on a weighted average basis. Market rents are determined based, in part, on broker feedback, market transactions and completed deals.

In-place Rent Versus Estimated Market Rent



The REIT leases to high-quality tenants in well located centres typically below the average market rent for U.S. strip centres, allowing for increased value in the portfolio through rental rate growth.

ACQUISITION

Subject to the availability of acquisition opportunities, the REIT intends to grow distributions, in part through the accretive acquisition of properties. The current environment for acquisitions is very competitive with limited supply of quality properties coming to the market. The REIT explores acquisition opportunities as they arise but will pursue only acquisitions that management believes are accretive to net asset value per unit in the medium-term relative to its long-term cost of capital.

The REIT acquired an interest in one property during the year ended December 31, 2019, as summarized below:

Property	Purchase date	Metropolitan statistical area ("MSA")	Purchase price	SF [1]	Price per SF [1]	Anchor tenant
Windmill Plaza	January 25, 2019	Detroit	$ 7,299	105,603	$ 69	Kroger

[1] Includes the REIT's share of its equity accounted property investment.

The REIT acquired a 50% interest in Windmill Plaza, located in Sterling Heights, Michigan, in a joint-venture partnership with The Kroger Company for a total of $7.3 million, totaling 105,603 square feet ($69 price per square foot) at a going-in capitalization rate of 7.3%. Consideration for the cost of the acquisition was funded by the settlement of the REIT's note receivable in the amount of $9.4 million and interest receivable of $2.2 million, assumed debt and cash on hand.

DISPOSITIONS

During the year ended December 31, 2019 the REIT disposed of 10 properties and seven property outparcels as follows:

Property	Tenant	Number of outparcels	Disposition date	Location		Sales price
Eastpointe Shopping Center	Panera Bread	1	January 11, 2019	Clarksburg, WV	$	1,530
Locust Grove	McDonald's	1	January 22, 2019	Locust Grove, GA		1,725
Wellington Park	Lowes Foods	N/A	February 28, 2019	Cary, NC		15,010
Wausau Pick 'n Save	Pick 'n Save	N/A	March 6, 2019	Wausau, WI		9,900
Kennywood Shops	Giant Eagle	N/A	June 13, 2019	Pittsburgh, PA		7,000
North Augusta Plaza	Chipotle	1	July 22, 2019	North Augusta, SC		1,360
Wedgewood Commons	McDonald's, Panera Bread and Seacoast Bank	3	Various [1]	Stuart, FL		8,590
Seminole Oaks	Winn-Dixie	N/A	August 26, 2019	Seminole, FL		11,700
County Line Plaza	Big Lots	N/A	August 27, 2019	Philadelphia, PA		9,200
Derry Meadows Shoppes	Land	1	September 9, 2019	Derry, NH		500
Springboro Plaza	Kroger	N/A	September 13, 2019	Dayton, OH		7,200
Oakland Commons	Jewel-Osco	N/A	September 16, 2019	Bloomington, IL		7,520
Buckeye Plaza	Simon's Supermarket	N/A	December 18, 2019	Cleveland, OH		4,500
North Pointe	Publix	N/A	December 19, 2019	Columbia, SC		9,210
Merchants Square	Kroger	N/A	December 20, 2019	Atlanta, GA		15,720
Total					**$**	**110,665**

[1] The REIT disposed of three property outparcels on July 29, 2019, July 31, 2019 and August 6, 2019, respectively, for a total of $8.6 million.

There are no fees incurred by the REIT to the Manager in relation to the disposition of properties or outparcels.

PROPERTY PROFILE

Professional management

Through professional management of the portfolio, the REIT intends to ensure its properties portray an image that will continue to attract consumers as well as provide preferred locations for its tenants. Well-managed properties enhance the shopping experience and ensure customers continue to visit the centres. Professional management of the portfolio has enabled the REIT to maintain a high occupancy level, currently 93.0% at December 31, 2019 (September 30, 2019 – 94.4%, June 30, 2019 – 93.3%, March 31, 2019 – 93.3%).

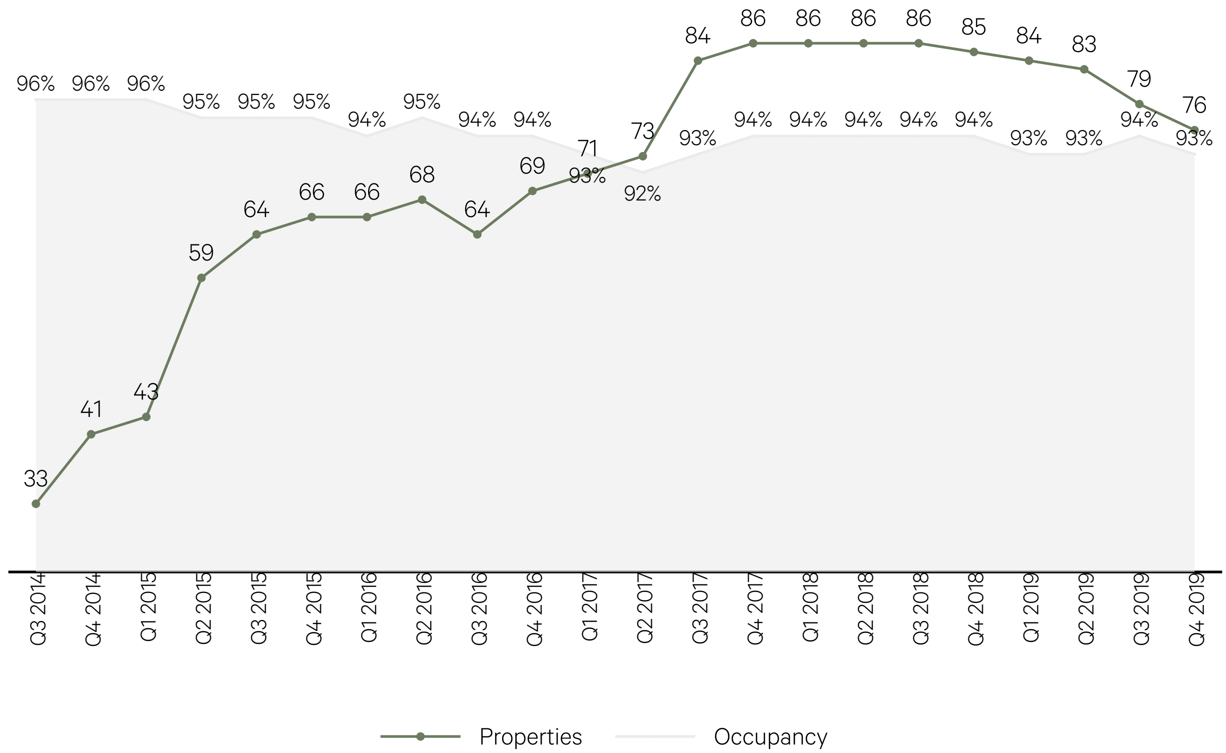
Occupancy has decreased by 1.4% to 93.0% from September 30, 2019, mainly due to the disposition of three properties at a weighted occupancy rate of 95.5% and lease expirations totaling 130,439 square feet, partially offset by 53,653 square feet of new leasing. Lease expirations in the quarter are mainly due to terminating a grocery anchor tenant at Mapleridge Center and a grocery anchor tenant at Westminster Plaza vacating at expiry. These anchor boxes have been added to the REIT's redevelopment pipeline and there is an active leasing strategy in-place. Subsequent to year-end, the Westminster Plaza anchor space was re-leased, resulting in a $0.4 million increase in base rent on the space.

The following table shows the occupancy rate of the REIT's portfolio:

	2015		2016				2017				2018				2019		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Properties [1]	64	66	66	68	64	69	71	73	84	86	86	86	86	85	84	83	79	76
Occupancy [2]	95.1%	94.7%	94.4%	95.0%	93.6%	93.5%	93.2%	91.7%	92.6%	93.7%	93.7%	93.9%	94.3%	94.2%	93.3%	93.3%	94.4%	93.0%

[1] Includes the REIT's acquisition of interest in its equity accounted property investment.
[2] Includes the REIT's share of its equity accounted property investment.

Historical Occupancy Rates



Geographic overview

The REIT's portfolio is geographically diversified. As of December 31, 2019, the REIT's 76 properties were located in 21 states with a presence in 19 MSAs. The REIT has 30 properties, or 39.5% of the total portfolio, located in the U.S. sunbelt region. Markets within this region benefit from strong underlying demographic trends, above average employment and population growth. This provides the REIT opportunities to progressively drive operational efficiencies and sustainable growth.

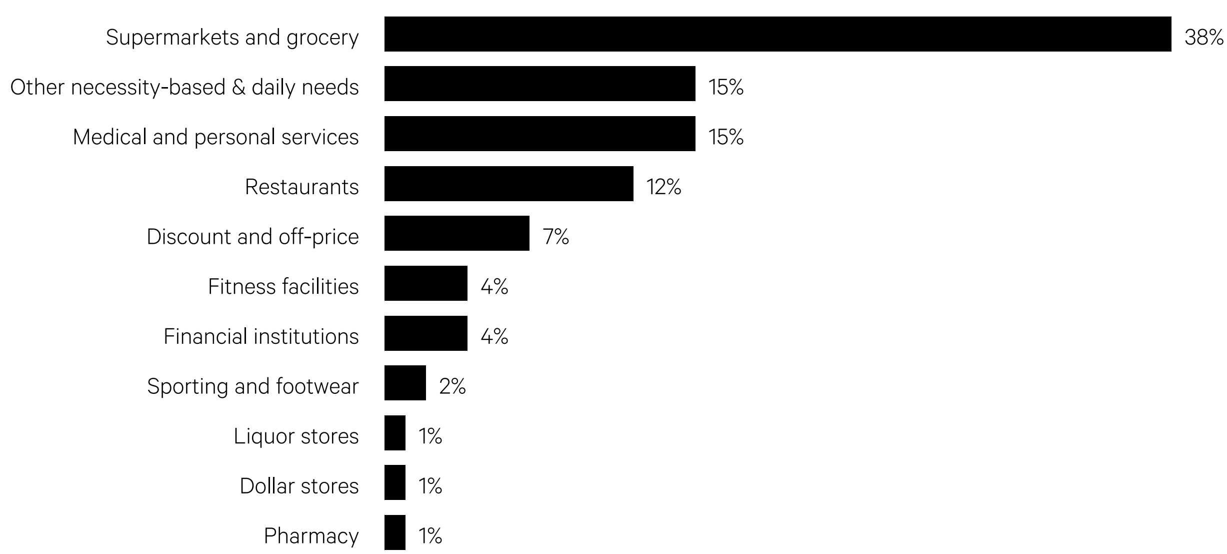
The following is a summary of the geographic location and relative dispersion of the REIT's property portfolio:

State	Number of assets	Total SF	Occupied SF	Percentage of revenue	Occupancy
Florida	12	1,443,098	1,368,775	16.2%	94.8%
North Carolina	8	1,114,991	1,074,167	11.1%	96.3%
Pennsylvania	6	1,023,708	989,031	10.4%	96.6%
Georgia	8	911,835	863,731	9.4%	94.7%
South Carolina	6	903,121	860,839	8.9%	95.3%
Minnesota	5	566,782	483,234	5.7%	85.3%
Michigan	5	607,135	574,673	5.6%	94.7%
Tennessee	5	526,641	517,791	4.1%	98.3%
North Dakota	2	261,578	260,287	3.8%	99.5%
Maryland	1	147,803	134,668	3.3%	91.1%
Illinois	3	317,241	268,252	3.0%	84.6%
Ohio	3	416,823	376,953	2.8%	90.4%
West Virginia	2	387,162	323,100	2.8%	83.5%
Virginia	2	200,623	131,254	2.2%	65.4%
Colorado	2	203,434	197,834	2.1%	97.2%
Connecticut	1	139,653	139,653	1.8%	100.0%
New Hampshire	1	187,001	144,948	1.8%	77.5%
Wisconsin	1	123,028	123,028	1.5%	100.0%
Texas	1	167,961	141,362	1.3%	84.2%
Utah	1	127,231	121,695	1.3%	95.6%
Kentucky	1	80,866	69,622	0.9%	86.1%
Total [1]	**76**	**9,857,715**	**9,164,897**	**100.0%**	**93.0%**

[1] Includes the REIT's share of its equity accounted property investment.

Tenant categories

As of December 31, 2019, the REIT has the following tenant categories within the portfolio, allocated by base rent:



The REIT's portfolio of tenants is a diversified mix of leading grocers, national brands and strong regional performers complemented by local operators providing needed services and goods to their local communities. These retailers provide significant non-discretionary e-commerce defensive goods. The REIT's properties, which are located in well-established neighborhoods, allow grocery-anchored property real estate and economics of last mile delivery to be viable.

Anchor tenants

The REIT endeavors to own properties with anchors who are dominant in their respective regions in terms of operational scale and sales. Accordingly, the REIT's anchor tenants are often either the first or second dominant store in their respective area in terms of market share. The following table identifies the REIT's largest anchor tenants including their annual minimum rent, the number of stores, GLA as a percentage of the total portfolio and the percentage of base rent. Walmart Inc. represents the REIT's largest tenant by base rent with a total of 8 stores and 8.3% of base rents.

The largest 15 tenants account for 48.7% of total GLA and 38.6% of base rent as follows:

Parent company	Store brands	Grocery	Stores	% GLA	Base rent	% Base rent
Walmart Inc.	Wal-Mart, Sams Club	Y	8	13.2%	8,549	8.3%
The Kroger Co.	Kroger, Pick 'n Save, Harris Teeter	Y	18	10.4%	6,564	6.4%
Koninklijke Ahold Delhaize N.V.	Stop & Shop, GIANT, Food Lion, Hannaford	Y	5	3.1%	4,194	4.1%
Publix Supermarkets	Publix	Y	11	5.0%	4,096	4.0%
Southeastern Grocers	Winn-Dixie, BI-LO	Y	9	4.2%	3,422	3.4%
United Natural Foods, Inc.	Various [1]	Y	4	2.2%	2,084	2.0%
Coborn's Inc.	CashWise	Y	2	1.2%	2,038	2.0%
Beall's, Inc.	Bealls, Burkes Outlet	N	4	1.4%	1,263	1.2%
Alex Lee Inc.	Lowes Foods	Y	2	0.9%	1,249	1.2%
Schnuck Markets, Inc.	Schnucks	Y	2	1.2%	1,099	1.1%
TJX Companies	Marshalls, T.J. Maxx	N	4	1.1%	1,063	1.0%
Planet Fitness	Planet Fitness	N	6	1.1%	1,062	1.0%
Dollar Tree Inc.	Dollar Tree, Family Dollar	N	11	1.1%	1,034	1.0%
The Fresh Market Inc.	The Fresh Market	Y	4	0.8%	959	1.0%
Albertsons	Jewel-Osco, Safeway	Y	3	1.8%	895	0.9%
Total			**93**	**48.7%**	**$ 39,571**	**38.6%**

[1] Store brands include Cub Foods, County Market, Shop 'n Save and Rainbow Foods.

Development

The REIT's redevelopment program is focused on growing income and unlocking value by revitalizing tenant uses and creating a better customer experience at select properties. Redevelopment is generally considered to begin when activities that change the condition of the property commence. Redevelopment ceases when the asset is in the condition and has the capability of operating in the manner intended, which is generally at cessation of construction and tenanting. For purposes of reporting same-property NOI, redevelopment assets are excluded from the same-property portfolio in the period in which they are re-classified as a redevelopment property and are excluded until they are operating as intended in all of both the current and comparative periods. The carrying value of redevelopment properties includes the acquisition cost of property and direct redevelopment costs attributed to the project. The REIT does not capitalize interest for its projects under development. To date, redevelopment spend has been funded by cash from operations. Interest expense is recognized as incurred in income which is not comparable to other REITs or other corporations that capitalize interest.

The REIT has classified the following properties as redevelopment properties:

Property	Nature of redevelopment	Expected completion	Estimated incremental NOI[1]	Estimated yield on cost	Pre-leased percentage	Estimated investment		
						Incurred	Remaining	Total
Windmill Plaza[2]	Anchor repositioning	Q1 2020	$ 777	13.7%	89.6%	$ 3,652	$ 2,000	$ 5,652
North Summit Square	Anchor repositioning	Q2 2020	431	19.4%	100.0%	1,828	389	2,217
Westminster Plaza[3]	Anchor repositioning	Q4 2020	463	13.1%	—%	—	3,531	3,531
Stonefield Square	Anchor repositioning	Q4 2020	98	8.2%	—%	—	1,194	1,194
Mapleridge Center	Anchor repositioning	Q1 2021	373	8.0%	—%	—	4,650	4,650
Eastpointe Shopping Center	Anchor repositioning	Q1 2022	613	11.3%	60.2%	183	5,240	5,423
Wedgewood Commons	Anchor repositioning	Q4 2022	858	6.2%	—%	343	13,407	13,750
Total			**$ 3,613**	**9.9%**		**$ 6,006**	**$ 30,411**	**$ 36,417**

Completed redevelopment projects

Property	Nature of redevelopment	Completed	Estimated incremental NOI[4]	Yield on cost	Leased percentage	Total invested
Hocking Valley Mall	Anchor repositioning	Q1 2019	$ 526	4.7%	93.0%	$ 11,118

[1] Calculated on a trailing twelve month basis as of December 31, 2019.
[2] Amounts at the REIT's share of its 50% interest in the property.
[3] Amounts represent development for primary anchor at the property.
[4] Calculated on a trailing twelve month basis as of March 31, 2019.

Redevelopment capital spent during the three and twelve month periods ended December 31, 2019 is as follows:

	Three months ended December 31, 2019	Year ended December 31, 2019
Windmill Plaza[1]	$ 414	$ 3,652
Westminster Plaza[2]	134	1,918
Summit Ridge outparcel[2]	159	1,426
North Summit Square[2]	11	1,516
Mooresville Town Square[2]	—	836
Other redevelopment costs[2]	269	990
Total redevelopment	**$ 987**	**$ 10,338**

[1] Amounts at the REIT's share of its 50% interest in the property.
[2] Relates to new outparcel development as well as other planning and work completed in the planning stages for redevelopment projects.

In January 2019, the REIT acquired Windmill Plaza, a grocery-anchored shopping centre located in Sterling Heights, Michigan, in a joint-venture partnership with The Kroger Company. The REIT is planning to invest an additional $2.0 million at our share to redevelop the property and includes a 25 year ground lease with Kroger as the anchor tenant. Construction commenced in the first quarter of 2019 and includes a brand new 129,000 square foot Kroger Marketplace, an improved in line façade and a completely redesigned parking lot, landscaping and lighting system. In addition to Kroger, new leases have been executed with Edge Fitness for 36,576 square feet and Pet Supplies Plus for 7,780 square feet, significantly reducing future leasing risk. Subsequent to year end Kroger, Pet supplies Plus and Edge Fitness commenced operations.

North Summit Square is a 224,530 square foot shopping centre anchored by Sam's Club and shadow anchored by Lowes's Home Improvement. The centre is located in one of the premier retail nodes in Winston-Salem North Carolina and has close proximity to Wake Forest University. In June 2017, management strategically terminated the lease of a 36,862 square foot junior anchor tenant that was paying below market rates. The REIT has finalized a 10 year lease with Urban Air Adventure Park to backfill the junior anchor space. Rent commencement is targeted for the second quarter of 2020. The lease will result in a $58 thousand spread annually over base rental rates paid by the previous tenant. The REIT expects to invest $2.2 million of capital as part of the transaction, with approximately $1.5 million allocated to parking lot repairs and resurfacing, as required by Sam's Club waiver of restrictions on the Urban Air Adventure Park use. As of December 31, 2019, $1.8 million has been spent.

Westminster Plaza is a 99,000 square foot shopping center formerly anchored by Safeway. The centre is located 7 miles immediately north of downtown Denver with direct access to multiple major highways. This asset experiences heavy traffic volumes along Federal Boulevard, a primary retail and commercial roadway in Westminster, Colorado. where population density is approximately 150,000 in a 3-mile radius. Additional density is forthcoming due to a community gentrification project being led by the City of Westminster. The plan is centralized around a recently completed light-rail transit station located quarter mile from the property and planned redevelopment of surrounding land and industrial property into single and multi-family residential. Safeway vacated a 56,000 square foot box at the end of their lease term in December 2019. Subsequent to the year end the REIT re-leased the vacant anchor space with a regional full-service gym operator. The deal will see both parties invest significant capital into the premises and shopping center and allow the landlord to grow NOI and weighted average lease term significantly. In 2019, the REIT completed a redevelopment of a former O'Reilly pad on the property. The new 7,500 square foot building has committed leases from Chipotle, Dunkin' Donuts and Tropical Smoothie tenants that will be operating in the first half of 2020.

Stonefield Square is an 80,000 square foot shopping center formerly anchored by The Fresh Market. The centre is located in a dominant retail trade area on the east side of Louisville, Kentucky with close proximity to downtown and surrounded by dense residential communities. This asset experiences heavy traffic volumes and is centrally located along Shelbyville Road, the primary retail and commercial artery in Middletown, where average household income is approaching $0.1 million. The Fresh Market vacated a 19,775 square foot box at the end of their lease term in December 2019, initiating an opportunity for the REIT to backfill the space at higher rental rates and a higher weighted average lease term. The REIT is in active discussions with multiple prospective tenants who have shown interest in the former grocery box. Simultaneously, with backfilling the premises, the REIT expects to invest significant capital into upgrading the building and common area facilities including improved signage, parking lot, landscaping and LED lighting upgrades.

Mapleridge Center is a 114,681 square foot community shopping center strategically located along White Bear Avenue within the main retail node in Maplewood, Minnesota. The centre was acquired in the third quarter of 2017 and at the time was anchored by a Rainbow Foods grocery outlet store. Management strategically terminated the anchor tenant in the fourth quarter of 2019 and expects to re-lease the space in 2020. Management is in active lease negotiations with a new grocery anchor to take the former Rainbow Foods premises and an additional unit which will be used as a liquor store. As part of the new grocery and liquor store lease, ownership will complete a significant capital investment in the center projected to cost $4.7 million. Management anticipates executing the anchor lease by the second quarter of 2020, with rent commencement in the first quarter 2021.

Eastpointe Shopping Center is a regional shopping destination in Clarksburg, West Virginia anchored by a Kroger which includes a former K-mart box and in line shop tenants. The centre is located in the area's most prominent retail node at the junction of two major state highways. Kroger has recently executed a lease and will relocate from their 55,000 square foot box and build a brand new 83,000 square foot store in the former K-Mart premises. The lease will commence in the first quarter of 2021. The REIT expects to invest $5.4 million in capital to complete the project and backfill the current 55,000 square foot Kroger box. Management is engaging a number of interested junior anchor retailers as potential backfill tenants and the REIT is working through tenant requirements, best use and configurations. The potential tenants interest ranges from soft goods to home furnishings to sporting goods and it is anticipated that leases will be signed in the first quarter of 2020.

Wedgewood Commons is a 152,708 square foot shopping centre anchored by a Publix supermarket. The shopping centre is strategically located on U.S. Route 1 Highway at Indian Road, in Stuart, Florida. Key tenants in the development include Beall's Outlet, Dollar Tree and Harbor Freight Tools. The REIT is negotiating a 20 year term lease to construct a new 47,000 square foot flagship Publix grocery store. To coincide with the new Publix grocery store, the REIT has secured a 10 year lease extension, subject to executing the Publix lease, to relocate and expand the Beall's Outlet to 30,000 square feet which will include a Beall's Home Centric concept store. Furthermore, the REIT is negotiating with several junior anchor prospects to lease the remaining vacancy within the shopping center. The net result will increase GLA to approximately 166,000 square feet and the weighted average lease term from 3.7 years to 10.8 years. In addition to the construction of the Publix and Beall's Outlet and Home Centric, the REIT will complete an extensive common area refurbishment. The REIT expects to invest $13.8 million in the redevelopment and the overall project should be completed in fourth quarter of 2022 with the new Publix opening the second quarter of 2021.

IFRS FAIR VALUE

The REIT's property portfolio at December 31, 2019 had an estimated IFRS fair value of $1.3 billion, with a weighted average capitalization rate of 7.45%. Overall, the average estimated IFRS value per square foot of the REIT's portfolio is $132.

The following table presents a summary of the capitalization rates used to estimate the fair value of the REIT's properties:

Direct capitalization rates	December 31, 2019	December 31, 2018
Minimum	6.00%	6.25%
Maximum	9.50%	11.40%
Weighted average [1]	7.45%	7.50%

[1] Includes the REIT's share of its equity accounted property investment.

The December 31, 2019 weighted average capitalization rate decreased to 7.45%. from 7.50% at December 31, 2018. The decrease in the weighted average capitalization rate is primarily driven by value-add asset management activities including anchor tenant renewals, improved credit and capital improvement, partially offset by changes in buyer demand in the retail real estate sector for properties similar to the REIT's portfolio.

The fair value of properties is measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform, amongst other benefits. As a result, the fair value of the REIT's properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position.

The change in properties is as follows:

	Three months ended December		Year ended December 31,	
	2019	2018	2019	2018
Beginning of the period	$ 1,307,410	$ 1,418,935	$ 1,382,955	$ 1,454,463
Acquisition	—	—	—	21,087
Capital	568	1,397	2,514	5,555
Leasing costs	489	621	1,562	2,871
Tenant improvements	859	1,986	5,290	8,125
Development and expansion capital	573	590	6,686	9,864
Straight-line rent	118	331	1,640	2,572
Dispositions	(29,430)	(12,356)	(110,665)	(55,096)
IFRIC 21 property tax adjustment	4,934	4,870	—	200
Change in fair value [1]	3,015	(33,419)	(1,446)	(66,686)
End of the period	**$ 1,288,536**	**$ 1,382,955**	**$ 1,288,536**	**$ 1,382,955**
Property classified as equity investment	11,227	—	11,227	—
End of the period, including equity investment	**$ 1,299,763**	**$ 1,382,955**	**$ 1,299,763**	**$ 1,382,955**

[1] Change in fair value includes impacts due to valuation parameters, cash flows and accounting adjustments for IFRIC 21 property tax and straight-line rent.

The following table is a reconciliation of the fair value of the REIT's properties using a non-GAAP measure. The non-GAAP measure includes figures that are recorded as an equity investment, information that is not explicitly disclosed or presented in the consolidated financial statements for the three and twelve month periods ended December 31, 2019.

	Three months ended December 31, 2019			Year ended December 31, 2019		
	REIT	Equity investment	Total (Non-GAAP)	REIT	Equity investment	Total (Non-GAAP)
Beginning of the period	$ 1,307,410	$ 9,600	$ 1,317,010	$ 1,382,955	$ —	$ 1,382,955
Acquisition of interest in property	—	—	—	—	7,409	7,409
Capital	568	—	568	2,514	—	2,514
Leasing costs	489	—	489	1,562	—	1,562
Tenant improvements	859	—	859	5,290	—	5,290
Development and expansion capital	573	1,442	2,015	6,686	3,538	10,224
Straight-line rent	118	—	118	1,640	—	1,640
Dispositions	(29,430)	—	(29,430)	(110,665)	—	(110,665)
IFRIC 21 property tax adjustment	4,934	16	4,950	—	42	42
Change in fair value [1]	3,015	169	3,184	(1,446)	238	(1,208)
End of the period	**$ 1,288,536**	**$ 11,227**	**$ 1,299,763**	**$ 1,288,536**	**$ 11,227**	**$ 1,299,763**

[1] Change in fair value includes impacts due to valuation parameters, cash flows and accounting adjustments for IFRIC 21 property tax and straight-line rent.

The fair value of the REIT's properties and properties under redevelopment for the three and twelve month periods ended December 31, 2019 is as follows:

	Three months ended December 31, 2019			Year ended December 31, 2019		
	Income-producing properties	Properties under redevelopment	Total	Income-producing properties	Properties under redevelopment	Total
Beginning of the period	$ 1,266,029	$ 41,381	$ 1,307,410	$ 1,345,081	$ 37,874	$ 1,382,955
Transfers to income-producing properties	—	—	—	15,184	(15,184)	—
Transfers to properties under redevelopment	(20,566)	20,566	—	(43,741)	43,741	—
Capital	524	44	568	2,385	129	2,514
Leasing costs	466	23	489	1,504	58	1,562
Tenant improvements	851	8	859	5,090	200	5,290
Development and expansion capital	113	460	573	4,705	1,981	6,686
Straight-line rent	18	100	118	1,320	320	1,640
Dispositions	(29,430)	—	(29,430)	(103,465)	(7,200)	(110,665)
IFRIC 21 property tax adjustment	4,558	376	4,934	88	(88)	—
Change in fair value [1]	(1,176)	4,191	3,015	(6,764)	5,318	(1,446)
End of the period	**$ 1,221,387**	**$ 67,149**	**$ 1,288,536**	**$ 1,221,387**	**$ 67,149**	**$ 1,288,536**
Property classified as equity investment	—	11,227	11,227	—	11,227	11,227
End of the period, including equity investment	**$ 1,221,387**	**$ 78,376**	**$ 1,299,763**	**$ 1,221,387**	**$ 78,376**	**$ 1,299,763**

[1] Change in fair value includes impacts due to valuation parameters, cash flows and accounting adjustments for IFRIC 21 property tax and straight-line rent.

Capital, leasing and tenant improvement costs for the three and twelve month periods ended December 31, 2019 was $1.9 million and $9.4 million, respectively. Such costs are generally expended for purposes of tenanting and renewing existing leases, which maintain and create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on opportunities to revitalize, undertake space improvements and generally maintain the high quality of the properties and tenants, such as the program undertaken at Hocking Valley, which was completed in the first quarter of 2019. These expenditures can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and management's capital plan for the period.

Fair value adjustments on properties

For the three month period ended December 31, 2019, the REIT recorded a fair value loss on properties of $3.0 million, mainly related to valuation parameters and cash flows, partially offset by IFRIC 21 property tax adjustments. For the year ended December 31, 2019, the REIT recorded a fair value loss on properties of $1.4 million, mainly related to straight-line rent adjustments.

The following table presents the impact of certain accounting adjustments on the fair value loss recorded versus management's estimate of future cash flows and valuation assumptions:

	Three months ended December		Year ended December 31,	
	2019	2018	2019	2018
Valuation parameters and cash flows	$ 8,067	$ (28,218)	$ 194	$ (63,292)
Transaction costs capitalized	—	—	—	(622)
IFRIC 21 property tax adjustment	(4,934)	(4,870)	—	(200)
Adjusted for straight-line rent	(118)	(331)	(1,640)	(2,572)
Total	**$ 3,015**	**$ (33,419)**	**$ (1,446)**	**$ (66,686)**

The fair value change of properties is impacted by IFRIC 21 property tax adjustments recorded on the REIT's portfolio. For acquisition purposes the REIT determines the obligating event for property taxes is ownership of the property on January 1st of the fiscal year. As a result, the annual property tax liability and expense has been recognized on the properties owned on January 1st of each year, with a corresponding increase to the fair value of properties that is reversed as the liability is settled through property tax installments.

The change in fair value of properties recorded in income excludes the impact of tenanting and leasing costs, landlord work, and development and expansion capital, not all of which are additive to value but are directly capitalized to the property.

PART III – RESULTS OF OPERATIONS

SUMMARY OF SELECTED QUARTERLY INFORMATION

The selected quarterly information highlights performance over the most recently completed eight quarters and is reflective of the timing of acquisitions, leasing and maintenance expenditures. Similarly, debt reflects financing activities related to acquisitions which serve to increase AFFO in the future, as well as ongoing financing activities for the existing portfolio. Accordingly, rental revenue, NOI, NAV, FFO and AFFO are reflective of changes in the underlying income-producing asset base and changing leverage.

Quarter ended	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Rental revenue	$ 34,338	$ 34,545	$ 36,016	$ 36,416	$ 36,301	$ 35,699	$ 35,669	$ 36,544
Property operating expenses [1]	(5,029)	(5,287)	(5,323)	(25,392)	(5,747)	(5,126)	(5,117)	(24,519)
Straight-line rent revenue	(118)	(323)	(415)	(784)	(331)	(448)	(658)	(1,135)
IFRIC 21 property tax adjustment [1]	(4,934)	(4,675)	(4,763)	14,372	(4,870)	(4,574)	(4,590)	13,834
Adjustments for equity investment	9	125	(8)	(43)	—	—	—	—
NOI	$ 24,266	$ 24,385	$ 25,507	$ 24,569	$ 25,353	$ 25,551	$ 25,304	$ 24,724
Class U units outstanding [2]	42,207	44,110	44,102	44,096	44,424	45,769	46,120	46,343
WA units	43,145	44,107	44,101	44,208	44,971	45,489	46,153	46,479
Net income (loss)	$ 14,016	$ 4,513	$ 5,934	$ 1,601	$ (9,017)	$ (1,024)	$ (14,201)	$ 26,703
Net income (loss) per WA unit	$ 0.32	$ 0.10	$ 0.13	$ 0.04	$ (0.20)	$ (0.02)	$ (0.31)	$ 0.57
IFRS NAV	$ 476,612	$ 480,454	$ 485,270	$ 498,922	$ 514,329	$ 565,720	$ 580,742	$ 580,345
IFRS NAV per unit	$ 11.29	$ 10.89	$ 11.04	$ 11.35	$ 11.61	$ 12.39	$ 12.62	$ 12.55
Distributions	$ 9,210	$ 9,399	$ 9,399	$ 9,424	$ 9,438	$ 9,627	$ 9,670	$ 9,742
Distributions per unit	$ 0.2145	$ 0.2138	$ 0.2138	$ 0.2138	$ 0.2113	$ 0.2100	$ 0.2100	$ 0.2100
FFO [3]	$ 12,650	$ 12,936	$ 13,622	$ 13,387	$ 13,536	$ 14,469	$ 14,542	$ 15,227
FFO per WA units [3]	$ 0.29	$ 0.29	$ 0.31	$ 0.30	$ 0.30	$ 0.32	$ 0.32	$ 0.33
AFFO [3]	$ 10,616	$ 11,142	$ 10,694	$ 9,137	$ 9,201	$ 8,998	$ 9,465	$ 10,987
AFFO per WA units [3]	$ 0.25	$ 0.25	$ 0.24	$ 0.21	$ 0.20	$ 0.20	$ 0.21	$ 0.24
Total assets	$ 1,315,080	$ 1,336,836	$ 1,375,824	$ 1,388,403	$ 1,416,334	$ 1,472,898	$ 1,474,077	$ 1,478,396
Debt	$ 789,395	$ 798,147	$ 838,126	$ 849,498	$ 871,562	$ 875,227	$ 864,051	$ 872,263
Debt / GBV	60.0%	59.7%	60.9%	61.2%	61.5%	59.4%	58.6%	59.0%
Number of properties [4]	76	79	83	84	85	86	86	86
% leased [3]	93.0%	94.4%	93.3%	93.3%	94.2%	94.3%	93.9%	93.7%
GLA [3]	9,857,715	10,157,833	10,536,332	10,709,564	10,768,319	10,897,059	11,060,145	11,067,372
Grocery-anchored GLA [3]	4,722,267	4,884,476	5,058,302	5,118,919	5,170,584	5,198,055	5,159,693	5,159,693

[1] In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties on January 1st, rather than progressively, i.e. ratably, throughout the year.

[2] Represents the total number of class U units outstanding, if all other units of the REIT, its subsidiaries and its deferred unit plan, were converted or exchanged, as applicable, for class U units of the REIT.

[3] Includes the REIT's share of its equity accounted property investment.

[4] Includes the REIT's acquisition of interest in its equity accounted property investment.

REVENUE

Revenue from properties includes base rent from tenants, straight-line rental income, property tax and operating cost recoveries and other incidental income.

Rental revenue for the three and twelve month periods ended December 31, 2019 decreased by $2.0 million and $2.9 million, respectively, compared to the same periods in the prior year. The decrease is primarily due to the disposition of 10 properties and seven outparcels at certain properties since December 31, 2018, partially offset by incremental revenue associated with the acquisition of one property in the prior year and increases in rental rates from re-leasing and new leasing typically above in-place rent.

Southeastern Grocers, LLC

On May 31, 2018, Southeastern Grocers, LLC ("SEG"), the parent of Winn-Dixie, BI-LO, Fresco y Más and Harveys Supermarket grocery stores successfully emerged from its restructuring previously announced on March 15, 2018. As a result of the Restructuring Support Agreement ("RSA") entered by SEG, the REIT entered into lease amendments with SEG to modify the terms of certain existing leases of the REIT, effective upon SEG's successful emergence from its restructuring. The impact of the lease amendments included minor rent reductions at 6 of the REIT's 10 properties, which the REIT expects to be $0.3 million in rental revenue during 2020, in return for lease term modifications and certain minimum investments to improve or upgrade the existing format at the REIT's properties. For the three and twelve month periods ended December 31, 2019, the rent reductions had an impact of $0.1 million and $0.5 million, respectively. The rent reductions for same-property NOI on a trailing twelve month basis resulted in $0.2 million lower NOI.

PROPERTY OPERATING EXPENSES

Property operating expenses consist of property taxes, property management fees and other expenses including common area costs, utilities and insurance. The majority of the REIT's operating expenses are recoverable from tenants in accordance with the terms of their respective lease agreements. Operating expenses fluctuate with changes in occupancy and levels of repairs and maintenance.

Property operating expenses decreased by $0.7 million for the three month period ended December 31, 2019. The decrease is largely due to the disposition of 10 properties and seven outparcels at certain properties. Property operating expenses for the year ended December 31, 2019 was $41.0 million which represents a $0.5 million increase from the comparative period. The increase is primarily due to increases in property taxes, partially offset by decreases in operating expenses due to property disposition activity from December 31, 2018.

In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties as at January 1st of each year, rather than progressively, i.e. ratably, throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.

OTHER EXPENSES

Other expenses include fees for asset management, legal, trustee services, tax compliance, reporting, marketing, bad debt expenses and franchise and business taxes. Franchise and business taxes are typically billed in the following calendar year to which they relate.

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Asset management fees	$ 1,347	$ 1,485	$ (138)	$ 5,516	$ 5,925	$ (409)
Professional fees and other	813	655	158	3,138	2,773	365
Bad debt expense	215	306	(91)	883	1,105	(222)
Franchise and business taxes	104	94	10	1,180	503	677
Total	**$ 2,479**	**$ 2,540**	**$ (61)**	**$ 10,717**	**$10,306**	**$ 411**
% of total assets	**0.2%**	**0.2%**	**—%**	**0.8%**	**0.7%**	**0.1%**
% of total revenue	**7.2%**	**7.0%**	**0.2%**	**7.6%**	**7.1%**	**0.5%**

Other expenses for the three month period ended December 31, 2019 decreased by $0.1 million from the comparative quarter in 2018. The decrease is mainly due to decreases in asset management fees, partially offset by an increase in franchise and business taxes. Other expenses for the year ended December 31, 2019 was $10.7 million, which represents a $0.4 million increase from the same period in the prior year. The increase is attributed to the increase in franchise and business taxes and professional fees and other, partially offset by the decrease in asset management fees due to the disposition of 10 properties and seven outparcels at certain properties over the period.

INTEREST EXPENSE AND OTHER FINANCING COSTS, NET

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Interest on debt and finance charges	$ 8,352	$ 9,983	$ (1,631)	$ 37,190	$ 36,805	$ 385
Interest rate swaps, net settlement	344	(518)	862	(1,790)	(2,067)	277
Foreign exchange forward contract, net settlement	—	—	—	(24)	—	(24)
Interest income	(4)	(23)	19	(19)	(95)	76
Interest income on notes receivable	—	(190)	190	(51)	(752)	701
Amortization of finance charges	501	493	8	2,062	1,950	112
Amortization of mark-to-market premium	(91)	(92)	1	(364)	(353)	(11)
Interest income on TIF notes receivable	(17)	(24)	7	(74)	(99)	25
Interest expense on TIF notes payable	—	—	—	—	122	(122)
Amortization of deferred gain on TIF notes	(21)	(21)	—	(87)	(87)	—
Total	**$ 9,064**	**$ 9,608**	**$ (544)**	**$ 36,843**	**$ 35,424**	**$ 1,419**

The following shows the change in interest on debt and finance charges, net of interest swaps for the three month period ended December 31, 2019 compared to the same period in the prior year:

Interest on debt and finance charges, net of interest rate swaps, December 31, 2018	$ 9,465
Change in interest rates, net of interest rate hedges[1 2]	8
Decrease in debt outstanding	(817)
Increase in standby fee	40
Interest on debt and finance charges, net of interest rate swaps, December 31, 2019	**$ 8,696**
Year-over-year change – $	**$ (769)**
Year-over-year change – %	**(8.1)%**

[1] The weighted average interest rate cost of the REIT's floating rate debt, net of interest rate swaps for the three month period ended December 31, 2019 is 3.79% (December 31, 2018 – 4.30%).

[2] The average U.S. LIBOR for the three month period ended December 31, 2019 was 1.75%, which represents a 0.51% decrease from the same period in 2018. At December 31, 2019, the REIT fixed 107.6% of its floating rate debt, compared to 99.2% at December 31, 2018.

Interest expense and other finance costs, net consists of interest paid on the revolving credit facility ("revolver"), term loans, mortgages and interest rate swap contracts, as well as standby fees paid on the REIT's revolver.

Interest on debt, net of interest rate swaps decreased by $0.8 million for the three month period ended December 31, 2019 compared to the same period in 2018, primarily due to a decrease in debt levels by $83.9 million. For the year ended December 31, 2019 interest on debt, net of interest rate swaps was $35.4 million, an increase of $0.7 million from prior year. The increase is primarily due to increased costs of the REIT's debt driven by the higher weighted average one-month U.S. LIBOR rates over the comparative period from 4.07% to 4.26% including the impact of fixed rate swaps. The increase was partially offset by periods of lower indebtedness from $83.9 million in net repayments from the disposition of 10 properties and seven outparcels at certain properties and cash on hand. The REIT's revolver is redrawn from time-to-time to fund operating and investing activities.

The REIT's pay-fixed, receive-float interest rate swaps hedge the cash flow risk associated with one-month U.S. LIBOR based interest payments, with 107.6% of the REIT's debt subject to fixed rates at December 31, 2019. The weighted average fixed rate of the REIT's interest rate swaps was 2.03% compared to the one-month U.S. LIBOR at 1.79% at December 31, 2019, with a weighted average term to maturity of 2.9 years. Under this arrangement, the REIT has paid $0.3 million and received $0.5 million of net interest payments in current quarter and comparative period, respectively.

Subsequent to year end, the REIT terminated $150.0 million of its $300.0 million interest rate swap, with an effective date of November 2, 2016. The realized gain as a result of the termination was blended into the pay-fixed rate of the REIT’s $100.0 million interest rate swap, with an effective date of September 1, 2017, which was reduced to 1.41% and resulted in an increase to the weighted average pay-fixed rate of the REIT's swap portfolio to 2.205%.

The REIT does not capitalize interest for its projects under development. To date, redevelopment spend has been funded by cash from operations. Interest expense is recognized as incurred in income which is not comparable to other REITs or other corporations that capitalize interest.

FAIR VALUE ADJUSTMENTS ON REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

Class B units of Slate Retail One L.P. and Slate Retail Two L.P. and exchangeable limited partnership units of GAR B all of which are issued by subsidiaries of the REIT (collectively, the "exchangeable units of subsidiaries") are classified as financial liabilities under IFRS and are measured at fair value with any changes in fair value recognized in unit expense in the consolidated statements of income. The fair value is re-measured at the end of each reporting period. An unrealized gain represents a decrease in the fair value per unit whereas an unrealized loss represents an increase in the fair value per unit. The fair value per unit on December 31, 2019 was $10.11 (December 31, 2018 – $8.61). Changes in fair value of exchangeable units of subsidiaries are non-cash in nature and are required to be recorded in income under IFRS.

Subdivision

In the 2018 year, the REIT completed various steps to have its units presented as equity in its consolidated financial statements. The changes included the approval of a special resolution of an amendment to and restatement of the Declaration of Trust of the REIT (the “Third A&R DOT”) making the features of the class A units, class I units and class U units identical among all three classes, among other things. Also on May 1, 2018, the board of trustees of the REIT approved the subdivision of each of the: (i) class A units issued and outstanding on May 3, 2018 (the “record date”) on the basis of a subdivision ratio of one pre-subdivision class A unit for 1.0078 post-subdivision class A units; and (ii) class I units issued and outstanding on the record date on the basis of a subdivision ratio of one pre-subdivision class I unit for 1.0554 class I units (the "Subdivision"). The Third A&R DOT and the Subdivision were undertaken contemporaneously and the impact of such actions did not change the relative economics of the different classes of units of the REIT.

The Subdivision was completed on May 11, 2018. As a consequence of the Subdivision, the proportionate entitlement of the class A units and class I units with respect to distributions from the REIT has been adjusted to 1.0 and all class A units, class I units and class U units have equal rights with respect to distributions from the REIT, redemptions of units and on the termination of the REIT. Each class A unit and each class I unit have remained convertible into a class U unit but the conversation ratio is on a one-for-one-basis. The REIT issued an additional 3 thousand class A units and 15 thousand class I units as a result of the Subdivision. The fair value of the REIT units of $435.3 million at May 11, 2018 were classified as equity. Prior to this date, REIT units were classified as financial liabilities under IFRS with changes in fair value recorded in income in the period of change. On May 11, 2018, the fair value of a REIT unit was $9.93.

For the three and twelve month periods ended December 31, 2019, the REIT recognized an unrealized fair value gain of $0.4 million and $2.7 million, respectively, on the exchangeable units of subsidiaries as a result of the change in fair value per unit over the respective comparative period.

NET INCOME

For the three and twelve month periods ended December 31, 2019 net income increased by $23.0 million and $23.9 million, respectively, compared to the same periods in the prior year. The increase is primarily driven by an increase in the change in fair value of properties, partially offset by the aforementioned decreases in revenue.

NOI

NOI is a non-IFRS measure and is defined by the REIT as property rental revenue, excluding non-cash straight-line rent, less property operating expenses after adjusting for the impact of IFRIC 21 property tax accounting adjustments. Rental revenue excludes revenue recorded as a result of recording rent on a straight-line basis for IFRS which management believes reflects the cash generation activity of the REIT's properties. NOI is an important measure of the income generated from the REIT's properties and is used by the REIT in evaluating the performance of its properties. NOI may not be comparable with similar measures presented by other entities and is not to be construed as an alternative to net income or cash flow from operating activities determined in accordance with IFRS.

The following is a calculation of NOI:

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Rental revenue	$ 34,338	$ 36,301	$ (1,963)	$ 141,315	$ 144,213	$ (2,898)
Straight-line rent revenue	(118)	(331)	213	(1,640)	(2,572)	932
Property operating expenses	(5,029)	(5,747)	718	(41,031)	(40,509)	(522)
IFRIC 21 property tax adjustment	(4,934)	(4,870)	(64)	—	(200)	200
Adjustments for equity investment	9	—	9	83	—	83
NOI	**$ 24,266**	**$ 25,353**	**$ (1,087)**	**$ 98,727**	**$100,932**	**$ (2,205)**
NOI margin	**70.9%**	**70.5%**	**0.4%**	**70.7%**	**71.3%**	**(0.6)%**

The following shows the change in NOI for the three month period ended December 31, 2019 compared to the same period in the prior year:

NOI, December 31, 2018	$	25,353
Change in same-property NOI		(187)
Increased contribution from redeveloped properties		13
Increased contribution from properties under redevelopment		288
Acquisition of interest in property		5
Loss of contribution from dispositions, including outparcel sales		(1,206)
NOI, December 31, 2019	**$**	**24,266**
Year-over-year change – $	**$**	**(1,087)**
Year-over-year change – %		**(4.3)%**

NOI for the three month period ended December 31, 2019 was $24.3 million, which represents a decrease of $1.1 million from the same period in 2018. The decrease is primarily due to the impact of a loss in revenue contribution from the disposition of 10 properties and seven outparcels at certain properties from December 31, 2018. This was partially offset by the incremental rental revenue associated with one property acquired from the prior year, uplifts in rental rates from re-leasing, and new leasing typically above in-place rent.

The following shows the change in NOI for the three month period ended December 31, 2019 compared to the immediately preceding quarter:

NOI, September 30, 2019	$	24,385
Change in same-property NOI		48
Increased contribution from properties under redevelopment		357
Loss of contribution from dispositions, including outparcel sales		(524)
NOI, December 31, 2019	**$**	**24,266**
Quarter-over-quarter change – $	**$**	**(119)**
Quarter-over-quarter change – %		**(0.5)%**

NOI for the current quarter decreased by $0.1 million from the third quarter of 2019 to $24.3 million. This is largely due to the disposition of properties and temporary vacancies, partially offset by higher termination fees and uplifts in rental rates from new leasing typically above in-place rent.

SAME-PROPERTY NOI

Same-property NOI is a non-IFRS measure and is defined by the REIT as rental revenue, excluding non-cash straight-line rent, less property operating cost expenses after adjusting for the impact of IFRIC 21 property tax accounting adjustments for those properties owned by the REIT for the entirety of each of the current period and the relevant comparative period excluding those properties under redevelopment. For the three month period ended December 31, 2019, the same-property portfolio is comprised of a portfolio of 68 properties owned and in operation for each of the entire three month periods ended December 31, 2019 and 2018.

Same-property NOI is an important measure of the income generated from the REIT's properties period-over-period, but without consideration of acquisition and disposition activity, and is used by the REIT in evaluating the performance of its properties. The REIT seeks to increase or maintain same-property NOI through high-occupancy, increasing rents on renewal to market rents and by signing leases with embedded rent increases throughout the term of the lease. For the 12 most recently completed quarters, the REIT has achieved eight positive same-property NOI growth quarters therein.

The following is a summary of same-property NOI and the related occupancy rates for the three month period ended December 31, 2019 as compared to the same period in the prior year, reconciled to total NOI:

	Number of properties	Three months ended December 31, 2019	2018	Variance	% change
Same-property NOI	**68**	**$ 21,511**	**$ 21,698**	**$ (187)**	**(0.9)%**
NOI attributable to redeveloped properties	1	233	220	13	
NOI attributable to properties under redevelopment	6	1,844	1,556	288	
NOI attributable to acquisition of interest in property[1]	1	5	—	5	
NOI attributable to dispositions, including outparcel sales	30	673	1,879	(1,206)	
Total NOI[1]		**$ 24,266**	**$ 25,353**	**$ (1,087)**	**(4.3)%**
Occupancy, same-property	**68**	**95.1%**	**95.8%**	**(0.7)%**	
Occupancy, redeveloped properties	1	94.0%	92.9%	1.1 %	
Occupancy, properties under redevelopment	6	71.7%	92.0%	(20.3)%	
Occupancy, acquisition of interest in property[1]	1	85.9%	—%	85.9 %	
Occupancy, dispositions, including outparcel sales	30	86.8%	86.8%	— %	
Occupancy, portfolio[1]		**93.0%**	**94.2%**	**(1.2)%**	

[1] Includes the REIT's share of its equity accounted property investment.

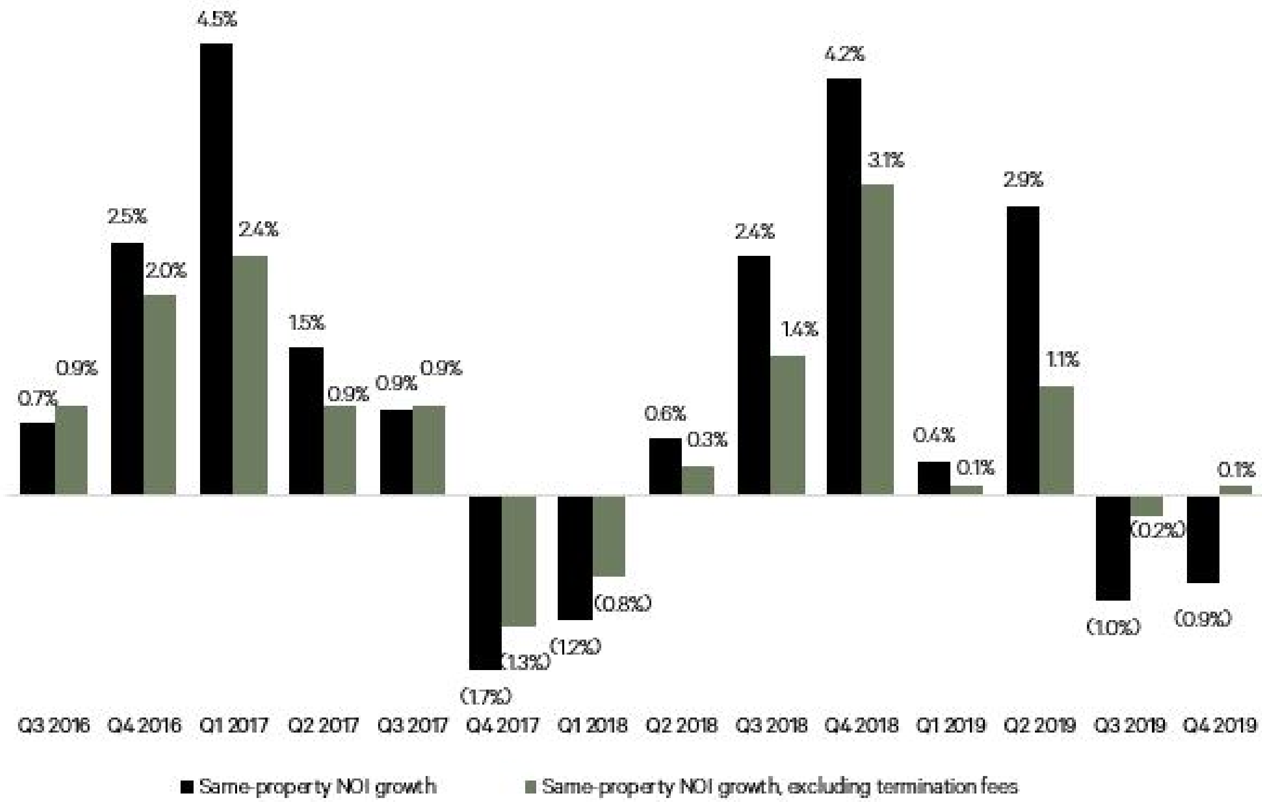
Same-property NOI for the current quarter decreased by $0.2 million to $21.5 million over the comparative period. The decrease was primarily attributed to a $0.2 million decrease in termination fees related to shop space tenants, partially offset by increases in rental rates from re-leasing above average in-place rent of the properties and new leasing above comparable market rental rates.

Same-property NOI by quarter and percentage change over the relevant comparative period for the respective quarter is as follows:

	Number of properties	Same-property NOI	Same-property % change	Same-property % change, excluding termination fees
Q2 2016	41	11,101	(1.0)%	(1.3)%
Q3 2016	49	13,791	0.7 %	0.9 %
Q4 2016	49	15,229	2.5 %	2.0 %
Q1 2017	56	16,187	4.5 %	2.4 %
Q2 2017	56	15,980	1.5 %	0.9 %
Q3 2017	56	15,304	0.9 %	0.9 %
Q4 2017	57	15,477	(1.7)%	(1.3)%
Q1 2018	62	16,555	(1.2)%	(0.8)%
Q2 2018	64	17,403	0.6 %	0.3 %
Q3 2018	65	18,226	2.4 %	1.4 %
Q4 2018	77	22,691	4.2 %	3.1 %
Q1 2019	76	22,908	0.4 %	0.1 %
Q2 2019	75	23,816	2.9 %	1.1 %
Q3 2019	72	22,246	(1.0)%	(0.2)%
Q4 2019	68	21,511	(0.9)%	0.1 %

Termination income is included in the REIT's definition of same-property NOI, however, can be substantial and does not occur frequently. The following is a table summarizing same-property NOI growth excluding the impact of terminations fees:

Same-property NOI Growth, Year-over-Year



The following is a summary of same-property NOI and the related occupancy rates on a trailing twelve month basis as at December 31, 2019, as compared to the same period in the prior year reconciled to total NOI:

	Number of properties	Trailing twelve months, December 30,			
		2019	2018	Variance	% change
Same-property NOI	**64**	**$ 79,364**	**$ 78,851**	**$ 513**	**0.7 %**
NOI attributable to redeveloped properties	2	960	505	455	
NOI attributable to properties under redevelopment	6	6,108	5,863	245	
NOI attributable to acquisitions [1]	4	7,533	6,781	752	
NOI attributable to dispositions, including outparcel sales	33	4,762	8,932	(4,170)	
Total NOI [1]		**$ 98,727**	**$ 100,932**	**$ (2,205)**	**(2.2)%**
Occupancy, same-property	**64**	**95.1%**	**95.6%**	**(0.5)%**	
Occupancy, redeveloped properties	2	92.7%	96.8%	(4.1)%	
Occupancy, properties under redevelopment	6	71.7%	92.0%	(20.3)%	
Occupancy, acquisitions [1]	4	93.8%	96.6%	(2.8)%	
Occupancy, dispositions, including outparcel sales	33	86.8%	86.8%	— %	
Occupancy, portfolio [1]		**93.0%**	**94.2%**	**(1.2)%**	

[1] Includes the REIT's share of its equity accounted property investment.

Same-property NOI increased by $0.5 million or 0.7% for the trailing twelve month period ended December 31, 2019 over the same period in the prior year. This is primarily due to increases in rental rates from re-leasing above average in-place rent and new leasing above comparable market rental rates and $0.1 million increase in termination fees related to shop space tenants, partially offset by the $0.2 million decrease as a result of the Winn-Dixie and BI-LO rent reductions due to SEG's successful emergence from restructuring. Including the impact of the completion of redevelopment projects over the comparative period, same-property NOI increased by 1.2% over the period.

FFO

FFO is a non-IFRS measure and real estate industry standard for evaluating operating performance. The REIT calculates FFO in accordance with the definition provided by the REALPAC in its White Paper on FFO and AFFO for IFRS, as revised in February 2017. FFO is an important measure of the operating performance of REITs and is used by the REIT in evaluating the combined performance of its operations and the impact of its capital structure.

In calculating FFO, the REIT makes adjustments to the change in the fair value of properties, change in fair value of interest rate hedges recognized in income, deferred income tax expense, unit expense (income) and IFRIC 21 accounting related adjustments.

The following is a reconciliation of net income (loss) to FFO:

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Net income (loss)	**$ 14,016**	**$ (9,017)**	**$ 23,033**	**$ 26,323**	**$ 2,461**	**$ 23,862**
Change in fair value of financial instruments	(284)	—	(284)	4,374	—	4,374
Disposition costs	1,331	575	756	6,698	2,201	4,497
Change in fair value of properties	(3,015)	33,419	(36,434)	1,446	66,686	(65,240)
Deferred income tax expense (recovery)	5,045	(4,223)	9,268	9,565	(4,021)	13,586
Unit expense (income)	676	(2,348)	3,024	4,469	(9,353)	13,822
Adjustments for equity investment	(185)	—	(185)	(280)	—	(280)
IFRIC 21 property tax adjustment	(4,934)	(4,870)	(64)	—	(200)	200
FFO	**$ 12,650**	**$ 13,536**	**$ (886)**	**$ 52,595**	**$ 57,774**	**$ (5,179)**
FFO per WA unit	**$ 0.29**	**$ 0.30**	**$ (0.01)**	**$ 1.20**	**$ 1.27**	**$ (0.07)**
WA number of units outstanding	**43,145**	**44,971**	**(1,826)**	**43,906**	**45,639**	**(1,733)**

The following is a calculation of FFO from NOI:

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
NOI	$ 24,266	$ 25,353	$ (1,087)	$ 98,727	$100,932	$ (2,205)
Straight-line rent revenue	118	331	(213)	1,640	2,572	(932)
Other expenses	(2,479)	(2,540)	61	(10,717)	(10,306)	(411)
Cash interest, net [1]	(8,654)	(9,207)	553	(35,145)	(33,827)	(1,318)
Finance charge and mark-to-market adjustments	(410)	(401)	(9)	(1,698)	(1,597)	(101)
Adjustments for equity investment	(77)	—	(77)	(212)	—	(212)
Current income tax expense	(114)	—	(114)	—	—	—
FFO	**$ 12,650**	**$ 13,536**	**$ (886)**	**$ 52,595**	**$ 57,774**	**$ (5,179)**

[1] Cash interest, net is comprised of total interest expense less amortization of finance charges and mark-to-market adjustments.

FFO for the three month period ended December 31, 2019 decreased by $0.9 million compared to the same quarter in the prior year. The decrease is primarily due to the aforementioned decreases to NOI and increases to current income tax expense. FFO for the year ended December 31, 2019 was $52.6 million which represents a $5.2 million decrease from the comparative period, primarily driven by the aforementioned decrease to NOI, increases in cash interest paid and decreases to straight-line rent revenue.

AFFO

AFFO is a non-IFRS measure that is used by management of the REIT, certain of the real estate industry and investors to measure recurring cash flows, including certain capital costs, leasing costs, tenant improvements and the impact of non-cash revenue. As described above, the REIT calculates AFFO as FFO adjusted for capital expenditures, leasing costs, tenant improvements and straight-line rent. The REIT's calculation is consistent with AFFO as calculated by REALPAC in its White Paper on FFO and AFFO for IFRS, as revised in February 2017. However, the REIT uses AFFO as a cash flow measure and considers it a meaningful measure used to evaluate the cash available for distribution to unitholders, while REALPAC considers AFFO as a recurring economic earnings measure. Accordingly, the REIT's use and calculation of AFFO may be different than the use or as disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others.

The following is a reconciliation of cash flow from operations as included in the REIT's consolidated cash flow statement to AFFO:

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Cash flow from operations	**$ 9,533**	**$ 9,065**	**$ 468**	**$ 44,478**	**$ 57,823**	**$ (13,345)**
Changes in non-cash working capital items	2,104	3,708	(1,604)	1,375	(4,136)	5,511
Disposition costs	1,331	575	756	6,698	2,201	4,497
Finance charge and mark-to-market adjustments	(410)	(401)	(9)	(1,698)	(1,597)	(101)
Interest, net and TIF note adjustments	42	258	(216)	231	911	(680)
Adjustments for equity investment	(68)	—	(68)	(129)	—	(129)
Capital	(568)	(1,397)	829	(2,514)	(5,555)	3,041
Leasing costs	(489)	(621)	132	(1,562)	(2,871)	1,309
Tenant improvements	(859)	(1,986)	1,127	(5,290)	(8,125)	2,835
AFFO	**$ 10,616**	**$ 9,201**	**$ 1,415**	**$ 41,589**	**$ 38,651**	**$ 2,938**

In calculating AFFO, the REIT makes adjustments to FFO for certain items including capital, leasing costs, tenant improvements and straight-line rental revenue.

The following is a reconciliation of FFO to AFFO:

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
FFO	$ 12,650	$ 13,536	$ (886)	$ 52,595	$ 57,774	$ (5,179)
Straight-line rental revenue	(118)	(331)	213	(1,640)	(2,572)	932
Capital	(568)	(1,397)	829	(2,514)	(5,555)	3,041
Leasing costs	(489)	(621)	132	(1,562)	(2,871)	1,309
Tenant improvements	(859)	(1,986)	1,127	(5,290)	(8,125)	2,835
AFFO	**$ 10,616**	**$ 9,201**	**$ 1,415**	**$ 41,589**	**$ 38,651**	**$ 2,938**
AFFO per WA unit	**$ 0.25**	**$ 0.20**	**$ 0.05**	**$ 0.95**	**$ 0.85**	**$ 0.10**
WA number of units outstanding	**43,145**	**44,971**	**(1,826)**	**43,906**	**45,639**	**(1,733)**

The following is a reconciliation of net income (loss) to AFFO:

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Net income (loss)	**$ 14,016**	**$ (9,017)**	**$ 23,033**	**$ 26,323**	**$ 2,461**	**$ 23,862**
Change in fair value of financial instruments	(284)	—	(284)	4,374	—	4,374
Disposition costs	1,331	575	756	6,698	2,201	4,497
Change in fair value of properties	(3,015)	33,419	(36,434)	1,446	66,686	(65,240)
Deferred income tax expense (recovery)	5,045	(4,223)	9,268	9,565	(4,021)	13,586
Unit expense (income)	676	(2,348)	3,024	4,469	(9,353)	13,822
Adjustments for equity investment	(185)	—	(185)	(280)	—	(280)
IFRIC 21 property tax adjustment	(4,934)	(4,870)	(64)	—	(200)	200
FFO	**$ 12,650**	**$ 13,536**	**$ (886)**	**$ 52,595**	**$ 57,774**	**$ (5,179)**
Straight-line rental revenue	(118)	(331)	213	(1,640)	(2,572)	932
Capital	(568)	(1,397)	829	(2,514)	(5,555)	3,041
Leasing costs	(489)	(621)	132	(1,562)	(2,871)	1,309
Tenant improvements	(859)	(1,986)	1,127	(5,290)	(8,125)	2,835
AFFO	**$ 10,616**	**$ 9,201**	**$ 1,415**	**$ 41,589**	**$ 38,651**	**$ 2,938**

The following is a calculation of AFFO from NOI:

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
NOI	$ 24,266	$ 25,353	$ (1,087)	$ 98,727	$100,932	$ (2,205)
Other expenses	(2,479)	(2,540)	61	(10,717)	(10,306)	(411)
Cash interest, net [1]	(8,654)	(9,207)	553	(35,145)	(33,827)	(1,318)
Finance charge and mark-to-market adjustments	(410)	(401)	(9)	(1,698)	(1,597)	(101)
Current income tax expense	(114)	—	(114)	—	—	—
Adjustments for equity investment	(77)	—	(77)	(212)	—	(212)
Capital	(568)	(1,397)	829	(2,514)	(5,555)	3,041
Leasing costs	(489)	(621)	132	(1,562)	(2,871)	1,309
Tenant improvements	(859)	(1,986)	1,127	(5,290)	(8,125)	2,835
AFFO	**$ 10,616**	**$ 9,201**	**$ 1,415**	**$ 41,589**	**$ 38,651**	**$ 2,938**

[1] Cash interest, net is comprised of total interest expense less amortization of finance charges and mark-to-market adjustments.

AFFO for the three and twelve month periods ended December 31, 2019 was $10.6 million and $41.6 million, which represents a $1.4 million and $2.9 million increase from the respective comparative period, driven by a decrease in capital, leasing costs and tenant improvement spend, partially offset the aforementioned decrease to NOI.

If the REIT calculated capital, leasing and tenant improvement spend as 10.0% of NOI in the current quarter, which is representative of the REIT's historical sustaining capital, leasing and tenant improvement costs, the REIT would have a modified AFFO per unit of $0.23.

Capital improvements may include, but are not limited to, items such as parking lot resurfacing and roof replacements. These items are recorded as part of properties. Tenant improvements, leasing commissions, landlord work and maintenance capital expenditures can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and management's capital plan for the period. Such costs are generally expended for purposes of tenanting and extending existing leases, which create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on value-add opportunities to revitalize, undertake space improvements and generally maintain the high quality of the properties and tenants. As a result of the natural variability of such costs, the REIT's calculation of AFFO will be variable when comparing current period results to prior periods.

Capital, leasing costs and tenant improvements

During the fourth quarter capital improvements were completed across the portfolio. The majority of capital improvements were completed concurrent to leasing at the REIT's properties with the remainder as minor improvements. The remaining leasing costs were generally related to the high volume of new and renewal activity, totaling 52 leases executed in the current quarter. Leasing costs were well spread out across each deal with no one deal representing a large percentage of the total expenditure. Leasing costs to secure new tenants are generally higher than the costs to renew in-place tenants. In addition to property reinvestment, the leasing capital was comprised of fees related to tenant improvement allowances and other direct leasing costs, such as broker commissions and legal costs. To date the REIT has funded capital and leasing costs using cash flows from operations.

The following is a reconciliation of net income to AFFO using a non-GAAP measure. With the exception of net income, the table includes figures that are recorded as an equity investment, information that is not explicitly disclosed or presented in the consolidated financial statements.

	Three months ended December 31, 2019			Year ended December 31, 2019		
	REIT	Equity investment	Total (Non-GAAP)	REIT	Equity investment	Total (Non-GAAP)
Rental revenue	$ 34,338	$ 54	$ 34,392	$ 141,315	$ 262	$ 141,577
Property operating expenses	(5,029)	(29)	(5,058)	(41,031)	(137)	(41,168)
Other expenses	(2,479)	—	(2,479)	(10,717)	15	(10,702)
Interest expense and other financing costs, net	(9,064)	(77)	(9,141)	(36,843)	(227)	(37,070)
Disposition costs	(1,331)	—	(1,331)	(6,698)	—	(6,698)
Change in fair value of financial instruments	284	—	284	(4,374)	—	(4,374)
Change in fair value of properties	3,015	169	3,184	(1,446)	238	(1,208)
Deferred income tax expense	(5,045)	—	(5,045)	(9,565)	—	(9,565)
Current income tax expense	(114)	—	(114)	—	—	—
Unit expense	(676)	—	(676)	(4,469)	—	(4,469)
Net income	**$ 13,899**	**$ 117**	**$ 14,016**	**$ 26,172**	**$ 151**	**$ 26,323**
Disposition costs	1,331	—	1,331	6,698	—	6,698
Change in fair value of financial instruments	(284)	—	(284)	4,374	—	4,374
Change in fair value of properties	(3,015)	(169)	(3,184)	1,446	(238)	1,208
Deferred income tax expense	5,045	—	5,045	9,565	—	9,565
Unit expense	676	—	676	4,469	—	4,469
IFRIC 21 property tax adjustment	(4,934)	(16)	(4,950)	—	(42)	(42)
FFO	**$ 12,718**	**$ (68)**	**$ 12,650**	**$ 52,724**	**$ (129)**	**$ 52,595**
Straight-line rental revenue	(118)	—	(118)	(1,640)	—	(1,640)
Capital	(568)	—	(568)	(2,514)	—	(2,514)
Leasing costs	(489)	—	(489)	(1,562)	—	(1,562)
Tenant improvements	(859)	—	(859)	(5,290)	—	(5,290)
AFFO	**$ 10,684**	**$ (68)**	**$ 10,616**	**$ 41,718**	**$ (129)**	**$ 41,589**

DISTRIBUTIONS

The REIT's current monthly distribution to unitholders is $0.072 per class U unit or $0.864 per class U unit on an annualized basis. Distributions decreased by $0.2 million and $1.0 million for the three and twelve month periods ended December 31, 2019 from the respective comparative periods. The decrease is due to the 1.7 million units repurchased under the REIT's NCIB over the period and the SIB completed February 20, 2019, partially offset by the 1.8% distribution increase in December 2018.

The following table summarizes the REIT's distributions and reconciliation to distributions paid or settled:

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Declared						
REIT units distributions[1]	$ 8,978	$ 8,971	$ 7	$ 35,862	$ 36,606	$ (744)
Exchangeable units of subsidiaries distributions	232	467	(235)	1,569	1,871	(302)
	$ 9,210	**$ 9,438**	**$ (228)**	**$ 37,431**	**$ 38,477**	**$ (1,046)**
Add: Distributions payable, beginning of period	3,133	3,198	(65)	3,157	3,249	(92)
Less: Distributions payable, end of period[1]	(3,029)	(3,157)	128	(3,029)	(3,157)	128
Distributions paid or settled	**$ 9,314**	**$ 9,479**	**$ (165)**	**$ 37,559**	**$ 38,569**	**$ (1,010)**
Paid in cash	**$ 9,399**	**$ 9,479**	**$ (80)**	**$ 37,559**	**$ 37,422**	**$ 137**
Reinvested in units	**$ —**	**$ —**	**$ —**	**$ —**	**$ 1,147**	**$ (1,147)**

[1] Effective May 11, 2018, the class A, class I and class U units of the REIT have been presented within unitholders' equity.

The following table summarizes the monthly distributions declared to unitholders by year:

Month	2019	2018	2017	2016	2015	2014
January	$ 0.07125	$ 0.07000	$ 0.06750	$ 0.06489	$ 0.06300	$ —
February	0.07125	0.07000	0.06750	0.06489	0.06300	—
March	0.07125	0.07000	0.06750	0.06489	0.06300	—
April	0.07125	0.07000	0.06750	0.06489	0.06300	0.03000
May	0.07125	0.07000	0.06750	0.06489	0.06300	0.06000
June	0.07125	0.07000	0.06750	0.06489	0.06300	0.06000
July	0.07125	0.07000	0.06750	0.06489	0.06300	0.06000
August	0.07125	0.07000	0.06750	0.06489	0.06300	0.06000
September	0.07125	0.07000	0.06750	0.06750	0.06300	0.06000
October	0.07125	0.07000	0.06750	0.06750	0.06300	0.06000
November	0.07125	0.07000	0.07000	0.06750	0.06300	0.06300
December	0.07200	0.07125	0.07000	0.06750	0.06489	0.06300
Total	**$ 0.85575**	**$ 0.84125**	**$ 0.81500**	**$ 0.78912**	**$ 0.75789**	**$ 0.51600**

In April of 2014 the REIT listed its class U units on the TSX. In conjunction with the REIT's listing of its class U units on the TSX the REIT commenced a distribution policy, with a monthly distribution of $0.06 per unit. In November 2014, the REIT increased the distribution rate by 5.0% to $0.063 and again in December 2015 increased the distribution 3.0% to $0.06489. Beginning with the September 2016 distribution, the REIT increased the distribution by 4.0% to $0.0675 a month and in November 2017, the REIT increased the distribution rate by 3.7% to $0.07. In December 2018 the REIT increased the distribution rate by 1.8% to $0.07125. On December 16, 2019, the REIT announced a 1.1% increase of its monthly distribution to $0.072 per class U unit or $0.864 per class U unit on an annualized basis. The increased distribution is the sixth consecutive annual distribution increase by the REIT since listing on the TSX in 2014. Class A and I unitholders of REIT units and holders of exchangeable units of subsidiaries are entitled to a distribution equal to a class U unit distribution.

Effective March 15, 2018 the REIT elected to suspend its distribution reinvestment plan ("DRIP"), which allowed holders of REIT units to elect to receive their distributions in the form of class U units for holders of class A units, class I units and class U units. The REIT undertook this course of action given the dilutive impact at current market trading levels.

Taxation of distributions

The REIT qualifies as a "mutual fund trust" under the Income Tax Act (Canada). For taxable Canadian resident REIT unitholders, the REIT's distributions were treated as follows for tax purposes for the three most recent years:

Taxation year, on a per dollar of distribution	Return of capital	Capital gains	Other income
2018	78.0%	—	22.0%
2017	44.0%	—	56.0%
2016	35.0%	—	65.0%
2015 (January to May)[1]	45.0%	—	55.0%
2015 (June to December)[1]	39.0%	—	61.0%
2014	48.0%	—	52.0%

[1] The change in return of capital and other income in the 2015 year is due to a deemed year end resulting from the acquisition of net assets of Slate U.S. Opportunity (No. 3) Realty Trust.

FFO payout ratio

The FFO payout ratio is a non-IFRS measure that provides a representation of the distributions generated by the REIT compared to FFO. Management uses this measure on a total and per unit basis to evaluate the REIT's ability to sustain its distributions. The FFO payout ratio is calculated by dividing aggregate distributions made in respect of REIT units and exchangeable units of subsidiaries by FFO during the period of measurement.

The FFO payout ratio was 72.8% and 71.2% for the three and twelve month periods ended December 31, 2019, representing a 3.1% and 4.6% increase from the respective comparative periods as a result of decreases in FFO due to the disposition of 10 properties and seven outparcels at certain properties, partially offset by decreases in distributions declared due to repurchases from December 31, 2018.

The table below illustrates the REIT's cash flow capacity, based on FFO, in comparison to its cash distributions:

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
FFO	$ 12,650	$ 13,536	$ 52,595	$ 57,774
Distributions declared[1]	(9,210)	(9,438)	(37,431)	(38,477)
Excess of FFO over distributions declared	**$ 3,440**	**$ 4,098**	**$ 15,164**	**$ 19,297**
FFO payout ratio	**72.8%**	**69.7%**	**71.2%**	**66.6%**

[1] Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

AFFO payout ratio

The AFFO payout ratio is a non-IFRS measure that provides a representation of the distributions generated by the REIT compared to AFFO. Management uses this measure on a total and per unit basis to evaluate the REIT's ability to sustain its distributions. The AFFO payout ratio is calculated by dividing aggregate distributions made in respect of REIT units and exchangeable units of subsidiaries by AFFO during the period of measurement.

As described above, the REIT's determination of AFFO includes actual capital, leasing costs and tenant improvements, which can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and management's capital plan for the period. As a result of the natural variability of such costs, the REIT's calculation of its AFFO payout ratio will be variable when comparing current period results to prior periods, and accordingly, inherently more volatile than the REIT's FFO payout ratio which does not include such costs. The actual ratio may from time-to-time be outside of this range.

One of the REIT's key objectives is to maintain an AFFO payout ratio that provides steady and reliable distributions to unitholders. As a result, the REIT is focused on maintaining a policy that provides a high level of certainty that the distribution will be maintained over time. Currently, the REIT's monthly distribution to unitholders was $0.072 per class U unit or $0.864 on an annualized basis.

The AFFO payout ratio for the twelve month periods ended December 31, 2019 and December 31, 2018 was 90.0% and 99.5%, respectively, which represents a 9.5% decrease. On a trailing twelve month basis, the AFFO payout ratio was 91.0%, which represents an 8.5% decrease over the same period in the prior year. On a pro forma basis, using annualized fourth quarter AFFO and the current distribution of $0.072 per month, the AFFO payout ratio would be 86.4%.

The table below illustrates the REIT's cash flow capacity, based on AFFO, in comparison to its cash distributions:

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
AFFO	$ 10,616	$ 9,201	$ 41,589	$ 38,651
Distributions declared [1]	(9,210)	(9,438)	(37,431)	(38,477)
Excess of AFFO over distributions declared	**$ 1,406**	**$ (237)**	**$ 4,158**	**$ 174**
AFFO payout ratio	**86.8%**	**102.6%**	**90.0%**	**99.5%**

[1] Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

Impact of interest rate changes

As described above, one of the REIT's key objectives is to maintain a conservative AFFO payout ratio in order to continue to provide steady and reliable distributions to unitholders. Management targets an AFFO payout ratio between 70% and 80% over time. The actual ratio may from time-to-time be outside of this range as a result of operational results, including changes in interest rates, and the timing of capital and leasing costs. Management expects there will be normal deviations from this rate due to timing and natural volatility in the operations of the business. Management evaluates various factors in determining the appropriate distribution policy including estimates of future NOI, near-term grocery-anchor lease turnover, future capital requirements and interest rate changes.

In order to mitigate interest rate risk, the REIT has entered into $750.0 million notional amount pay-fixed receive-float interest rate swap contracts to hedge the cash flow risk associated with monthly U.S. LIBOR based interest payments on a portion of the REIT's floating rate debt. As a result of the interest rate swaps, 107.6% of the REIT's debt is now subject to fixed rates. The weighted average fixed rate of the REIT's interest rate swaps was 2.03% in comparison to one-month U.S. LIBOR at 1.79% at December 31, 2019 with a weighted average term to maturity of 2.9 years.

The terms of the interest rate swaps are as follows:

					Total/ Weighted average
Effective date	November 2, 2016	September 1, 2017	August 22, 2018	August 22, 2018	
Pay-fixed rate	1.104%	1.715%	2.884%	2.925%	**2.0257%**
Notional amount	$ 300,000	$ 100,000	$ 175,000	$ 175,000	**$ 750,000**
Receive-floating rate	One-month LIBOR	One-month LIBOR	One-month LIBOR	One-month LIBOR	
Maturity date	February 26, 2021	September 22, 2022	August 22, 2023	August 22, 2025	
Remaining term (years)	1.2	2.7	3.6	5.6	**2.9**

Subsequent to year end, the REIT terminated $150.0 million of its $300.0 million interest rate swap, with an effective date of November 2, 2016. The realized gain as a result of the termination was blended into the pay-fixed rate of the REIT's $100.0 million interest rate swap, with an effective date of September 1, 2017, which was reduced to 1.41% and resulted in an increase to the weighted average pay-fixed rate of the REIT's swap portfolio to 2.205%.

INCOME TAX

The REIT's operations and the associated net income occur within partially owned, flow through entities such as partnerships. Any tax liability on taxable income attributable to the Slate Retail exchangeable unitholders is incurred directly by the unitholders as opposed to Slate Retail Investment L.P., the REIT's most senior taxable subsidiary. Accordingly, although the REIT's consolidated net income includes income attributable to Slate Retail exchangeable unitholders, the consolidated tax provision includes only the REIT's proportionate share of the applicable taxes.

For the three and twelve month periods ended December 31, 2019, the deferred income tax expense was $5.0 million and $9.6 million, respectively. The REIT's deferred income tax expense relates mainly to changes in the differences between the fair value of the REIT's properties and the corresponding undepreciated value for income tax purposes.

Total branch profit taxes paid as of December 31, 2019 was $1.0 million (December 31, 2018 – nil). Branch profit tax is tax imposed on U.S. earned income that is repatriated to Canada.

RELATED PARTY TRANSACTIONS

Pursuant to the terms of a management agreement dated April 15, 2014, the Manager provides all management services to the REIT. The Manager agreed to provide certain services in connection with the business of the REIT, including: the structuring of the REIT, liaising with legal and tax counsel; identifying properties for acquisition; maintaining ongoing relationships with the lenders in respect of the mortgage loans for the Properties; conducting continuous analysis of market conditions; and advising with respect to the disposition of the Properties. In return for its service, the Manager receives the following fees:

i an asset management fee equal to 0.4% of the total assets of the REIT;

ii an acquisition fee in an amount equal to 0.75% of the gross purchase price of each Property (or interest in a Property), including the price, due diligence costs, closing costs, legal fees, and additional capital costs for all Properties indirectly acquired by the REIT; and

iii an annual incentive fee, calculated in arrears, in an aggregate amount equal to 15% of the REIT's funds from operation per class U unit as derived from the annual financial statements of the REIT in excess of $1.32, subject to ordinary course adjustments for certain transactions affecting the class U units and increasing annually by 50% of the increase in the U.S. consumer price index.

These transactions are in the normal course of operations and are measured at the exchange amount which is the consideration established and agreed to by the parties.

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Asset management fees	$ 1,347	$ 1,485	$ (138)	$ 5,516	$ 5,925	$ (409)
Acquisition fees	—	—	—	—	158	(158)
Total	**$ 1,347**	**$ 1,485**	**$ (138)**	**$ 5,516**	**$ 6,083**	**$ (567)**

Related party transactions incurred and payable to the Manager for the three and twelve month periods ended December 31, 2019 amounted to $1.3 million and $5.5 million, respectively. These transactions are in the normal course of operations and are in accordance with the management agreement and are measured at the exchange amount. The exchange amount is the consideration established under contract and as approved by the REIT's Board of Trustees.

The management agreement provides for an incentive fee to be earned based on an FFO per unit target that grows annually, in part, with inflation, whereby the Manager is entitled to 15% of the excess of FFO above the target. For the year ended December 31, 2019, no incentive fee was recognized as the target threshold was not met.

See also discussion of the REIT's strategic acquisition program in "PART II - LEASING AND PROPERTY PORTFOLIO" of this MD&A.

MAJOR CASH FLOW COMPONENTS

The REIT is able to meet all of its obligations as they become due and have sufficient liquidity from the following sources: (i) cash flow from operating activities and (ii) financing availability through the REIT's revolving credit facility and conventional mortgage debt secured by income-producing properties.

	Year ended December 31,	
	2019	2018
Operating activities	$ 44,478	$ 57,823
Investing activities	100,544	15,779
Financing activities	(143,720)	(79,875)
Increase (decrease) in cash	**$ 1,302**	**$ (6,273)**

Cash flows from operating activities relate to the collection of rent and payment of property operating expenses. Cash flows from operating activities, net of interest expense are able to satisfy the REIT's distribution requirements and will be used to fund on-going operations and expenditures for leasing capital and property capital.

Cash flows used in investing activities relate to property acquisitions and property dispositions made by the REIT, and additions to the properties through capital and leasing expenditures.

Cash flows from financing activities relate to the servicing of mortgages, additional drawdowns on the REIT's revolver for the acquisition of properties during the year, repurchases of units and distributions paid to unitholders.

SELECTED ANNUAL INFORMATION

The following table provides selected financial information for the past three years:

	2019	2018	2017
Rental revenue	$ 141,315	$ 144,213	$ 118,736
Net income	26,323	2,461	47,306
Total assets	1,315,080	1,416,334	1,499,519
Non-current debt	708,940	868,517	880,353
Total debt	789,395	871,562	883,046
Distribution rate, per unit [1 2 3]	0.8550	0.8400	0.8100

[1] On December 16, 2019, the REIT announced a 1.1% increase of its monthly distribution to $0.072 per class U unit or $0.864 per class U unit on an annualized basis, commencing with the month of December 2019 distribution.
[2] On December 17, 2018, the REIT announced a 1.8% increase of its monthly distribution to $0.071 per class U unit or $0.855 per class U unit on an annualized basis, commencing with the month of December 2018 distribution.
[3] On November 15, 2017, the REIT announced a 3.7% increase of its monthly distribution to $0.070 per class U unit or $0.840 per class U unit on an annualized basis, commencing with the month of November 2017 distribution.

PART IV – FINANCIAL CONDITION

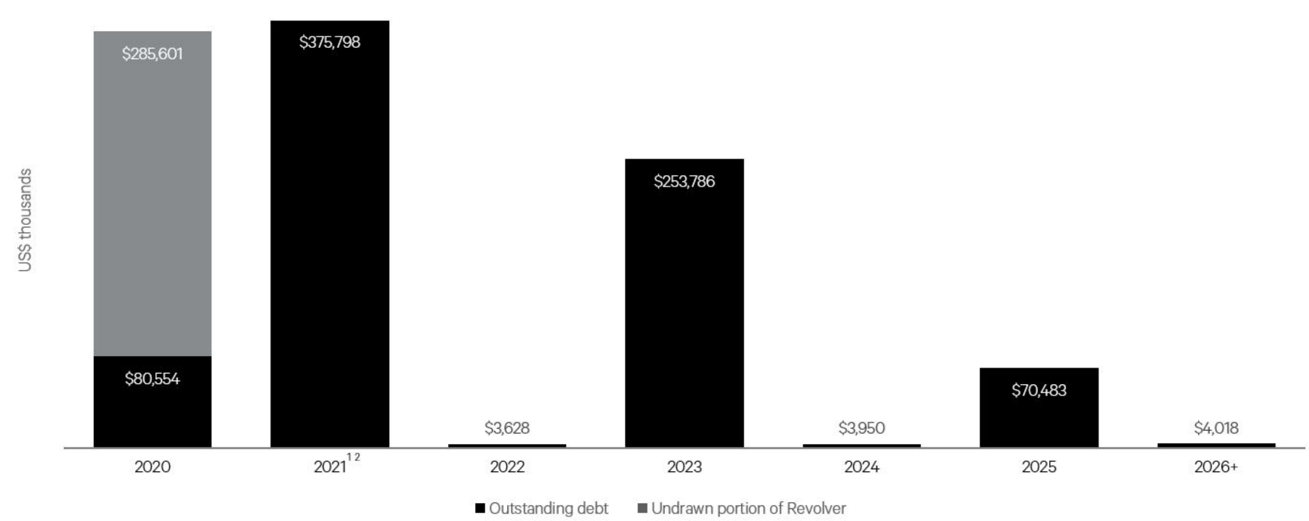
DEBT

The REIT's overall borrowing strategy is to obtain financing with terms to maturity that are appropriate having regard to the lease maturity profiles of the underlying properties and which allows the REIT to (i) stagger debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period, (ii) minimize financing costs, and (iii) maintain flexibility with respect to property operations. The success of this strategy is dependent upon debt market parameters existing at the time of borrowing, as well as the particular features and quality of the underlying assets being financed. If this strategy is unsuccessful, mortgage principal repayments would be funded by operating cash flows, additional draws under the REIT's revolver, financing of income-producing properties or by issuances of equity.

The REIT's acquisition strategy is backed through a growing unencumbered portfolio of properties. The REIT's revolver and term loan (the "credit facility") and term loan 2 provides the required flexibility to support the REIT's acquisition pipeline. The credit facility and term loan 2 represents a significant component of the REIT's funding, which allows the REIT to maintain flexibility in its portfolio by avoiding debt that constricts portfolio capital recycling and redevelopment while minimizing unused cash positions. In addition to the credit facility and term loan 2, the REIT has ready access to alternative funding sources, including financial institutions for financing arrangements and investors at competitive rates. Management continues to monitor interest rate risk of the REIT's debt portfolio. As a result of the interest rate swap, 107.6% of the REIT's debt is now subject to fixed rates.

On February 21, 2020, the REIT refinanced its existing revolving credit facility and term loan for four- and five-year terms, respectively, for an aggregate of $525.0 million and reduced pricing for its $250 million term loan. The REIT has also entered into a commitment for an $83.3 million 10 year mortgage bearing interest of 3.48%. On a pro-forma basis, the weighted-average term of the REIT's debt is 4.8 years at a weighted average cost of 4.0% with interest savings of $1.7 million or a $0.04 impact per weighted average class U equivalent unit basis.

Debt Maturity Profile



[1]Debt available to be drawn is subject to certain covenants as provided in the REIT's lending agreements, including generally, a maximum of 65% Consolidated Total Indebtedness to Gross Asset Value. The revolver, term loan and term loan 2 provide for different spreads over one-month U.S. LIBOR depending on the ratio of the Consolidated Total Indebtedness to Gross Asset Value. The applicable spread where Consolidated Total Indebtedness to Gross Asset Value is; (i) less than or equal to 45% is 155 bps; (ii) greater than 45% but less than or equal to 55% is 175 bps; (iii) greater than 55% but less than or equal to 60% is 200 bps; and (iv) greater than 60% is 225 bps.

[2]Excludes a one-year extension option exercisable at the REIT's option for the revolver. With the one-year extension the weighted average debt maturity of the REIT's debt portfolio is 2.4 years.

Debt held by the REIT as of December 31, 2019 and December 31, 2018 is as follows:

	Maturity	Term to maturity (years)	Effective rate	Principal	Mark-to-market adjustments and costs	December 31, 2019 Carrying amount	December 31, 2018 Carrying amount
Revolver [1,2,3,4,5]	February 26, 2020	0.4 [5]	4.27%	$ 76,899	$ (99)	$ 76,800	$ 143,822
Term loan [1,2,4]	February 26, 2021	1.4	4.26%	362,500	(724)	361,776	361,086
Term loan 2 [1,2,4]	February 9, 2023	3.4	4.26%	250,000	(1,128)	248,872	248,533
Mortgage	March 1, 2021	1.4	5.75%	10,141	370	10,511	11,624
Mortgage	January 1, 2025	5.3	3.80%	43,401	(869)	42,532	43,363
Mortgage	July 1, 2025	5.7	4.14%	41,753	(494)	41,259	55,045
Mortgage	January 1, 2031	11.3	5.50%	7,523	122	7,645	8,089
Total / weighted average		**2.2** [5]	**4.06%** [6]	**$ 792,217**	**$ (2,822)**	**$ 789,395**	**$ 871,562**
Share of debt classified as equity investment [7]						**5,733**	**—**
Total debt including equity investment						**$ 795,128**	**$ 871,562**

[1] The weighted average interest rate has been calculated using the December 31, 2019 U.S. LIBOR rate for purposes of the revolver, term loan and term loan 2.
[2] Debt available to be drawn is subject to certain covenants as provided in the REIT's lending agreements, including generally, a maximum of 65% Consolidated Total Indebtedness to Gross Asset Value. The revolver, term loan and term loan 2 provide for different spreads over one-month U.S. LIBOR depending on the ratio of the Consolidated Total Indebtedness to Gross Asset Value. The applicable spread where Consolidated Total Indebtedness to Gross Asset Value is; (i) less than or equal to 45% is 155 bps; (ii) greater than 45% but less than or equal to 55% is 175 bps; (iii) greater than 55% but less than or equal to 60% is 200 bps; and (iv) greater than 60% is 225 bps.
[3] The revolver requires a stand-by fee to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.
[4] The revolver, term loan and term loan 2 are secured by a general pledge of equity of certain subsidiaries of the REIT. Collectively, those subsidiaries hold an interest in 65 of the REIT's properties.
[5] Excludes a one-year extension option exercisable at the REIT's option. With the one-year extension the weighted average debt maturity of the REIT's debt portfolio is 2.4 years.
[6] The weighted average interest rate includes the impact of pay-fixed receive-float swaps.
[7] The debt bears interest at a rate of 4.54% at December 31, 2019 and has a maturity date of January 28, 2022.

The carrying amount of debt was $789.4 million at December 31, 2019, which represents a decrease of $82.2 million compared to December 31, 2018. The decrease is mainly due to principal repayments totaling $83.9 million on the REIT's revolver and mortgages funded by cash received from the disposal of 10 properties and seven property outparcels, as well as cash on hand.

DEBT TO GROSS BOOK VALUE

The REIT's Declaration of Trust provides for restrictions as to the maximum aggregate amount of leverage that may be undertaken. Specifically, the Declaration of Trust provides that the REIT is not permitted to exceed financial leverage in excess of 65% of gross book value, as defined by the Declaration of Trust. A calculation of debt to gross book value ratio is as follows:

	December 31, 2019	December 31, 2018
Gross book value	$ 1,315,080	$ 1,416,334
Debt	789,395	871,562
Leverage ratio	**60.0%**	**61.5%**

The REIT's leverage ratio has decreased by 1.5% for the year ended December 31, 2019 to 60.0% from December 31, 2018 due to repayments on the revolver as a result of the disposal of 10 properties and seven property outparcels and cash on hand.

Additional investment and operating guidelines are provided for by the Declaration of Trust. The REIT is in compliance with these guidelines.

The REIT's revolver, term loan and term loan 2 are subject to financial and other covenants. The following are the primary financial covenants, with all terms defined by the lending agreement:

	Threshold	December 31, 2019	December 31, 2018
Maximum leverage ratio: consolidated total indebtedness shall not exceed 65% of gross asset value	< 65%	58.8%	59.6%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.50x [1]	> 1.50x	2.25x	2.40x

[1] Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization, as defined by the Amended and Restated Credit Agreement for the revolver and term loan, and the Credit Agreement for term loan 2.

ADJUSTED EBITDA

Adjusted EBITDA is a non-IFRS measure and is used by the REIT to monitor the REIT's ability to satisfy and service its debt as well as monitor requirements imposed by the REIT's lenders. Specifically, adjusted EBITDA is used to monitor the REIT's leverage ratio and interest coverage ratio, which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt. Management views adjusted EBITDA as a proxy for operating cash flow prior to interest costs. Adjusted EBITDA represents earnings before interest, income taxes, fair value gains (losses) from both financial instruments and investment properties, while also excluding non-recurring items such as transaction costs from dispositions, acquisitions or other events.

The following is a reconciliation from net income (loss) to adjusted EBITDA:

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Net income (loss)	**$ 14,016**	**$ (9,017)**	**$ 23,033**	**$ 26,323**	**$ 2,461**	**$ 23,862**
Interest expense and other financing costs, net	9,064	9,608	(544)	36,843	35,424	1,419
Change in fair value of financial instruments	(284)	—	(284)	4,374	—	4,374
Disposition costs	1,331	575	756	6,698	2,201	4,497
Change in fair value of properties	(3,015)	33,419	(36,434)	1,446	66,686	(65,240)
Deferred income tax expense (recovery)	5,045	(4,223)	9,268	9,565	(4,021)	13,586
Current income tax expense	114	—	114	—	—	—
Unit expense (income)	676	(2,348)	3,024	4,469	(9,353)	13,822
Adjustments for equity investment	(108)	—	(108)	(68)	—	(68)
Straight-line rent revenue	(118)	(331)	213	(1,640)	(2,572)	932
IFRIC 21 property tax adjustment	(4,934)	(4,870)	(64)	—	(200)	200
Adjusted EBITDA	**$ 21,787**	**$ 22,813**	**$ (1,026)**	**$ 88,010**	**$ 90,626**	**$ (2,616)**

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Rental revenue	$ 34,338	$ 36,301	$ (1,963)	$ 141,315	$ 144,213	$ (2,898)
Property operating expenses	(5,029)	(5,747)	718	(41,031)	(40,509)	(522)
Other expenses	(2,479)	(2,540)	61	(10,717)	(10,306)	(411)
Adjustments for equity investment	9	—	9	83	—	83
Straight-line rent revenue	(118)	(331)	213	(1,640)	(2,572)	932
IFRIC 21 property tax adjustment	(4,934)	(4,870)	(64)	—	(200)	200
Adjusted EBITDA	**$ 21,787**	**$ 22,813**	**$ (1,026)**	**$ 88,010**	**$ 90,626**	**$ (2,616)**

INTEREST COVERAGE RATIO

In addition to the REIT's level of indebtedness calculated in accordance with the REIT's Declaration of Trust, management also monitors the REIT's interest coverage ratio, which is a non-IFRS measure. The interest coverage ratio is useful in determining the REIT's ability to service the interest requirements of its outstanding debt. The interest coverage ratio is calculated by dividing Adjusted EBITDA by the REIT's interest obligations for the period. Management utilizes this ratio to measure and monitor leverage. Additionally, Adjusted EBITDA is also a non-IFRS measure and is used by the REIT to monitor its interest coverage ratio as well as monitor requirements imposed by the REIT's lenders. Management views Adjusted EBITDA as a proxy for operating cash flow prior to interest costs. Adjusted EBITDA represents earnings before interest, income taxes, distributions, fair value gains (losses) from both financial instruments and properties, while also excluding certain items not related to operations such as transaction costs from dispositions, acquisitions, debt termination costs, or other events.

The following is a calculation of Adjusted EBITDA and the REIT's interest coverage ratio:

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
NOI	$ 24,266	$ 25,353	$ 98,727	$ 100,932
Other expenses	(2,479)	(2,540)	(10,717)	(10,306)
Adjusted EBITDA	**$ 21,787**	**$ 22,813**	**$ 88,010**	**$ 90,626**
Cash interest paid	(8,696)	(9,465)	(35,376)	(34,738)
Interest coverage ratio	**2.51x**	**2.41x**	**2.49x**	**2.61x**

The interest coverage ratio increased to 2.51x for the three month period ended December 31, 2019 compared to 2.41x in the same quarter of the prior period mainly due to decreases in cash interest paid, partially offset by the decrease in NOI as a result of lost contribution in rental revenue from the aforementioned dispositions. For the year ended December 31, 2019, the interest coverage ratio was 2.49x compared to 2.61x in the 2018 period. The decrease was a result of increases in interest costs due to the average one-month U.S. LIBOR going from 2.06% for the year ended December 31, 2018 to 2.20% for the current period, partially offset by receipt of net payments on the REIT's interest rate swaps.

LIQUIDITY AND CAPITAL RESOURCES

The principal liquidity needs of the REIT arise from: (i) working capital requirements, (ii) debt servicing and repayment obligations which includes the term loans, revolver and the mortgages, (iii) distributions to unitholders, (iv) planned funding of maintenance capital expenditures and leasing costs, and (v) future property acquisition funding requirements.

Cash flows from operating the REIT's property portfolio, available funding under the REIT's revolver, and cash on hand represent the primary sources of liquidity. Cash flows from operations are dependent upon occupancy levels, rental rates, collection of rents, recoveries of operating costs and operating costs. Working capital requirements of the REIT primarily include the payment of operating expenses, leasing costs, maintenance capital and distributions. Working capital needs are generally funded through cash generated from operations, which has historically exceeded such requirements.

The REIT manages its cash flow from operating activities by maintaining a target debt level. The debt to gross book value, as defined in the Declaration of Trust, as at December 31, 2019 is 60.0% (December 31, 2018 – 61.5%). With available liquidity, the REIT could invest in an additional $185.0 million and remain within the permitted limit under the Declaration of Trust.

Contractual commitments

The REIT has the following contractual commitments:

	Total contractual cash flow	In one year or less	In more than one year but not more than three years	In more than three years but not more than five years	In more than five years
Accounts payable and accrued liabilities	$ 21,397	$ 21,397	$ —	$ —	$ —
Revolver [1 2]	76,899	76,899	—	—	—
Revolver interest payable [1 2 3]	554	554	—	—	—
Term loan [1 2]	362,500	—	362,500	—	—
Term loan interest payable [1 2]	15,010	13,039	1,971	—	—
Term loan 2 [2 4]	250,000	—	—	250,000	—
Term loan 2 interest payable [2 4]	27,520	8,992	17,539	989	—
Mortgages [5]	108,659	3,655	22,768	7,735	74,501
Mortgage interest payable [5]	19,751	4,509	7,369	6,379	1,494
Letters of credit	393	393	—	—	—
Interest rate swap, net of cash outflows	19,822	3,102	9,896	5,594	1,230
Exchangeable units of subsidiaries	10,926	—	—	—	10,926
Committed acquisitions	—	—	—	—	—
Total	**$ 913,431**	**$ 132,540**	**$ 422,043**	**$ 270,697**	**$ 88,151**

[1] Revolver and term loan interest payable is calculated on $76.9 million and $362.5 million (balance outstanding) using an estimated "all in" interest rate of 3.68% and 3.59% respectively under the "less than one year" column. The long-term average interest rate is based on the 30-day LIBOR forward curve plus the specified margin for the LIBOR rate option under the term loan resulting in an anticipated decrease to the "all-in" interest rate to 3.48%. The total revolver and term loan interest payable is calculated until maturity of the initial term.

[2] Excludes the impact of the REIT's $750.0 million pay-fixed, receive-float interest rate swaps that hedge a portion of the cash flow risk associated with one-month U.S. LIBOR based interest payments.

[3] Includes stand-by fee on the revolver to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.

[4] Term loan 2 interest payable is calculated on $250.0 million (balance outstanding) using an estimated "all in" Interest rate of 3.59% under the "less than one year" column. The long-term average interest rate is based on the 30-day LIBOR curve plus the specified margin for the LIBOR rate option under the term loan 2 and results in an anticipated increase to the "all-in" interest rate to 3.51%. The total term loan 2 interest payable is calculated until maturity.

[5] Includes the REIT's share of debt held in its equity accounted property investment.

REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

The units of the REIT are presented as equity instruments while exchangeable units of subsidiaries are presented as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation*.

The exchangeable units of subsidiaries are redeemable at the option of the holder for cash or class U units of the REIT as determined by the REIT. Distributions paid on exchangeable units of subsidiaries are recorded as unit expense in the period in which they become payable. The exchangeable units of subsidiaries are measured at fair value at each reporting period with any changes in fair value recognized in net and income.

REIT units and exchangeable units of subsidiaries outstanding for the year ended December 31, 2019 and their respective class U equivalent amounts if converted are as follows:

	REIT units			Exchangeable units of subsidiaries			
Class / type	U	A	I	SR1 [1]	SR2 [1]	GAR B	Total class U units equivalent
Balance, December 31, 2018	41,524	292	282	220	1,603	388	44,309
Repurchased	(2,237)	—	—	—	—	—	(2,237)
Exchanged	1,176	(45)	—	(192)	(683)	(256)	—
Class U units equivalent, December 31, 2019	**40,463**	**247**	**282**	**28**	**920**	**132**	**42,072**

[1] "SR1" and "SR2" means Slate Retail One exchangeable units and Slate Retail Two exchangeable units, respectively.

Effective March 15, 2018 the REIT elected to suspend its DRIP, which allowed holders of REIT units to elect to receive their distributions in the form of class U units for holders of class A units, class I units and class U units due to the dilutive impact of issuing units at the current market price.

Normal course issuer bid

The REIT has an NCIB which was most recently renewed on May 26, 2019. The NCIB remains in effect until the earlier of May 25, 2020 or the date on which the REIT has purchased an aggregate of 3.9 million class U units, representing 10% of the REIT's public float of 38.5 million class U units at the time of entering the NCIB through the facilities of the TSX.

For the year ended December 31, 2019, 1.9 million class U units have been purchased and subsequently canceled under the NCIB for a total cost, including transaction costs, of $18.8 million at an average price of $9.90.

Substantial course issuer bid

On January 16, 2019, the REIT commenced an SIB, pursuant to which the REIT offered to purchase up to 4.2 million class U units at a purchase price of C$12.54 (USD$9.51). On February 20, 2019, the offer expired and the REIT had taken up and paid for 0.3 million class U units for an aggregate cost of $3.2 million or C$4.2 million, excluding fees and expenses related to the offer. The class U units purchased for cancellation under the offer represents 0.8% of the diluted class U units outstanding, immediately prior to the expiry of the offer.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	December 31, 2019	December 31, 2018
Trade payables and accrued liabilities	$ 11,366	$ 14,500
Prepaid rent	5,126	3,656
Tenant improvements payable	103	186
Other payables	4,802	4,606
Total	**$ 21,397**	**$ 22,948**

Included in trade payables and accrued liabilities are operating expenses, property taxes, and capital and leasing expenses. Other payables include trustee fees, accrued interest payable and other non-operating items.

ACCOUNTS RECEIVABLE

The accounts receivable balance is comprised of the following:

	December 31, 2019	December 31, 2018
Rent receivable	$ 3,475	$ 3,748
Allowance for doubtful accounts	(673)	(741)
Accrued recovery income	5,751	6,101
Other receivables	3,172	2,877
Total	**$ 11,725**	**$ 11,985**

Rent receivable consists of base rent and operating expense recoveries. Management has provided for $0.7 million (December 31, 2018 – $0.7 million) as an allowance for doubtful accounts and anticipates that the unprovided balance is collectible. The $0.2 million decrease in rent receivable, net of allowance from December 31, 2018 is due to increased collections during the period.

Accrued recovery income represents amounts that have not yet been billed to tenants for operating expenses, mainly real estate taxes, and are generally billed and paid in the following year. Other receivables represent non-operating amounts.

The aging analysis of rent receivable past due but not impaired, net of allowance for doubtful accounts, is as follows:

	December 31, 2019	December 31, 2018
Current to 30 days	$ 1,629	$ 2,128
31 to 60 days	273	492
61 to 90 days	190	125
Greater than 90 days	710	262
Total	**$ 2,802**	**$ 3,007**

The net amounts aged greater than 90 days are at various stages of the collection process and are considered collectible by management.

EQUITY INVESTMENT

The REIT accounts for its investment in a property development joint venture using the equity method. On January 25, 2019, the REIT acquired a 50% partnership interest in Windmill Plaza, a grocery-anchored shopping centre located in Sterling Heights, Michigan, in a joint-venture partnership with The Kroger Company for $7.3 million, before transaction costs. Consideration for the partnership interest included settlement of the REIT's note receivable in the amount of $9.4 million and interest receivable of $2.2 million, assumed debt and cash on hand.

The change in the REIT's equity investment is as follows:

	December 31, 2019
Beginning of the period	$ —
Contribution of note receivable and accrued interest	11,644
Cash contributions	3,131
Distribution of financing proceeds	(2,551)
Proceeds from partner investment	(7,476)
Net cost of equity investment	**$ 4,748**
Capital contributions	150
Share of income in equity investment	151
End of the period	**$ 5,049**

The financial position of the REIT's equity investment is as follows:

	December 31, 2019
Assets	
Property	$ 22,454
Current assets	1,296
	$ 23,750
Liabilities	
Debt [1]	$ 11,466
Other non-current liabilities	15
Current liabilities	2,171
	$ 13,652
Net assets at 100%	**$ 10,098**
At the REIT's 50% interest	**$ 5,049**

[1] The debt bears interest at a rate of 4.54% at December 31, 2019 and has a maturity date of January 28, 2022.

The following represents the summary of income:

	Three months ended December 31, 2019	Year ended December 31, 2019
Rental revenue	$ 108	$ 524
Property operating expenses	(58)	(274)
Other expenses	—	30
Interest expense and other financing costs, net	(154)	(454)
Change in fair value of property	338	476
Net income and comprehensive income at 100%	**$ 234**	**$ 302**
At the REIT's 50% interest	**$ 117**	**$ 151**

Management fees

Pursuant to the terms of the property management and leasing agreement, and the development services agreement, the REIT provides property, leasing and development manager services to Windmill Plaza. In return for its services, the REIT receives the following fees:

i property management fees calculated based on gross income of each tenant;

ii development fees for the management of the construction in adherence with the property's development plan; and

iii leasing commissions for all executed leases.

Total management fees earned by the REIT under the agreement were $0.3 million for year ended December 31, 2019.

SUBSEQUENT EVENTS

i. On January 9, 2020, the REIT entered into a commitment for an $83.3 million 10 year mortgage, bearing interest of 3.48%, subject to customary closing conditions.

ii. On January 15, 2020 and February 17, 2020, the REIT declared monthly distributions of $0.072 per class U unit. Holders of class A units, class I units and units of subsidiaries of the REIT were also entitled to receive an equivalent distribution.

iii. On January 17, 2020, the REIT completed the disposition of Douglas Commons, located in Douglasville, Georgia. The property was sold for $14.1 million.

iv. On January 21, 2020, the REIT terminated $150.0 million of its $300.0 million interest rate swap, with an effective date of November 2, 2016. The realized gain as a result of the termination was blended into the pay-fixed rate of the REIT’s $100.0 million interest rate swap, with an effective date of September 1, 2017, which was reduced to 1.41% and resulted in an increase to the weighted average pay-fixed rate of the REIT's swap portfolio to 2.205%.

v. On January 24, 2020, the REIT completed the disposition of Meres Town Center, located in Tarpon Springs, Florida. The property was sold for $7.0 million.

vi. On January 31, 2020, the REIT completed the disposition of Mitchellville Plaza, located in Mitchellville, Maryland. The property was sold for $35.0 million.

vii. On February 21, 2020, the REIT refinanced its existing revolving credit facility and term loan for four- and five-year terms, respectively, for an aggregate of $525.0 million and reduced pricing for its $250 million term loan. The revolver, term loan and term loan 2 bears interest at U.S. LIBOR plus an applicable margin.

PART V – ACCOUNTING AND CONTROL

USE OF ESTIMATES

The preparation of the REIT consolidated 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.

CRITICAL ACCOUNTING ESTIMATES

The REIT has identified the estimate of the fair value of its properties as a critical accounting estimate due to the significance of the estimate to the REIT's financial position and impact of changes on fair value to net income. Estimating the fair value of real property is characterized by uncertainty, both in terms of differences between different methods of valuation but also in the selection of assumptions to reflect the property being valued, certain of which are subjective. There is no assurance that management's, or a third-party's, estimate of fair value would be realized on sale due to the specific and unique aspects of real property, including their location, liquidity, tenants and the local demand and supply of competing properties for tenants.

The REIT determines the fair value of properties based upon the overall income capitalization rate method, the discounted cash flow method, direct comparison approach or through a combination of methods. All methods are generally accepted appraisal methodologies. If a third-party appraisal is not obtained for a property, management uses one or a combination of the overall income capitalization rate method and the discounted cash flow method. In certain circumstances, the direct comparison approach is used by comparing properties to similar properties that have sold, but adjusting for differences in the nature, location and other relevant considerations of the properties. The valuation methodology used, or combination of methodologies used, is based on the applicability and reliability of the relative approaches in the context of the subject property.

The fair values of properties are measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform, amongst other benefits. As a result, the fair value of the REIT's properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position.

The following is a summary of the methodologies undertaken by management to estimate the fair value of the REIT's properties:

Overall income capitalization approach

The overall income capitalization approach evaluates a property's potential to generate cash flows and converts those cash flows into a present value. Generally, the REIT estimates a stabilized NOI and applies a capitalization rate to that income to estimate fair value. Stabilized NOI is determined as the property's potential gross income that could be generated at full capacity, less a vacancy and collection allowance. The capitalization rate used is derived from analysis of comparable sales data and the relative relationship of other properties' NOI over their sale price and industry surveys. In many cases, industry surveys are available that provide indicative ranges of capitalization rates for recently sold properties or views on value, however, certain adjustments are required to adjust for the specific nature, location and quality of properties.

Direct comparison approach

This approach involves comparing properties similar to the property for which fair value is being estimated and making adjustments to reconcile differences in size, location, nature and the quality of the property.

A summary of the significant assumptions used in the REIT's estimate of fair value as at December 31, 2019 is included on page 21 of this MD&A. Changes in these assumptions would have a significant impact on the REIT's estimate of fair value, which can be impacted by changes in demand for properties similar to those owned by the REIT, expectations of market rents, the covenant quality of tenants and the general economic environment.

The REIT determines the fair value of properties based upon the overall income capitalization rate method. Historically, estimates of fair value have in certain instances included valuations completed for transaction or lending purposes, in which case a discounted cash flow approach was also used.

NEW AND FUTURE ACCOUNTING POLICIES

i. Application of new and revised IFRS

IFRS 16, *Leases* ("IFRS 16")

IFRS 16 replaces IAS 17 *Leases* ("IAS 17"), and IFRIC 4, *Determining whether an arrangement contains a lease,* and is effective January 1, 2019. The objective of IFRS 16 is to report information that faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognize assets and liabilities arising from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17 while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

As a result of the adoption of IFRS 16, the REIT separately discloses variable lease payments not connected to an index or rate including property tax recoveries and percentage rents. The adoption of the new standard did not have a material impact to the REIT's consolidated financial statements. As a landlord, all of the REIT's leases are considered operating leases under IFRS 16.

IFRS 9, *Financial Instruments* ("IFRS 9") and IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7")

In September 2019, the IASB issued *Interest Rate Benchmark Reform – Amendments to IFRS 9 and IFRS 7*. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are relevant to the REIT given that it applies hedge accounting to its benchmark interest rate exposure. The REIT has floating rate debt, linked to U.S. London Interbank Offering Rate ("LIBOR"), which the REIT cash flow hedges using interest rate swap contracts. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.

The REIT will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the REIT consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The REIT has chosen to early apply the amendments to IFRS 9 for the reporting period ending December 31, 2019, which are mandatory for annual reporting periods beginning on or after January 1, 2020. Adopting these amendments allows the REIT to continue hedge accounting during the period of uncertainty arising from interest rate benchmark reforms.

ii. Future accounting policies

IFRS 3, *Business Combinations* ("IFRS 3")

IFRS 3 has been amended and is effective January 1, 2020. The amendments have narrowed and clarified the definition of a business. The objective of the amendment is to assist companies in determining whether an acquisition made is of a business or a group of assets. It also permits a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.

iii. Supplementary accounting policy disclosure

In 2019, the REIT applied an accounting policy for a transaction that did not occur in periods prior to 2019. The REIT's significant accounting policy related thereto are described below:

Investments in associates and joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The REIT's investment in a joint venture is recorded using the equity method and is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the REIT's share of the profit or loss and other comprehensive income of the joint venture. The REIT's share of the joint venture's profit or loss is recognized in the REIT's statement of income and consolidated statement of comprehensive (loss) income.

The financial statements of the equity accounted investment are prepared for the same reporting period as the REIT. Where necessary, adjustments are made to bring the accounting policies in line with those of the REIT. A joint venture is considered to be impaired if there is objective evidence of impairment, as a result of one or more events that occurred after initial recognition of the joint venture, and that event has a negative impact on the future cash flows of the joint venture that can be reliably estimated.

CONTROL AND PROCEDURES

The REIT's management, under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as such terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

DC&P are those controls and other procedures that are designed to provide reasonable assurance that all material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are those controls and other procedures that are designed to ensure that material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the REIT's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The REIT has applied the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission for the design of its ICFR for the year ended December 31, 2019.

The REIT's CEO and CFO, along with the assistance of others, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the REIT is made known to the CEO and CFO, and have designed internal controls over financial reporting and disclosure to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

As required by NI 52-109, the REIT's CEO and CFO have evaluated the effectiveness of the REIT's DC&P and ICFR. Based on such evaluations, the CEO and CFO have concluded that the design and operation of the REIT's DC&P and ICFR, as applicable, are adequately designed and effective, as at December 31, 2019.

No changes were made in the REIT's design of ICFR during the three and twelve month periods ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

In designing such controls, it should be recognized that due to inherent limitations, any controls or control systems, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected or prevented. These inherent limitations include, without limitation, (i) the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

Additionally, controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART VI – PROPERTY TABLES

At December 31, 2019, the REIT owns a portfolio of 76 grocery-anchored retail properties. The portfolio consists of 9,857,715 square feet of GLA with an occupancy rate of 93.0%.

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
98 Palms	Destin	Crestview-Fort Walton Beach-Destin	84,682		97%	Winn-Dixie
Bellview Plaza	Pensacola	Pensacola	82,910		100%	Publix
Bloomingdale Plaza	Brandon	Tampa-St. Petersburg	83,237		93%	Winn-Dixie
Cordova Commons	Pensacola	Pensacola	164,343		100%	The Fresh Market
Errol Plaza	Orlando	Orlando	76,582		98%	Winn-Dixie
Eustis Village	Eustis	Orlando	156,927		99%	Publix
Good Homes Plaza	Ocoee	Orlando	165,741		97%	Publix
Meres Town Center	Tarpon Springs	Tampa-St. Petersburg	47,183		100%	Winn-Dixie
Oak Hill Village	Jacksonville	Jacksonville	78,492		100%	Publix
Salerno Village Square	Stuart	Port St. Lucie	77,677		93%	Winn-Dixie
Uptown Station	Fort Walton	Pensacola	272,616		91%	Winn-Dixie
Wedgewood Commons	Stuart	Port St. Lucie	152,708		82%	Publix
Total Florida			**1,443,098**	**14.7%**		
Lake Raystown Plaza	Huntingdon	Harrisburg	140,159		100%	Giant Foods
Northland Center	State College	State College	111,409		94%	Giant Foods
Norwin Town Square	North	Pittsburgh	141,466		97%	Shop 'n Save
Shops at Cedar Point	Allentown	Allentown-Bethlehem-Easton	130,583		96%	Weis
Summit Ridge	Mount Pleasant	Pittsburgh	240,884		96%	Walmart
West Valley Marketplace	Allentown	Allentown-Bethlehem-Easton	259,207		97%	Walmart
Total Pennsylvania			**1,023,708**	**10.4%**		
11 Galleria	Greenville	Greenville	105,608		85%	The Fresh Market
Battleground Village	Greensboro	Greensboro-High Point	73,207		98%	Earth Fare
Flowers Plantation	Clayton	Raleigh	53,500		95%	Food Lion
Fuquay Crossing	Fuquay-Varnia	Raleigh	96,638		95%	Harris Teeter
Independence Square	Charlotte	Charlotte	190,361		99%	Super Global Market
Mooresville Consumer	Mooresville	Charlotte	272,885		99%	Walmart
Mooresville Town Square	Mooresville	Charlotte	98,262		96%	Lowes Foods
North Summit Square	Winston-Salem	Winston-Salem	224,530		96%	Sam's Club
Total North Carolina			**1,114,991**	**11.3%**		
Abbott's Village	Alpharetta	Atlanta	109,586		99%	Publix
Birmingham Shoppes	Milton	Atlanta	82,905		92%	Publix
Douglas Commons	Douglasville	Atlanta	97,027		98%	Kroger
Duluth Station	Duluth	Atlanta	94,966		83%	Publix
Locust Grove	Locust Grove	Atlanta	89,567		94%	Publix
Merchants Crossing	Newnan	Atlanta	174,059		98%	Kroger
National Hills	Augusta	Augusta-Richmond	159,885		94%	The Fresh Market
Robson Crossing	Flowery Branch	Atlanta	103,840		98%	Publix
Total Georgia			**911,835**	**9.3%**		
Armstrong Plaza	Fountain Inn	Greenville-Spartanburg-Anderson	57,838		97%	BI-LO
Barefoot Commons	North Myrtle	Myrtle Beach-Conway	90,702		87%	BI-LO
Dill Creek Commons	Greer	Greenville-Spartanburg-Anderson	72,526		100%	BI-LO
Dorman Centre	Spartanburg	Greenville-Spartanburg-Anderson	388,502		97%	Walmart
Little River Pavilion	North Myrtle	Myrtle Beach-Conway	63,823		100%	Lowes Foods
North Augusta Plaza	North Augusta	Augusta-Richmond	229,730		92%	Publix
Total South Carolina			**903,121**	**9.2%**		
Cambridge Crossings	Troy	Detroit	238,963		100%	Walmart
Canton Shopping Center	Canton	Detroit	72,361		88%	ALDI
City Center Plaza	Westland	Detroit	97,670		97%	Kroger
Stadium Center	Port Huron	Detroit-Warren-Dearborn	92,538		93%	Kroger
Windmill Plaza	Sterling Heights	Detroit	105,603		86%	Kroger
Total Michigan			**607,135**	**6.2%**		

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
East Brainerd Mall	Brainerd	Minneapolis-St Paul	191,459		96%	Cub Foods
Mapleridge Center	Maplewood	Minneapolis-St Paul	114,681		39%	Vacant
North Branch	North Branch	Minneapolis-St Paul	72,895		100%	County Market
Phalen Retail Center	St Paul	Minneapolis-St Paul	73,678		98%	Cub Foods
Plymouth Station	Plymouth	Minneapolis-St Paul	114,069		96%	Hy-Vee
Total Minnesota			**566,782**	**5.7%**		
Highland Square	Crossville	Nashville	179,732		98%	Kroger
North Hixson	Hixson	Chattanooga	64,254		91%	Food City
St. Elmo Central	Chattanooga	Chattanooga	74,999		100%	Food City
Sunset Plaza	Johnson City	Johnson City	143,752		100%	Kroger
Westhaven Town Center	Franklin	Nashville	63,904		100%	Kroger
Total Tennessee			**526,641**	**5.4%**		
Hocking Valley Mall	Lancaster	Columbus	181,393		94%	Kroger
Mulberry Square	Milford	Cincinnati	146,730		86%	Kroger
Pinewood Plaza	Dayton	Dayton	88,700		91%	Kroger
Total Ohio			**416,823**	**4.2%**		
Charles Town Plaza	Charles Town	Washington	206,146		98%	Walmart
Eastpointe Shopping	Clarksburg	Morgantown	181,016		67%	Kroger
Total West Virginia			**387,162**	**3.9%**		
Glidden Crossing	DeKalb	Chicago-Naperville-Joliet	98,683		92%	Schnucks
North Lake Commons	Lake Zurich	Chicago-Naperville-Joliet	121,099		86%	Jewel Osco
Plaza St. Clair	Fairview	St. Louis	97,459		75%	Schnucks
Total Illinois			**317,241**	**3.2%**		
Southgate Crossing	Minot	Minot	159,780		100%	CashWise
Watford Plaza	Watford City	Williston	101,798		99%	CashWise
Total North Dakota			**261,578**	**2.7%**		
East Little Creek	Norfolk	Virginia Beach-Norfolk-Newport	68,770		100%	Kroger
Smithfield Shopping	Smithfield	Virginia Beach-Norfolk-Newport	134,664		96%	Kroger
Total Virginia			**203,434**	**2.1%**		
Roxborough	Littleton	Denver Aurora-Lakewood	101,624		95%	Safeway
Westminster Plaza	Westminster	Denver Aurora-Lakewood	98,999		35%	Vacant
Total Colorado			**200,623**	**2.0%**		
Derry Meadows Shoppes	Derry	Manchester-Nashua	187,001		78%	Hannaford
Total New Hampshire			**187,001**	**1.9%**		
Alta Mesa Plaza	Fort Worth	Dallas-Ft Worth	167,961		84%	Kroger
Total Texas			**167,961**	**1.7%**		
Mitchellville Plaza	Mitchellville	Washington	147,803		91%	Weis
Total Maryland			**147,803**	**1.5%**		
Waterbury Plaza	Waterbury	New Haven-Milford	139,653		100%	Stop & Shop
Total Connecticut			**139,653**	**1.4%**		
Taylorsville Town Center	Taylorsville	Salt Lake City	127,231		96%	Fresh Market
Total Utah			**127,231**	**1.3%**		
Forest Plaza	Fond du Lac	Fond du Lac	123,028		100%	Pick 'N Save
Total Wisconsin			**123,028**	**1.1%**		
Stonefield Square	Louisville	Louisville	80,866		86%	The Fresh Market
Total Kentucky			**80,866**	**0.8%**		
Total / WA			**9,857,715**	**100.%**	**93.0%**	

Corporate Information

Slate Retail REIT is an unincorporated. open-ended investment trust fund under and governed by the laws of the Province of Ontario. The REIT focuses on acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties in the U.S. with an emphasis on grocery-anchored retail properties. The REIT has a current portfolio that spans 9.9 million square feet of GLA and consists of 76 grocery-anchored retail commercial properties located in the U.S.

[1] Compensation. Governance and Nomination Committee
[2] Audit Committee
[3] Investment Committee

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Stock Exchange Listing and Symbol
The REIT's units are listed on the Toronto Stock Exchange and trade under the symbols SRTU (quoted in US dollars) and SRT.UN (quoted in Canadian dollars)

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The REIT's website www.slateretailreit.com provides additional information regarding the REIT's portfolio. investment strategy, management and corporate governance. Additionally, the Investor section includes news, presentations, events, regulatory filings and stock information.