

Office
REIT

SLATE

SLATE OFFICE REIT

INVESTOR UPDATE

Q1 2019

SLATE OFFICE REIT



**Pure play North American
office REIT**



**High quality assets
located in target markets
with strong operating
histories**



**Managed by Slate Asset
Management L.P. ("SLAM")
which owns 9.3% of the
REIT**

Mission

Own and operate a quality office portfolio that provides a meaningful total return to unitholders through net asset value growth and an attractive yield

SLATE OFFICE REIT

7.6M

Square Feet

\$1.6B

Total Enterprise Value

41

Assets¹

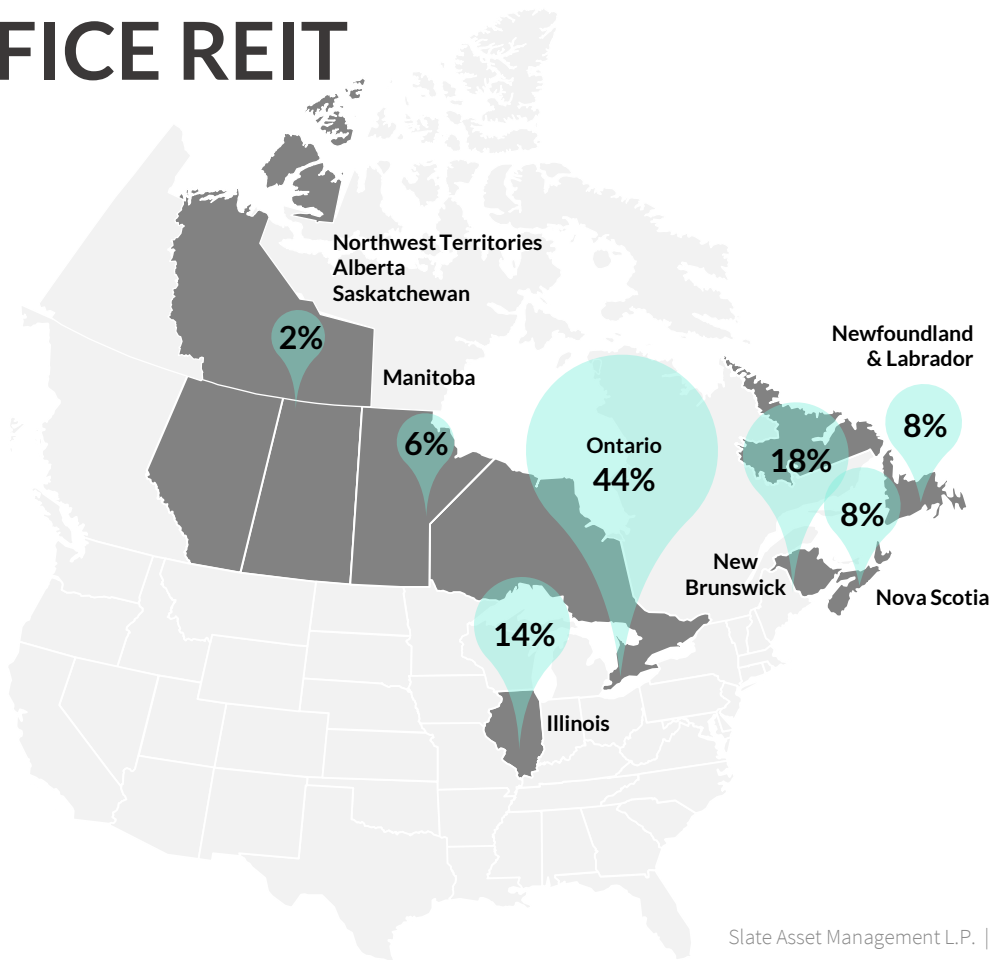
\$434M

Equity Market Cap

SOT.UN

TSX

¹As at March 31, 2019



QUALITY ASSETS

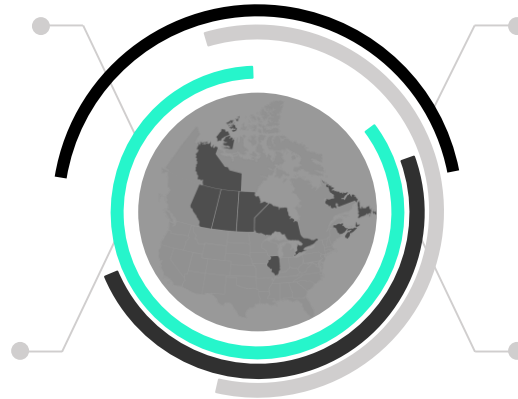
Over the past four years, management has assembled a portfolio of well-located, high quality assets in target markets

Major markets

- 53% of assets in the 3rd and 4th largest markets in North America
 - 39% in Greater Toronto Area
 - 14% in Chicago, IL

IFRS value below replacement cost

- Overall replacement cost of \$388 per square foot
- IFRS value of \$236 per square foot



Quality assets

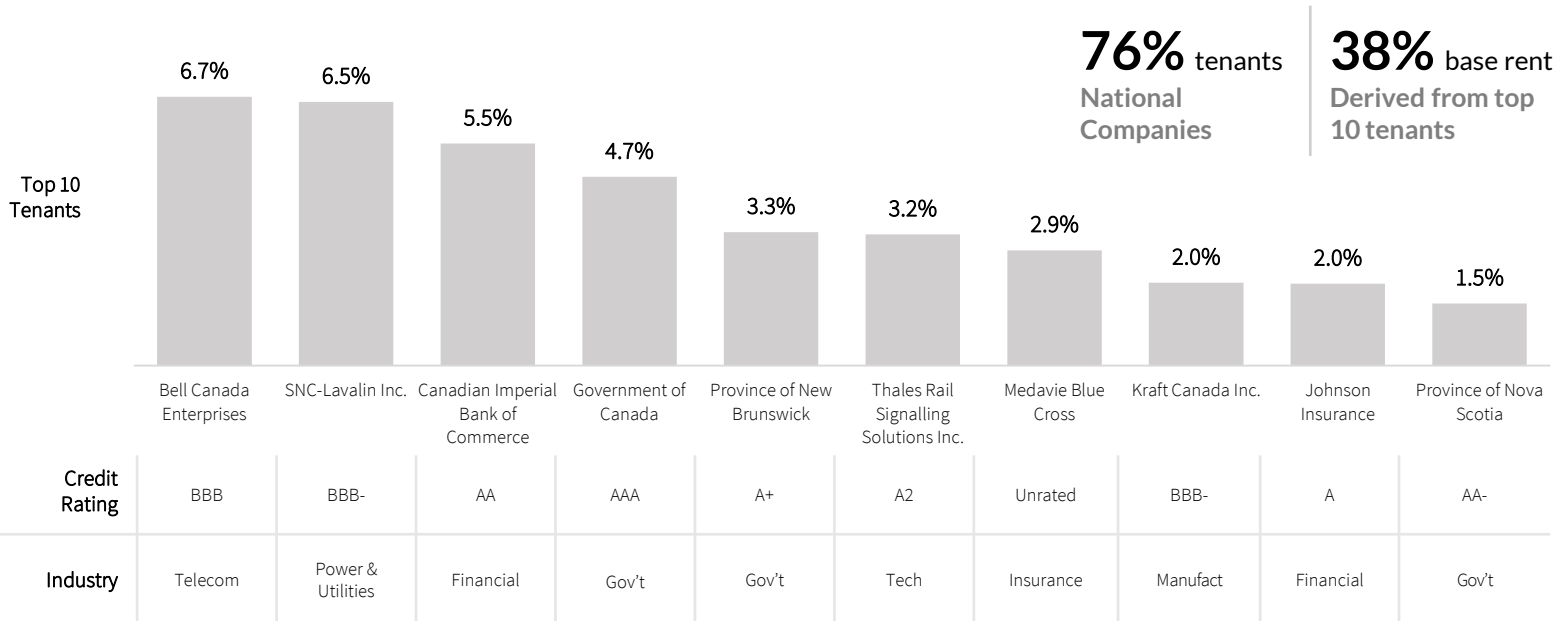
- 55% Class A assets

Proactive asset management

- Occupancy of 88%, an increase of 2% from the prior year
- Positive leasing spreads of 19%
- Same property net operating income up 5%

INVESTMENT GRADE TENANTS

Over 61% of base rent is derived from investment grade tenants (ie. BBB- or better)



CAPITAL RECYCLING

Sale of non-core assets further improves portfolio quality and increases liquidity for future investments

Capital recycling program first announced in Q1 2018

Today, the REIT has sold whole or partial interests in 12 properties for \$237 million

Asset sales were completed at values above IFRS net asset value

JOINT VENTURE ARRANGEMENT

Sold a 25% interest in six GTA properties to Wafra¹, a strategic joint venture partner for \$132 million

Validates 28% of the REIT's net asset value and delivered an attractive levered return of 19%

Proceeds used to reduce outstanding debt

Completed debt refinancings on five of the six properties

Capital Partner

Aligns the REIT with a sophisticated global capital partner

Market Valuation

Validates the net asset value of the REIT

Liquidity

Reduces leverage and increases financial flexibility

Fixed Rate Debt

Increased fixed rate debt by \$101 million

¹Represents an investment fund advised by Wafra Inc. ("Wafra")

NET ASSET VALUE

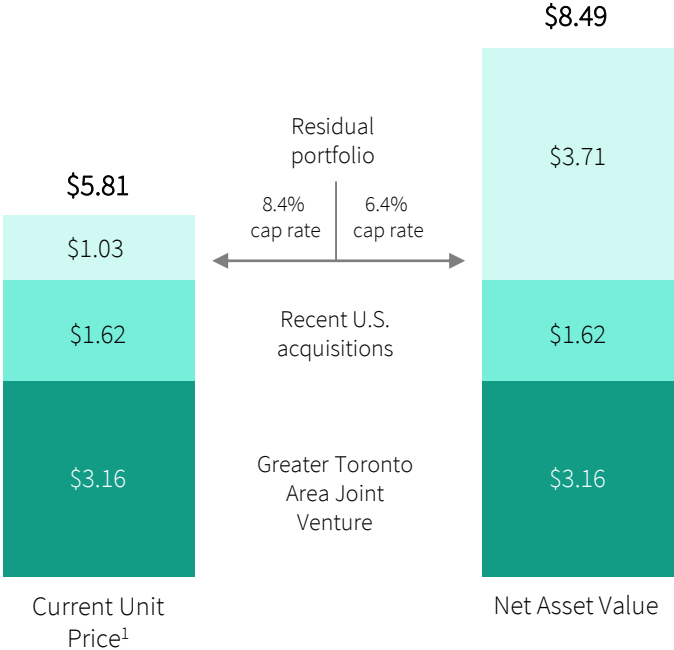
Joint venture arrangement and recent U.S. acquisitions provide a substantive basis that supports the net asset value of the REIT

(amounts in C\$ millions, except per unit amount)

		Total
Greater Toronto Area Joint Venture Portfolio	\$	527
Recent U.S. acquisitions		329
Other properties ¹		992
Debt and working capital		(1,214)
Net asset value	\$	634
Net asset value per unit	\$	8.49

¹Valuation is equal to a 6.4% capitalization rate on next twelve months net operating income. Properties have an in-place occupancy of 87.1%.

ATTRACTIVE OPPORTUNITY



Current trading price is at a substantial discount to net asset value

Joint Venture arrangement and recent acquisitions made in the U.S. validate more than half of the REIT's net asset value

Attractive investment opportunity to purchase units at a discount, providing potential for strong returns

¹As at April 25, 2019

KEY TAKEAWAYS

Quality Portfolio

The REIT owns a high quality office portfolio in favourable markets, significantly below replacement cost

Net Asset Value Validation

Recent acquisitions along with the completion of a joint venture arrangement validate the net asset value of the REIT

Looking Ahead

At current trading levels, the best investment we can make is buying back units. By doing so, we are investing in assets we already know and like at a discount to their net asset value

CAUTIONARY STATEMENTS

Forward-Looking Statements

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

Non-IFRS Measures

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

Use of Estimates

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



Slate Asset Management L.P.
121 King St W, Suite 200
Toronto, ON M5H 3T9

slateam.com

Investor Relations

Slate Office REIT

+1 416 644 4264

ir@slateam.com