
Slate Office REIT

Investor Update

Q3 2019

SLATE



Slate Office REIT (SOT.UN)

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

Pure play

North American office REIT

High quality

assets located in target markets with strong operating histories

9.5%

ownership interest held by Slate Asset Management (“SLAM”), which manages the REIT

Why Slate Office REIT?

01

Proven Track Record

Strong history of sourcing attractive deals and applying best-in-class asset management to create value

02

Total Return Investment

Yield + NAV Accretion:

Proven ability to generate high double digit returns, while paying a sustainable distribution

03

Net Asset Value Validation

Recent market transactions completed by the REIT validate net asset value

What We Do

Strong track record of harvesting gains at net asset value and realizing double digit internal rates of return

We will continue to sell fully priced assets where we can to recycle capital into new opportunities in order to further create value for unitholders



Where We Are Investing

Acquiring high quality assets below replacement cost provides superior risk-adjusted returns



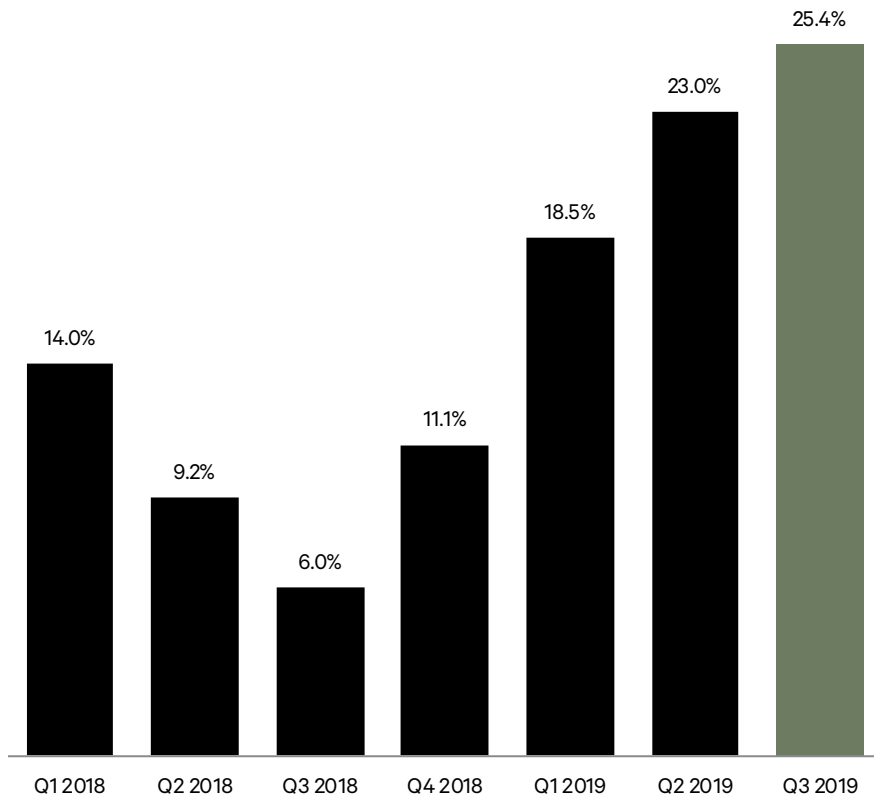
	SOT GTA Acquisitions		SOT U.S. Acquisitions ¹		Comparable Office Investment	
Asset	West Metro Corporate Centre & Commerce West		20 South Clark & 120 South LaSalle		1 Adelaide	
Location	Etobicoke, Ontario, Canada		Chicago, Illinois, United States		Downtown Toronto, Ontario, Canada	
Price per Sq. Ft.	\$	233	\$	233	\$	725
Replacement Cost per Sq. Ft.	\$	400	\$	550	\$	550
Premium/(Discount) to Replacement Cost		(42%)		(58%)		32%
Occupancy at acquisition		91%		84%		99%
Premium/(Discount) to Market Rent		(15%)		(17%)		(4%)

¹ All figures shown in US\$

Proactive Asset Management

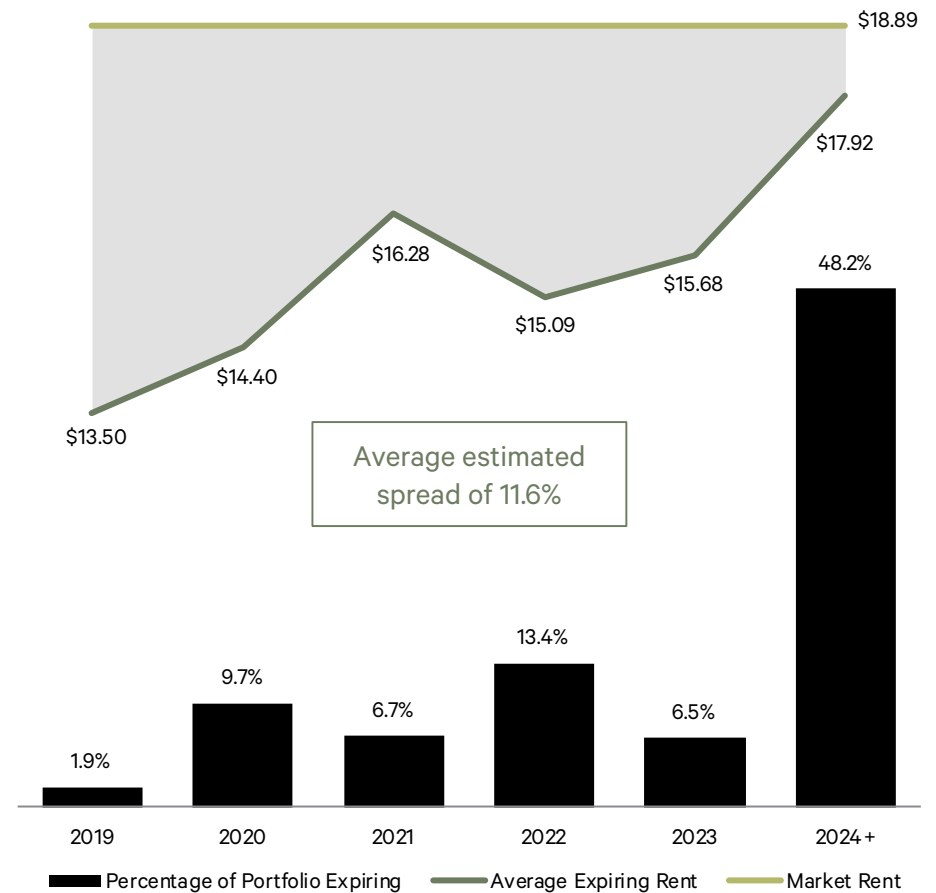
Strong operating results achieved through the REIT's strategic and hands-on asset management

Total Leasing Spreads (New & Renewal)



11.6% in-place discount to market rent will continue to drive organic earnings growth

In-Place vs. Market Rents



Value Creation – Case Study

Maritime Centre, Halifax, Nova Scotia



Investment Thesis

- Centrally located office tower in downtown Halifax, Nova Scotia with the largest floor plates in the market
- Known significant vacancy at acquisition provided opportunity to purchase at a low cost base (\$112 per sq. ft.)
- Reconstruction of lobby to refresh retail, tenant amenities and additional parking created the opportunity to reposition the asset

Success to Date

- Realized a 25% increase in occupancy and 27% increase in weighted average base rent
- Revitalized asset with strong market position with economic competitive advantage to new build
- Increased lease term by 1.5 years

At Acquisition - 2015

(\$Millions unless otherwise noted)

Equity investment	\$14.3
Purchase price	\$60.6
Price per sq. ft.	\$112
Committed occupancy	61.5%
Lease term	4.1 years

Expected Results

(\$Millions unless otherwise noted)

Cost basis ¹	\$77.3
Stabilized value	\$120 - \$130
Price per sq. ft.	\$226 - \$246
Occupancy	93.0%
Value created	\$42.7 - \$52.7

¹Based on acquisition price plus capital and debt costs less net operating income

Value Creation – Case Study

Chicago Portfolio



Investment Thesis

- Centrally located downtown assets with roster of credit quality tenants, priced well below replacement cost (\$233 per sq. ft.) and in close proximity to one another
- Upside through active asset management with clear opportunity to raise occupancy and rents through repositioning, capital investment and a hands-on approach
- Opportunity for future redevelopment of parking garage adjacent to 120 S LaSalle

Success to Date

- Developed strong foundation in Chicago market while creating value and operating efficiencies
- Increased occupancy by 1.1% and weighted average base rent by 7.9% in just over a year of ownership
- Actively working with local partners on brand awareness and leasing interest

At Acquisition - 2018

(\$Millions unless otherwise noted)

Equity investment	\$84.5
Purchase price	\$241.2
Price per sq. ft.	\$233
Committed occupancy	84.3%
Lease term	8.6 years

Expected Results

(\$Millions unless otherwise noted)

Cost basis ¹	\$237.9
Stabilized value	\$290 - \$300
Price per sq. ft.	\$280 - \$290
Occupancy	95.0%
Value created	\$49.3 - \$59.3

¹Based on acquisition price plus capital and debt costs less net operating income

Track Record

Strategic asset dispositions allow us to extract capital at or above our net asset value, crystalize value creation and redeploy proceeds into new opportunities in higher quality assets



	Greater Toronto Area 25% Sale	895 Waverley & 1000 Waverley	225 Duncan Mill Road	5500 North Service Road	Total
Location	Greater Toronto Area, Ontario	Winnipeg, Manitoba	Greater Toronto Area, Ontario	Burlington, Ontario	
Sale price (C\$ Millions)	\$ 131.8	\$ 21.3	\$ 27.3	\$ 52.2	\$ 233
Internal rate of return	19%	19%	50%	13%	21%
Premium from purchase price	17%	63%	20%	21%	21%
Weighted average hold period	3.2 years	6.6 years	1.3 years	1.8 years	3.8 years
Sale date	Apr-19	Jun-19	Jul-19	Nov-19	
Sale thesis	Retained 75% interest, while extracting significant capital for redeployment	Harvest value created and redeploy into new opportunities	Harvest value created and redeploy into new opportunities	Harvest value created and redeploy into new opportunities	

Attractive Opportunity

Units are at a substantial discount to net asset value, providing potential for strong returns



6.4% distribution yield plus a 29.2% discount to NAV has potential for a 35.6% return¹

¹ Based on unit price as of October 18, 2019

Investment Summary

01

Quality Portfolio

- 38 well located quality office assets in Canada and the U.S.
- Diversified tenant roster with over 60% of base rent derived from investment grade tenants

02

Solid Operational Results

- Strong leasing activity and market rental rate upside will continue to drive earnings growth

03

Experienced Manager

- Access to SLAM's best-in-class team of over 85 professionals that have completed over \$10 billion of real estate transactions

04

Total Return Investment

- Proven ability to generate high double digit returns
- Attractive yield and AFFO payout provides unitholders with a stable income stream

05

Net Asset Value Validation

- Recent market transactions completed by the REIT have validated over half of the REIT's net asset value

06

Compelling Entry Point

- Current trading discount relative to net asset value presents a compelling entry point

Appendix & Additional Information



Downtown Chicago, IL

Chicago Downtown Office Market



Population Growth

- More than double that of the U.S. average¹
- Half of this growth is attributed to people under the age of 35, creating a thriving workforce for employees¹
- High household income relative to low cost of living offers a desirable lifestyle

Top Talent

- Chicago is the most educated city in the U.S., with 39% of residents being college graduates¹

Migration to Downtown Core

- Chicago ranked top city in the U.S. for corporate expansion and relocations¹
- Firms are relocating downtown to access high quality and affordable talent pools

Job Growth

- Most diverse economy in the U.S., with no one industry making up more than 14% of the economy¹
- Chicago is the third largest tech employer in the U.S. – global tech firms that didn't have a significant presence in Chicago as recently as five years ago are now doubling their footprints (i.e. Amazon, Google, Uber)^{1,2}

Strong Office Leasing Market

- Employers desire to attract best-in-class talent in a time of tight labour markets will continue to stimulate strong demand for high end office space³
- Rent growth and positive net absorption are expected to continue³

¹ CBRE Research, 2019

² JLL Office Insights, Q3 2019

³ Cushman & Wakefield MarketBeat, Q3 2019

Trading Comps

REIT	Price 18-Oct-2019	Market Cap ¹	Enterprise Value ¹	Premium to NAV ²	Current Yield ³	Implied Cap Rate	Price/AFFO ²		AFFO Payout Ratio ²	
							2019E	202E	2019E	2020E
Artis REIT	\$ 12.32	\$ 1,717	\$ 4,933	(12.1%)	4.4%	7.1%	11.9x	12.0x	52.3%	52.4%
Dream Office REIT	\$ 29.50	\$ 1,817	\$ 2,985	11.2%	3.4%	4.9%	23.4x	22.8x	79.3%	77.2%
Inovalis REIT	\$ 10.50	\$ 258	\$ 659	0.3%	7.9%	5.5%	14.3x	13.6x	112.5%	107.1%
NorthWest Healthcare Properties REIT	\$ 11.99	\$ 1,809	\$ 5,142	3.1%	6.7%	6.0%	14.6x	13.7x	97.6%	91.1%
True North Commercial REIT	\$ 7.17	\$ 445	\$ 997	11.8%	8.3%	6.3%	12.9x	12.1x	106.5%	99.8%
Average				2.9%	6.1%	6.0%	15.4x	14.8x	89.6%	85.5%
Slate Office REIT	\$ 6.28	\$ 460	\$ 1,426	(17.4%)	6.4%	7.5%	10.4x	10.2x	66.3%	65.1%

Source: TD Securities; market data based on closing price as at October 18, 2019; financial information as at June 30, 2019 or latest available

¹ In millions; based on fully-diluted units outstanding

² Based on average of research analysts' estimates

³ Based on last distribution annualized

Property Listing

As of September 30, 2019	Property Address	Property Name	City	Ownership	Square Feet of GLA	Occupancy
U.S. Office						
1	20 South Clark		Chicago, IL	100.0%	381,243	88.3%
2	120 South LaSalle		Chicago, IL	100.0%	656,264	84.5%
Total U.S. Office					1,037,507	85.9%
GTA Office						
3	5500 North Service Road		Burlington, ON	100.0%	225,264	68.4%
4	7030, 7050, 7100 Woodbine Avenue & 55, 85 Idema Road	Woodbine & Steeles Corporate Centre	Markham, ON	75.0%	359,541	89.8%
5	3000 – 3100 Steeles Avenue East	Gateway Centre	Markham, ON	75.0%	238,590	91.9%
6	2655 – 2695 North Sheridan Way	The Sheridan Exchange	Mississauga, ON	75.0%	158,322	85.0%
7	2285 Speakman Drive		Mississauga, ON	100.0%	127,419	100.0%
8	2599 Speakman Drive ¹		Mississauga, ON	100.0%	119,145	15.1%
9	2251 Speakman Drive		Mississauga, ON	100.0%	115,580	100.0%
10	1189 Colonel Sam Drive		Oshawa, ON	100.0%	103,179	100.0%
11	4211 Yonge Street		Toronto, ON	75.0%	170,679	72.8%
12	1 Eva Road		Toronto, ON	100.0%	91,963	87.3%
13	185 – 195 The West Mall	West Metro Corporate Centre	Toronto, ON	75.0%	618,384	91.1%
14	401 – 405 The West Mall	Commerce West	Toronto, ON	75.0%	412,509	90.6%
15	105 Moatfield Drive		Toronto, ON	100.0%	248,981	100.0%
16	95 Moatfield Drive		Toronto, ON	100.0%	156,426	100.0%
Total GTA Office					3,145,982	87.2%
Western Office						
17	280 Broadway Avenue ²		Winnipeg, MB	100.0%	105,341	86.2%
18	114 Garry Street		Winnipeg, MB	100.0%	74,246	100.0%
19	1450 Waverley Street		Winnipeg, MB	100.0%	64,000	100.0%
20	365 Hargrave		Winnipeg, MB	100.0%	70,719	91.0%
21	1870 Albert Street	Saskatchewan Place	Regina, SK	100.0%	84,775	70.4%
Total Western Office					399,081	88.5%

¹ Property under redevelopment

² Includes a seven-storey office building at 280 Broadway Avenue, a three-storey multi-family residential building located at 280 Smith Street and two parking lots located at 286 Broadway Avenue and 68 Smith Street; excludes occupancy from residential tenants at 70 Smith Street

Property Listing

As of September 30, 2019	Property Address	Property Name	City	Ownership	Square Feet of GLA	Occupancy
Atlantic Office						
22	440 King Street	Kings Place	Fredericton, NB	100.0%	295,799	93.2%
23	250 King Street		Fredericton, NB	100.0%	80,162	100.0%
24	460 Two Nations Crossing		Fredericton, NB	100.0%	50,229	100.0%
25	570 Queen Street		Fredericton, NB	100.0%	69,137	89.3%
26	644 Main Street	Blue Cross Centre	Moncton, NB	100.0%	320,154	99.3%
27	81 Albert Street		Moncton, NB	100.0%	64,954	100.0%
28	39 King Street ¹	Brunswick Square	Saint John, NB	100.0%	507,183	62.8%
29	4 Herald Avenue		Corner Brook, NL	100.0%	73,305	39.2%
30	100 New Gower Street	Cabot Place	St. John's, NL	100.0%	136,167	99.1%
31	10 Factory Lane	The Johnson Building	St. John's, NL	100.0%	188,170	100.0%
32	5 Springdale Street	Fortis Place	St. John's, NL	100.0%	142,973	79.1%
33	140 Water Street	TD Place	St. John's, NL	100.0%	103,139	74.5%
34	1505 Barrington Street	Maritime Centre	Halifax, NS	100.0%	529,337	85.9%
35	84 – 86 Chain Lake Drive		Halifax, NS	100.0%	77,979	85.6%
Total Atlantic Office					2,638,688	84.6%
Non-Office						
36	5404 36th Street SE	Doka Building	Calgary, AB	100.0%	36,000	100.0%
37	200 Manitoba 10	Walmart Flin Flon	Flin Flon, MB	100.0%	63,439	100.0%
38	307 – 311 Airport Road	Airport Road Shopping Centre	Yellowknife, NWT	100.0%	15,395	100.0%
Total Non-Office					114,834	100.0%
Total Portfolio					7,336,092	86.3%

¹ Includes Delta Brunswick Hotel

Analyst Coverage



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Cautionary Statements

Forward-Looking Statements

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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.