



Retail  
REIT

**SLATE RETAIL REIT**

**ANNUAL INFORMATION FORM**

For the Year Ended December 31, 2015

Dated March 2, 2016

## TABLE OF CONTENTS

INFORMATION.....	1
FORWARD-LOOKING STATEMENTS .....	1
NON-IFRS MEASURES .....	2
ORGANIZATIONAL STRUCTURE.....	2
GENERAL DEVELOPMENT OF THE BUSINESS.....	4
DESCRIPTION OF THE BUSINESS.....	6
Overview .....	6
Manager .....	6
Objectives.....	6
Growth Strategies .....	6
PROPERTIES OF THE REIT .....	8
Overview .....	8
Geographic Diversification .....	11
Occupancy and Leasing.....	12
Tenant Mix.....	12
Fifteen Largest Parent Company Tenants .....	13
Fifteen Largest Tenants .....	13
DESCRIPTION OF THE PROPERTIES.....	17
MATERIAL SUBSIDIARIES .....	26
Slate Retail Investment L.P.....	26
Slate Retail General Partner .....	26
Slate Retail One L.P.....	26
Slate Retail Two L.P.....	28
U.S. Grocery Anchored Retail (1B) Limited Partnership.....	30
NORMAL COURSE ISSUER BID .....	31
INDEBTEDNESS AND OTHER OBLIGATIONS .....	31
Overview .....	31
Unitholder Rights Plan .....	32
RISK FACTORS .....	33
Risk Factors Related to the Real Estate Industry .....	33
Risk Factors Related to the Business of the REIT.....	34
Risk Factors Related to the Units .....	39
Risk Factors Related to Canadian Tax Matters .....	41
Risk Factors Related to U.S. Tax Matters.....	43
MARKET FOR SECURITIES .....	45
Trading Price and Volume.....	45
Prior Sales.....	46
ESCROWED SECURITIES .....	46
DISTRIBUTION POLICY AND HISTORY .....	46
General.....	46
Distribution Reinvestment Plan .....	46
Distribution History .....	47
Restrictions.....	48
CAPITAL STRUCTURE.....	48
Authorized Capital and Outstanding Securities .....	48
Units .....	48
Special Voting Units .....	48
Conversion Rights.....	49
DECLARATION OF TRUST .....	50

General.....	50
Investment Guidelines.....	50
Operating Policies.....	51
Amendments to Investment Guidelines and Operating Policies.....	53
Regulatory Conflict.....	53
Meetings of Unitholders.....	53
Advance Notice Provision.....	54
Redemption Right.....	55
Purchases of Units by the REIT.....	56
Take-Over Bids.....	56
Issuance of Units.....	57
Non-Certificated Inventory System.....	57
Limitation on Non-Resident Ownership.....	58
Information and Reports.....	58
Amendments to the Declaration of Trust.....	58
Rights of REIT Unitholders.....	59
MANAGEMENT OF THE REIT.....	60
Services.....	60
Management Fees.....	60
Expenses.....	61
Term.....	61
Termination.....	61
Change of Control Payment.....	63
Non-Competition Restrictions.....	63
Non-Solicitation.....	63
License of the Slate Name.....	63
TRUSTEES AND EXECUTIVE OFFICERS OF THE REIT.....	64
Board of Trustees.....	64
Trustee Information.....	65
Executive Officer Information.....	67
Committees of the Board.....	67
Audit Committee.....	67
Audit Fees, Audit Related Fees, Tax Services and All Other Fees.....	68
Compensation, Governance and Nominating Committee.....	68
Investment Committee.....	69
CONFLICTS OF INTEREST.....	69
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	69
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	70
INTERESTS OF EXPERTS.....	70
PROMOTER.....	70
MATERIAL CONTRACTS.....	70
TRANSFER AGENT AND REGISTRAR.....	71
ADDITIONAL INFORMATION.....	71
GLOSSARY.....	72
APPENDIX A – AUDIT COMMITTEE CHARTER.....	A-1

## INFORMATION

In this annual information form (“**Annual Information Form**”), references to Slate Retail REIT (the “**REIT**”) include its subsidiaries as required by the context. All dollar amounts are expressed in U.S. dollars (“US\$” or “\$”) unless otherwise indicated. All capitalized terms used in this Annual Information Form but not otherwise defined herein have the meanings set forth under “*Glossary*”. Information contained in this Annual Information Form is presented as at December 31, 2015 unless otherwise specifically stated.

## FORWARD-LOOKING STATEMENTS

Certain information in this Annual Information Form 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 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 this 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.

This is not an exhaustive list of the factors that may affect the REIT’s forward-looking statements and information. Other risks and uncertainties not presently known to the REIT could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the REIT’s materials filed with the Canadian securities regulatory authorities from time to time.

Forward-looking statements included in this Annual Information Form are made as of December 31, 2015 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 Annual Information Form, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws. Certain statements included in this Annual Information Form may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this Annual Information Form. Investors are cautioned against placing undue reliance on forward-looking statements.

## NON-IFRS MEASURES

Funds from operations (“**FFO**”), adjusted funds from operations (“**AFFO**”) and net operating income (“**NOI**”) are key measures of performance used by real estate businesses. However, such measures are not defined by IFRS and do not have standardized meanings prescribed by IFRS. The REIT believes that FFO and AFFO are important measures of economic performance and NOI is an important measure of operating performance and the performance of real estate properties owned by an entity.

“**FFO**” is defined as net income in accordance with IFRS, excluding: (i) fair value adjustments to investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair value adjustments, interest expense and other effects of the Units, GAR B Exchangeable Units, the Class B LP1 Units, the Class B LP2 Units and any other exchangeable securities being classified as liabilities; (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; (vi) the effect of recording property tax expense on other than an even basis over the period; and (vii) deferred income tax expense, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.

“**AFFO**” is defined as FFO subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on mortgages acquired; (ii) amortization of deferred financing and leasing costs; (iii) adjusting for any differences resulting from recognizing property revenues on a straight-line basis; and (iv) deducting a reserve for normalized maintenance capital expenditures, tenant inducements and leasing costs, as determined by management. Other adjustments may be made to AFFO as determined by the Board in its discretion.

“**NOI**” for a property and for a given period, is defined as the sum of the following: (i) cash rents and other cash revenues received in the ordinary course from such property (excluding pre-paid rents and revenues and security deposits except to the extent applied in satisfaction of tenants’ obligations for rent) minus (ii) all expenses paid or accrued related to the ownership, operation or maintenance of such properties plus the effect of recording property tax expense on other than an even basis over the period.

FFO, AFFO and NOI should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS as indicators of the REIT’s performance. This method of calculating AFFO and NOI may differ from other issuers’ methods and accordingly may not be comparable to measures used by other issuers.

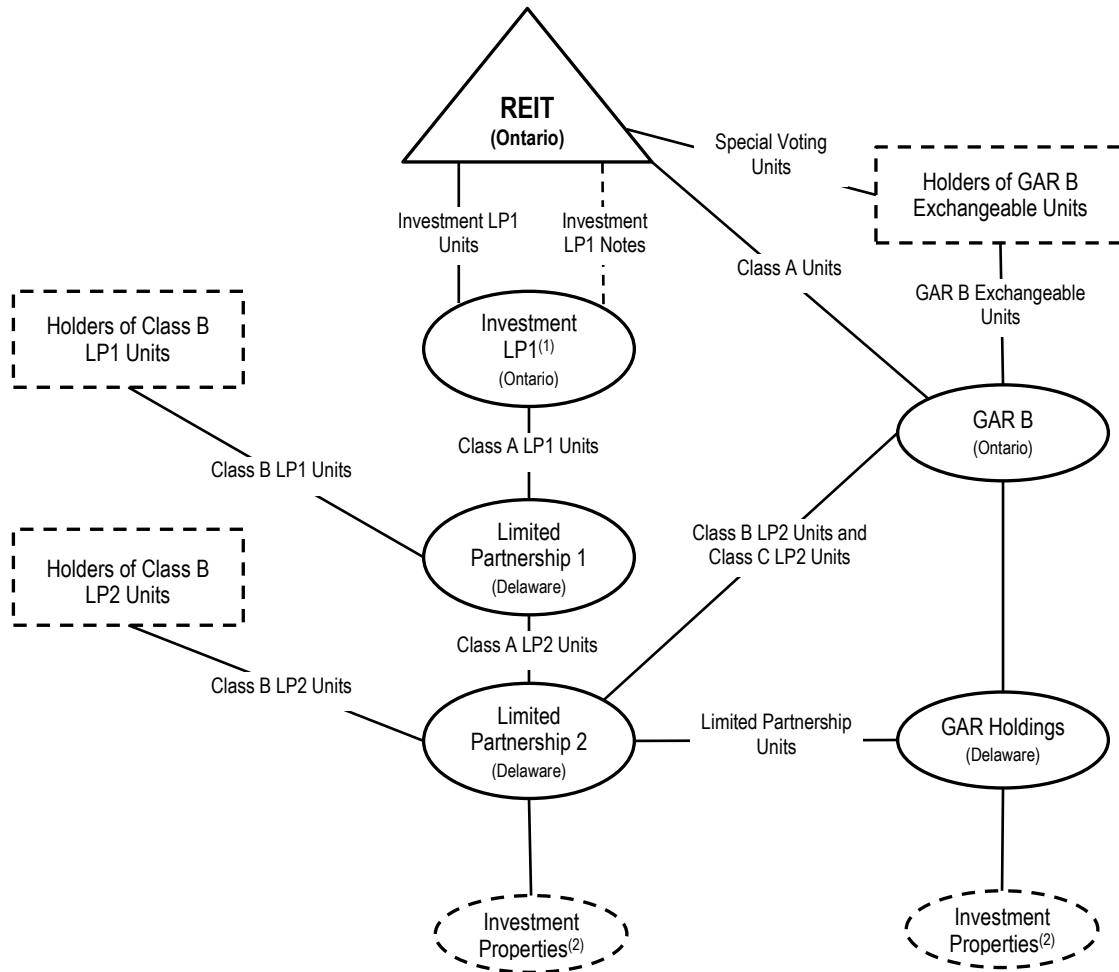
## ORGANIZATIONAL STRUCTURE

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust 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 United States, with an emphasis on grocery anchored retail properties.

The head and registered office of the REIT is located at 121 King Street West, Suite 200, Toronto, Ontario M5H 3T9.

The Class U Units trade on the TSX under the symbols “SRT.UN” (quoted in Canadian dollars) and “SRT.U” (quoted in U.S. dollars).

Each of the REIT's properties is held indirectly by the REIT. The following diagram illustrates the simplified structure of the REIT:



<sup>(1)</sup> Investment LP1 was established for the purposes of issuing limited partnership units and subordinated unsecured promissory notes of Investment LP1 and indirectly owning and leasing a diversified portfolio of quality revenue-producing commercial real estate properties in the U.S. with a focus on anchored retail properties (or interests in such properties). In addition, Investment LP1 owns a direct interest in Slate U.S. Opportunity (No. 1) Holding L.P., a subsidiary of Limited Partnership 2.

<sup>(2)</sup> The REIT's properties are owned indirectly by the REIT through various holding entities. The REIT's properties are also held indirectly by Slate U.S. Opportunity (No. 1) Holding L.P., a Delaware limited partnership, 100% of which is owned indirectly by the REIT.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

#### *Combination Transaction*

On April 15, 2014, the REIT completed a Unitholder approved combination transaction (the “**Combination Transaction**”), pursuant to which (i) the REIT acquired all of the assets of Slate U.S. Opportunity (No. 2) Realty Trust in consideration for Class U Units, (ii) the REIT effectively acquired, directly and indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships in consideration for Class U Units or securities that are economically equivalent to Class U Units (subject to certain adjustments) and redeemable for cash or Class U Units, (iii) the REIT changed its name from “Slate U.S. Opportunity (No. 1) Realty Trust” to “Slate Retail REIT” and made certain amendments to the Declaration of Trust, and (iv) the Class U Units were listed on the TSX.

#### *Offerings*

In October 2014, the REIT completed a public offering of 4,260,000 Class U Units at price of C\$11.75 (\$10.72) per Class U Unit for gross proceeds of approximately C\$50 million (\$44.6 million) (the “**2014 Offering**”). The 2014 Offering was conducted on a bought deal basis by a syndicate of underwriters led by joint-underwriters CIBC World Markets Inc. and GMP Securities L.P., and included BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc., Raymond James Ltd. and Scotia Capital Inc. (the “**2014 Underwriters**”). The REIT and the 2014 Underwriters entered into an underwriting agreement dated September 23, 2014 in connection with the 2014 Offering. A portion of the net proceeds from the 2014 Offering were used to fund the acquisitions of real estate assets.

In March 2015, the REIT completed a public offering of 4,125,000 Class U Units at price of C\$13.00 (\$10.47) per Class U Unit for gross proceeds of approximately C\$53.6 million (\$42.2 million) (the “**2015 Offering**”). The 2015 Offering was conducted on a bought deal basis by a syndicate of underwriters led by CIBC World Markets Inc., and included GMP Securities L.P., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc., Raymond James Ltd., Scotia Capital Inc. and TD Securities Inc. (the “**2015 Underwriters**”). The REIT and the 2015 Underwriters entered into an underwriting agreement dated March 3, 2015 in connection with the 2015 Offering (the “**2015 Underwriting Agreement**”). A portion of the net proceeds from the 2015 Offering were used to fund the acquisitions of real estate assets. Concurrently with the closing of the 2015 Offering, the REIT completed a private placement (the “**Private Placement**”) of 769,230 Class U Units at a price of C\$13.00 (\$10.47) per Class U Unit for gross proceeds of approximately C\$10 million (\$7.9 million) to Slate and Joddes Limited (an entity of which Samuel Altman is an officer).

The REIT filed a short form base shelf prospectus dated March 17, 2015 (the “**Base Shelf Prospectus**”) qualifying the issuance of up to \$750,000,000 of Class U Units or debt securities. As of the date of this Annual Information Form, no Class U Units or debt securities have been issued under the Base Shelf Prospectus.

#### *SUSO 3 Acquisition*

On June 1, 2015, the REIT completed a Unitholder approved transaction to acquire the assets of Slate U.S. Opportunity (No. 3) Realty Trust (“**SUSO 3**”) (the “**SUSO 3 Acquisition**”) in a \$195 million transaction (representing a 7.3% capitalization rate and \$130 per square foot) pursuant to an amended and restated purchase agreement dated April 2, 2015 (the “**SUSO 3 Purchase Agreement**”). Consideration provided by the REIT for the acquisition of the net assets of SUSO 3 included: (i) 7,760,798 Class U Units of the REIT to the SUSO 3 unitholders at a deemed price equivalent to the offering price in connection with the 2015 Offering of \$10.47 per Class U Unit, and (ii) 219,620 Class B LP1 Units and 5,631 Class B LP2 Units to the holders of the general partner interests in Slate U.S. Opportunity (No. 3) Holding L.P. After accounting for the cancellation of the 127,100 Class U Units of the

REIT owned by SUSO 3 and acquired by the REIT pursuant to the transaction, the REIT issued an additional 7,633,698 Class U Units in connection with the SUSO 3 Acquisition.

The assets of SUSO 3 were comprised of a portfolio of 13 grocery-anchored retail properties in the United States totalling approximately 1.5 million square feet of GLA. At the date of the SUSO 3 Acquisition, the portfolio was 93.9% occupied and had a weighted average lease term of 6.5 years.

The SUSO 3 Acquisition constituted a “related party transaction” pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* because SUSO 3 was managed by Slate. In addition, Blair Welch and Brady Welch, principals of Slate and trustees of the REIT, and Samuel Altman, a trustee of the REIT, directly or indirectly held interests in the general partner interests in Slate U.S. Opportunity (No. 3) Holding L.P., and such general partner interests were exchanged for Class B LP1 Units and Class B LP2 Units pursuant to the transaction.

The SUSO 3 Acquisition was also a “significant acquisition” pursuant to applicable securities laws. As such on July 8, 2015, the REIT filed a Form 51-102F4 – Business Acquisition Report in respect of the SUSO 3 Acquisition on SEDAR at [www.sedar.com](http://www.sedar.com). See “*Properties of the REIT*”.

#### *Other Acquisitions*

Since inception, the REIT has continuously added to its portfolio of properties. During 2015, the REIT acquired 25 investment properties, of which 13 investment properties were acquired pursuant to the SUSO 3 Acquisition. For more information about the investment properties acquired by the REIT during 2015, see “*Properties of the REIT*”.

#### *Appointment of New CEO*

On August 12, 2015, the REIT announced that it had appointed Greg Stevenson as Chief Executive Officer of the REIT. Mr. Stevenson succeeded Blair Welch as the REIT’s Chief Executive Officer. For more information about Mr. Stevenson, see “*Trustees and Executive Officers of the REIT – Executive Officer Information*”.



## DESCRIPTION OF THE BUSINESS

### Overview

The REIT focuses on acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties in the United States with an emphasis on grocery anchored retail properties. See “*Properties of the REIT*”.

### Manager

The REIT’s properties are managed by Slate Asset Management L.P. (“**Slate**”) pursuant to the Management Agreement. Slate is a Toronto-based commercial real estate investor and asset manager. Slate’s professionals have extensive experience managing complex real estate transactions in domestic and international markets. Slate’s team consists of over 40 people with dedicated acquisition, leasing, construction management and financial reporting teams for both its U.S. retail and Canadian office businesses. Due to its relationship with Slate, the REIT does not have any of its own employees. Instead, the REIT has trustees and officers, and relies on Slate for services it might otherwise obtain from employees. See “*Management of the REIT*”.

### Objectives

The objectives of the REIT are to: (i) provide Unitholders with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on anchored retail properties, (ii) enhance the value of the REIT’s assets in order to maximize long-term Unitholder value through active management, and (iii) expand the asset base of the REIT through accretive acquisitions and increase the REIT’s earnings on a per unit basis.

### Growth Strategies

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 Relationship with Slate.** The REIT anticipates that its continuing relationship with Slate provides opportunities to acquire additional investment 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 37,000 grocery stores in the United States, 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 United States 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 United States (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 NOI of the REIT's properties.

## PROPERTIES OF THE REIT

### Overview

As of December 31, 2015, the REIT owns a portfolio of 66 assets that is comprised of grocery-anchored retail properties. The portfolio consists of 7,581,846 square feet of GLA and has an occupancy rate of 95%. Management believes that the REIT's properties, which are well-located, represent a defensive asset class with limited downside in volatile markets. Properties with tenant bases that provide consumer staples and services such as grocery stores, drugstores, banks and fast food restaurants, afford investors with a diverse tenant base and limited exposure to more volatile specialty retail centres or big box retail outlets.

The following table provides information regarding the REIT's properties:

Property	Location	Associated MSA	Area (SF)	SF%	Occupancy	Anchor
98 Palms	Destin	Crestview-Fort Walton Beach-Destin	84,682		98%	Winn-Dixie
Bloomingle Plaza	Brandon	Tampa-St. Petersburg	83,237		94%	Winn-Dixie
Errol Plaza	Apopka	Orlando	72,150		97%	Winn-Dixie
Meres Town Center	Tarpon Springs	Tampa-St. Petersburg	47,183		97%	Winn-Dixie
Oak Hill Village	Jacksonville	Jacksonville	78,492		99%	Publix
Salerno Village Square	Stuart	Port St. Lucie	77,677		84%	Winn-Dixie
Seminole Oaks	Seminole	Tampa-St. Petersburg	63,572		97%	Winn-Dixie
Uptown Station	Fort Walton Beach	Crestview-Fort Walton Beach-Destin	297,679		94%	Winn-Dixie
<b>Total Florida</b>			<b>804,672</b>	<b>11%</b>		
County Line Plaza	Philadelphia	Philadelphia	75,649		45%	Big Lots
Field Club Commons	New Castle	Pittsburgh	131,270		97%	Save-A-Lot
Kennywood Shops	West Mifflin	Pittsburgh	194,819		99%	Giant Eagle
Lake Raystown Plaza	Huntingdon	Huntingdon	140,159		100%	GIANT
Summit Ridge	Mount Pleasant	Pittsburgh	227,729		100%	Walmart
<b>Total Pennsylvania</b>			<b>769,626</b>	<b>10%</b>		
Buckeye Plaza	Cleveland	Cleveland	116,905		98%	Giant Eagle
Hocking Valley Mall	Lancaster	Columbus	179,415		97%	Kroger
Mulberry Square	Milford	Cincinnati	146,730		91%	Kroger
Pinewood Plaza	Dayton	Dayton	88,700		95%	Kroger
Springboro Plaza	Springboro	Dayton	154,034		100%	Kroger
<b>Total Ohio</b>			<b>685,784</b>	<b>9%</b>		
Barefoot Commons	North Myrtle Beach	Myrtle Beach-Conway	90,702		95%	BI-LO
Dill Creek Commons	Greer	Greenville-Spartanburg-	72,526		100%	BI-LO

Property	Location	Associated MSA	Area (SF)	SF%	Occupancy	Anchor
		Anderson				
Gaston Marketplace	Gaston	Columbia	44,133		97%	Food Lion
Little River Pavilion	Little River	Myrtle Beach-Conway	63,823		93%	Lowes Foods
North Augusta Plaza	North Augusta	Augusta-Richmond	254,744		94%	Publix
North Pointe	Columbia	Columbia	64,255		100%	Publix
Ocean Plaza	North Myrtle Beach	Myrtle Beach-Conway	66,497		91%	Kroger
<b>Total South Carolina</b>			<b>656,680</b>		<b>9%</b>	
Fuquay Crossing	Fuquay-Varnia	Raleigh-Durham	96,638		91%	Kroger
Independence Square	Charlotte	Charlotte	190,361		97%	Walmart
North Summit Square	Winston-Salem	Winston-Salem	224,530		96%	Lowes Foods, Sam's Club
Triangle Food Lion	Concord	Charlotte	41,439		100%	Food Lion
Wellington Park	Cary	Raleigh-Durham	102,487		92%	Lowe's
<b>Total North Carolina</b>			<b>655,455</b>		<b>9%</b>	
Birmingham Shoppes	Milton	Atlanta	82,905		80%	Publix
Douglas Commons	Douglasville	Atlanta	97,027		98%	Kroger
Locust Grove	Locust Grove	Atlanta	89,568		71%	Publix
Merchants Crossing	Newnan	Atlanta	174,059		78%	Kroger
Merchants Square	Riverdale	Atlanta	118,986		98%	Kroger
<b>Total Georgia</b>			<b>562,545</b>		<b>7%</b>	
Cambridge Crossings	Troy	Detroit	238,963		99%	Walmart
Canton Shopping Center	Canton	Detroit	72,361		98%	ALDI
City Center Plaza	Westland	Detroit	97,670		97%	Kroger
Stadium Center	Port Huron	Detroit-Warren-Dearborn	92,365		93%	Kroger
<b>Total Michigan</b>			<b>501,359</b>		<b>7%</b>	
North Branch Marketplace	North Branch	Minneapolis-St Paul	156,895		97%	County Market
East Brainerd Mall	Brainerd	Minneapolis-St Paul	191,459		96%	Cub Foods
Phalen Retail Center	St Paul	Minneapolis-St Paul	73,678		98%	Cub Foods
<b>Total Minnesota</b>			<b>422,032</b>		<b>6%</b>	<b>%</b>
Highland Square	Crossville	Nashville	179,243		95%	Kroger
St. Elmo Central	Chattanooga	Chattanooga	74,978		100%	BI-LO
Westhaven Town Center	Franklin	Nashville	96,960		97%	Kroger

Property	Location	Associated MSA	Area (SF)	SF%	Occupancy	Anchor
<b>Total Tennessee</b>			<b>351,181</b>	<b>5%</b>		
Bowling Green Plaza	Bowling Green	Richmond	49,850		87%	Food Lion
East Little Creek	Norfolk	Virginia Beach-Norfolk-Newport News	68,770		100%	Farm Fresh
Lovingston Plaza	Lovingston	Charlottesville	42,500		83%	Food Lion
Madison Plaza	Madison	Charlottesville	49,607		100%	Food Lion
Smithfield Shopping Plaza	Smithfield	Virginia Beach-Norfolk-Newport News	134,664		90%	Farm Fresh
<b>Total Virginia</b>			<b>345,391</b>	<b>5%</b>		
Cudahy Centre	Cudahy	Milwaukee	103,254		94%	Pick 'N Save
Forest Plaza	Fond du Lac	Fond du Lac	123,028		100%	Pick 'N Save
Wausau Pick 'n Save	Wausau	Wausau	67,951		100%	Pick 'N Save
<b>Total Wisconsin</b>			<b>294,233</b>	<b>4%</b>		
Glidden Crossing	DeKalb	Chicago-Naperville-Joliet	98,683		96%	Schnucks
Oakland Commons	Bloomington	Bloomington	73,705		96%	Jewel Osco
Plaza St. Clair	Fairview Heights	St. Louis	97,459		80%	Schnucks
<b>Total Illinois</b>			<b>269,847</b>	<b>4%</b>		
Southgate Crossing	Minot	Minot	159,780		100%	CashWise
Watford Plaza	Watford City	McKenzie	101,798		100%	CashWise
<b>Total North Dakota</b>			<b>261,578</b>	<b>3%</b>		
Roxborough Marketplace	Littleton	Denver Aurora-Lakewood	106,816		93%	Safeway
Westminster Plaza	Westminster	Denver Aurora-Lakewood	97,013		94%	Safeway
<b>Total Colorado</b>			<b>203,829</b>	<b>3%</b>		
Derry Meadows Shoppes	Derry	Boston-Cambridge-Quincy	186,997		94%	Hannaford
<b>Total New Hampshire</b>			<b>186,997</b>	<b>2%</b>		
Alta Mesa Plaza	Fort Worth	Dallas-Ft Worth	167,961		98%	Kroger
<b>Total Texas</b>			<b>167,961</b>	<b>2%</b>		
Mitchellville Plaza	Mitchellville	Washington, DC	145,403		94%	Food Lion
<b>Total Maryland</b>			<b>145,403</b>	<b>2%</b>		
Waterbury Plaza	Waterbury	New Haven-Milford	141,445		100%	Stop & Shop
<b>Total Connecticut</b>			<b>141,445</b>	<b>2%</b>		
Stonefield Square	Louisville	Louisville	90,991		92%	The Fresh Market

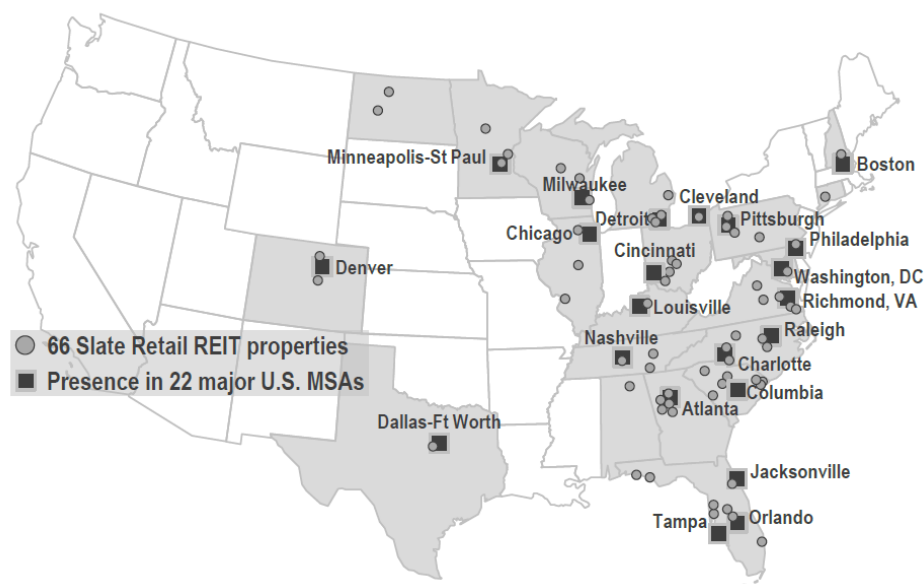
Property	Location	Associated MSA	Area (SF)	SF%	Occupancy	Anchor
<b>Total Kentucky</b>			<b>90,991</b>	<b>1%</b>		
Madison Center	Madison	Huntsville	64,837		96%	Publix
<b>Total Alabama</b>			<b>64,837</b>	<b>1%</b>		
<b>Total</b>			<b>7,581,846</b>	<b>100%</b>	<b>95%</b>	

### Geographic Diversification

The REIT's portfolio is geographically diversified. As of December 31, 2015, the REIT's 66 properties are located across 20 states with a presence in 22 major metropolitan statistical areas ("MSAs"). The following table shows the number of properties located in each state, the total square footage and the percentage of portfolio square footage in each state:

State	Number of Assets	Total SF	Occupied SF	Percentage of Revenue	Occupancy
Florida	8	804,672	763,510	11.4%	95%
Pennsylvania	5	769,626	720,977	8.0%	94%
Ohio	5	685,784	660,369	6.6%	96%
South Carolina	7	656,680	625,821	8.2%	95%
North Carolina	5	655,455	624,688	7.5%	95%
Georgia	5	562,545	476,706	6.8%	85%
Michigan	4	501,359	488,516	6.6%	97%
Minnesota	3	422,032	407,887	5.8%	97%
Tennessee	3	351,181	339,181	4.4%	97%
Virginia	5	345,391	318,691	4.3%	92%
Wisconsin	3	294,233	288,328	3.8%	98%
Illinois	3	269,847	243,794	3.6%	90%
North Dakota	2	261,578	261,578	5.3%	100%
Colorado	2	203,829	190,781	3.1%	94%
New Hampshire	1	186,997	175,887	3.1%	94%
Texas	1	167,961	164,361	2.2%	98%
Maryland	1	145,403	137,345	4.2%	94%
Connecticut	1	141,445	141,445	2.9%	100%
Kentucky	1	90,991	83,816	1.3%	92%
Alabama	1	64,837	61,930	0.8%	96%
<b>Total</b>	<b>66</b>	<b>7,581,846</b>	<b>7,175,611</b>	<b>100%</b>	<b>95%</b>

The following map shows the states within which the REIT's properties are located:



## Occupancy and Leasing

The following table sets out the percentage of GLA of the REIT's properties subject to lease expiries during the periods shown:

GLA Expiration	Grocery Anchor			Non Anchor			Total		
	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	—	—	\$ —	74,314	1.0%	\$ 17.44	74,314	1.0%	\$ 17.44
2016	—	—	—	276,478	3.7%	13.95	276,478	3.7%	13.95
2017	211,375	2.8%	8.30	655,756	8.7%	11.18	867,131	11.4%	10.48
2018	567,387	7.5%	7.59	653,276	8.6%	10.06	1,220,663	16.1%	8.91
2019	563,209	7.4%	7.45	378,513	5.0%	15.05	941,722	12.4%	10.51
2020	238,442	3.1%	6.48	413,087	5.5%	12.01	651,529	8.6%	9.99
2021 and Later	2,004,855	26.4%	9.31	1,138,919	15.0%	11.29	3,143,774	41.5%	10.03
Vacant	36,075	0.4%	N/A	370,160	4.9%	N/A	406,235	5.3%	N/A
<b>Total / WA</b>	<b>3,621,343</b>	<b>47.6%</b>	<b>\$ 8.50</b>	<b>3,960,503</b>	<b>52.4%</b>	<b>\$ 11.86</b>	<b>7,581,846</b>	<b>100.0%</b>	<b>\$ 10.17</b>

The REIT's properties have an overall weighted occupancy of approximately 95% with an average remaining lease term of approximately 5.2 years. No more than 17% of the leased GLA expires in any given year from 2015 to 2020.

## Tenant Mix

The tenant base in the REIT's properties is geographically well-diversified, with many tenants having large national or multi-national footprints. Each of the REIT's properties is anchored by a Grocery Anchor Tenant or a large national or international retailer with an established reputation that is a consumer staples and/or grocery retailer, which Slate believes represent a defensive asset class with limited downside in volatile markets.

The following table shows the parent companies of the fifteen largest Tenants which, when taken together, comprise 50.1% of the REIT's properties' GLA across 66 stores in total. The fifteen largest Tenants combined have a weighted average lease term of 5.97 years and account for 43.9% of the REIT's properties' portfolio annualized in-place base rent.

### Fifteen Largest Parent Company Tenants

Parent Company	Store Brand	Stores	Square Feet	Percentage of GLA	Base Rent	Percentage of Base Rent	Weighted Average Rent	Weighted Average Term (Years)
The Kroger Co.	Kroger	14	767,017	10.12%	\$4,484,555	6.18%	\$5.79	5.09
Southeastern Grocers LLC	Winn Dixie, BI-LO	10	460,269	6.07%	\$4,416,645	6.09%	\$9.60	7.58
SuperValu Inc.	Cub Foods, Farm Fresh, Save- A-Lot, County Market	6	308,265	4.07%	\$3,162,391	4.36%	\$10.26	5.71
Wal-Mart Stores, Inc.	Wal-Mart, Sam's Club	4	520,504	6.87%	\$3,008,868	4.15%	\$5.78	5.80
Delhaize Group SA	Food Lion, Hannaford	7	277,946	3.67%	\$2,833,244	3.90%	\$10.19	4.49
Koninklijke Ahold N.V.	Stop & Shop, GIANT	2	131,598	1.74%	\$2,370,774	3.27%	\$17.86	6.17
Publix Super Markets, Inc.	Publix	6	241,273	3.18%	\$2,036,732	2.81%	\$8.44	4.22
Coborn's, Inc.	Cash Wise	2	118,297	1.56%	\$1,853,300	2.55%	\$15.67	12.82
Roundy's Inc.	Pick 'n Save	3	193,210	2.55%	\$1,800,008	2.48%	\$9.32	7.16
Alex Lee, Inc.	Lowe's Foods	3	127,700	1.68%	\$1,239,424	1.71%	\$9.71	7.64
Sears Holding Corp	Kmart	3	277,764	3.66%	\$1,194,130	1.65%	\$4.30	2.40
Schnuck Markets, Inc.	Schnucks	2	114,695	1.51%	\$1,081,678	1.49%	\$9.43	6.99
Giant Eagle, Inc.	Giant Eagle	2	115,953	1.53%	\$835,417	1.15%	\$6.99	5.53
Sun Capital Partners, Inc.	ShopKo	1	80,000	1.06%	\$822,400	1.13%	\$10.28	13.10
Fitness International, LLC	LA Fitness	1	60,273	0.79%	\$693,140	0.96%	\$11.50	6.25
<b>Total</b>		<b>66</b>	<b>3,794,764</b>	<b>50.05%</b>	<b>\$31,832,705</b>	<b>43.87%</b>	<b>\$8.37</b>	<b>5.97</b>

### Fifteen Largest Tenants

The following is a description of the REIT's 15 largest tenants in terms of revenue:

#### *The Kroger Company*

Based in Cincinnati, Ohio and founded in 1883, The Kroger Company ("**Kroger**") is an American retailer with 2,625 supermarkets and multi-department stores and 782 convenience stores located throughout 35 states. With 422,000 employees and approximately U.S.\$108.5 billion in annual revenues, Kroger is one of the largest retailers in the world. Kroger is listed on the New York Stock Exchange (NYSE:KR). Kroger operates retail locations under the Kroger brands in the following properties: Pinewood Plaza, Springboro Plaza, Highland Square, Fuquay Crossing, Westhaven Town Center, Douglas Commons, Alta Mesa Plaza, Stadium Center, City Center Plaza, Hocking Valley Mall, Merchants Crossing, Merchants Square, Mulberry Square and Ocean Plaza.



### *Southeastern Grocers, LLC*

Based in Jacksonville, Florida and founded in 2010, Southeastern Grocers, LLC, (“**Southeastern Grocers**”) is the parent company of BI-LO, Harvey’s and Winn-Dixie grocery stores. Southeastern Grocers has nearly 72,000 employees who serve customers in 756 grocery stores, 145 liquor stores and 504 in-store pharmacies throughout the seven southeastern states of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, and South Carolina. Winn Dixie and BI-LO operate retail locations in the following properties: Errol Plaza, St. Elmo Central, 98 Palms, Upton Station and Seminole Oaks, Barefoot Commons, Bloomingdale Plaza, Dill Creek Commons, Meres Town Center and Salerno Village Square.

### *Supervalu Inc.*

Supervalu, Inc. (“**Supervalu**”) is an American grocery retailer headquartered in Eden Prairie, Minnesota and founded in 1926. Supervalu serves customers across the United States through a network of approximately 3,420 stores comprised of 1,900 stores serviced primarily by Supervalu’s food distribution business, 191 traditional retail stores, and 1,334 hard-discount stores, of which 957 are operated by licensee owners. With annual revenues of approximately U.S.\$17 billion and 35,000 employees nationwide, Supervalu is one of America’s largest grocery wholesalers and retailers. Supervalu is listed on the New York Stock Exchange (NYSE:SVU). Supervalu operates retail locations in the following properties: Field Club Commons (operating as Save-A-Lot, Supervalu’s wholly-owned discount supermarket chain), East Little Creek and Smithfield Shopping Center (operating as Farm Fresh, Supervalu’s wholly-owned supermarket chain), East Brainerd Mall, Phalen Retail Center (operating as Cub Foods, Supervalu’s wholly-owned supermarket chain) and North Branch Market Place (operating as County Market, Supervalu’s wholly-owned supermarket chain).

### *Wal-Mart Stores, Inc.*

Headquartered in Bentonville, Arkansas and founded in 1945, Wal-Mart Stores, Inc. (“**Wal-Mart**”) is a multinational retail corporation that operates a chain of large discount retail stores. Wal-Mart operates 11,500 retail units under 65 banners throughout 28 countries. Wal-Mart employs 2.2 million sales associates worldwide and has annual revenues of approximately U.S.\$486 billion. Wal-Mart is listed on the New York Stock Exchange (NYSE:WMT). Wal-Mart operates retail locations in the following properties: Summit Ridge, Cambridge Crossing and Independence Square and North Summit Square (under its Sam’s Club banner).

### *Delhaize Group SA*

Headquartered in Brussels, Belgium and founded in 1867, Delhaize Group SA (“**Delhaize**”) is engaged in the operation of supermarkets in Belgium, the United States, Eastern and Southeastern Europe and Indonesia. With annual revenues of approximately €21.4 billion (approximately U.S.\$23.2 billion) and 161,000 employees, Delhaize operates 3,534 stores on three continents and in 7 countries. In the United States, Delhaize operates under the Food Lion, Bottom Dollar Food and Hannaford brands. Delhaize is listed on the New York Stock Exchange (NYSE:DEG) and the NYSE Euronext (NYSE:DELB). Delhaize operates retail locations in the following properties: Triangle Food Lion, Gaston Marketplace, Bowling Green Plaza, Madison Plaza, Mitchellville Plaza, Lovington Plaza and Derry Meadows (under its Hannaford banner).

### *Koninklijke Ahold N.V.*

Headquartered in Zaandam, Netherlands and founded in 1887, Koninklijke Ahold N.V. (“**Ahold**”) is an international supermarket chain that operates 3,008 locations with approximately 121,000 employees. Ahold operates under the brands Stop & Shop, Giant Food, Giant Food Stores, Martin’s Food Markets and Peapod. Ahold’s annual revenues are approximately €30.3 billion (approximately U.S.\$32.9 billion) and is listed on the European exchange Euronext (Euronext:AH). Ahold operates supermarket locations

in the following properties: Waterbury Plaza (under its Stop & Shop banner) and Lake Raystown Plaza (under its Giant Food Store banner).

*Publix Super Markets, Inc.*

Headquartered in Lakeland, Florida and founded in 1930, Publix Super Markets, Inc. ("**Publix**") is the largest employee-owned supermarket chain in the United States and is engaged in the business of operating retail food supermarkets. With 1,114 store locations located throughout Florida, Georgia, Alabama, South Carolina, Tennessee and North Carolina. As one of the largest private companies in the United States and one of the 10 largest volume supermarket chains in the United States, Publix has annual sales of approximately U.S.\$30.6 billion and approximately 180,000 employees. Publix operates retail locations in the following properties: North Pointe, Madison Center and Oak Hill Village, Birmingham Shoppes, Locust Grove and North Augusta Plaza.

*Coborn's, Inc.*

Headquartered in St. Cloud, Minnesota and founded in 1921, Coborn's, Inc. ("**Coborn's**") operates 54 grocery stores and 70 convenience, liquor and other retail locations across Minnesota, North Dakota, South Dakota, Iowa, Illinois, and Wisconsin under the Coborn's and Cash Wise Foods banners. Coborn's has annual sales of approximately U.S.\$1.1 billion and employs nearly 8,000 people. Coborn's operates Cash Wise retail locations in the following properties: Southgate Crossing and Watford Plaza.

*Roundy's Inc.*

Headquartered in Milwaukee, Wisconsin and founded in 1872, Roundy's Inc. ("**Roundy's**") is a national supermarket chain that operates 166 stores and employs 20,000 people. Roundy's operates four major banners that are primarily geographically specific: Pick 'n Save, Copps Food Center, Metro Market and Mariano's Fresh Market. Roundy's annual revenues are approximately U.S.\$3.8 billion and is listed on the New York Stock Exchange (NYSE:RNDY). Roundy's operates supermarket locations in the following properties: Cudahy Centre, Forest Plaza and Wausau Pick 'n Save.

*Alex Lee, Inc.*

Headquartered in Hickory, North Carolina and founded in 1931, Alex Lee, Inc. is a privately held business with two primary operating companies: Merchants Distributors and Lowes Foods, LLC ("**Lowes Foods**"). Lowes Foods is a dominant grocer in North Carolina, South Carolina and Virginia with 111 grocery retailers and over 8,500 employees. Lowes Foods operates retail locations in the following properties: North Summit Square, Wellington Park and Little River Pavilion.

*Sears Holding Corporation*

Sears Holding Corporation ("**Sears**") is based in Hoffman Estates, Illinois and was founded in 2005 when Kmart Corporation purchased Sears, Roebuck & Co. Sears owns the brands Craftsman, Kenmore and DieHard and operates 1,725 retail locations under the banners Sears, Kmart, and other subsidiaries. Sears employs 196,000 people and has annual revenues of approximately U.S.\$31.2 billion, which makes it the thirteenth largest retailer by revenue in the United States. Sears is listed on the New York Stock Exchange (NYSE:SHLD). Sears operates retail locations in the following properties under the Kmart banner: North Augusta Plaza, Hocking Valley Mall, and Springboro Plaza.

*Schnuck Markets, Inc.*

Based in St. Louis, Missouri and founded in 1939, Schnuck Markets, Inc. ("**Schnucks**") is one of the largest privately held supermarket chains in the United States. Schnucks operates 97 stores in five states throughout the Midwest and also ran stores under the Logli Supermarkets and Hilander Foods banners. Schnucks operates retail locations in the following properties: Glidden Crossing and Plaza St. Clair.

*Giant Eagle, Inc.*

Based in Pittsburgh, Pennsylvania and founded in 1931, Giant Eagle, Inc. ("**Giant Eagle**") is an American supermarket chain and grocer. With approximately U.S.\$9.7 billion in annual sales and 36,000 employees, Giant Eagle is the 49th largest retailer in the United States. Giant Eagle operates 229 supermarkets and 168 fuel and convenience stores throughout Pennsylvania, Ohio, West Virginia, Indiana and Maryland. Giant Eagle operates retail locations in the following properties: Kennywood Shops and Buckeye Plaza.

*Sun Capital Partners, Inc. (Shopko Stores Operating Co., LLC)*

Headquartered in Green Bay, Wisconsin and founded in 1962, Shopko Stores Operating Co., LLC ("**Shopko**") was acquired by an affiliate of Sun Capital Partners, Inc. in 2005. Shopko provides quality name-brand merchandise, great values, pharmacy and optical services and operates 361 stores in 24 states throughout the Central, Western and Pacific Northwest regions of the United States. Shopko employs 16,900 people and has annual revenue of approximately U.S.\$3 billion. Shopko operates a retail location in North Branch Marketplace.

*Fitness International, LLC*

Headquartered in Irvine, California and founded in 1984, Fitness International, LLC ("**Fitness International**") is a national private fitness chain that operates the health club chain LA Fitness. With over 800 fitness clubs throughout North America, Fitness International has revenue estimated at U.S.\$2 billion and employs nearly 10,000 people. Fitness International operates an LA Fitness health club in Alta Mesa Plaza.

## DESCRIPTION OF THE PROPERTIES

### Alabama

#### *Madison Centre*

Madison Centre is a 64,837 square foot grocery anchored retail centre located at 8000 Madison Boulevard, Madison, Alabama. Built in 1997, the centre is situated on 9.43 acres of land seven miles west of downtown Huntsville and directly across the I-565 from the Redstone Arsenal United States Army Base. The Redstone Arsenal United States Army Base is one of the major drivers of employment and housing growth in the Huntsville MSA. Madison Centre is 96% occupied and is anchored by Publix and Rite Aid.

### Colorado

#### *Westminster Plaza*

Westminster Plaza is a 97,013 square foot grocery anchored retail centre located at 7353 Federal Boulevard, Westminster, Colorado. Westminster Plaza was constructed in 1999 and has a site area of 13.06 acres. Westminster Plaza is situated along North Federal Boulevard which provides the centre with great exposure. Westminster Plaza is anchored by Safeway and is 94% occupied. Westminster Plaza has a tenant mix comprised of a liquor store, pharmacy, banks and other national and regional retailers.

#### *Roxborough Marketplace*

Roxborough Marketplace is a 106,816 square foot grocery anchored retail centre located at 8355 North Rampart Range Road, Littleton, Colorado. Built in 2005, the centre is situated on 15.88 acres of land, 15 miles outside of Denver, Colorado. Roxborough Marketplace is 93% occupied and is anchored by Safeway.

### Connecticut

#### *Waterbury Plaza*

Waterbury Plaza is a 141,445 square foot grocery anchored retail centre located at 410 Reidville Drive, Waterbury, Connecticut. Waterbury Plaza was constructed in 1966 and subsequently renovated in 1993. It is situated on a 13.1 acre site and is 100% occupied. Tenants of Waterbury Plaza include Stop & Shop, a Stop & Shop gas station, Raymour & Flanigan and Webster Bank.

### Florida

#### *Errol Plaza*

Errol Plaza is a 72,150 square foot grocery anchored retail centre located at 1501-1577 West Orange Blossom Trail, Apopka, Florida. Originally built in 1986 and remodelled in 2011, the centre is situated on 8 acres of land. Errol Plaza is 97% occupied and is anchored by a recently renovated Winn-Dixie.

#### *98 Palms*

98 Palms is an 84,682 square foot grocery anchored retail centre located at 981 U.S. 98, Destin, Florida. Built in 2000, the centre is situated on 13.5 acres of land located in the Florida panhandle on Highway 98. 98 Palms is 98% occupied and is anchored by Winn-Dixie.

### *Uptown Station*

Uptown Station is a 297,679 square foot grocery anchored retail centre located at 99 Eglin Parkway Northeast, Fort Walton Beach, Florida. Originally built in 1963 and remodelled in 2008, the centre is situated on 24.4 acres of land in the Florida panhandle. Uptown Station is 94% occupied and is anchored by Winn-Dixie, Ross Dress for Less, an American discount department store, and Dollar General, a discount retailer, along with numerous other national tenants.

### *Oak Hill Village*

Oak Hill Village is a 78,492 square foot grocery anchored retail centre located at 7628 103rd Street, Jacksonville, Florida. Built in 1985, the centre is situated on 11.6 acres of land in the Jacksonville, Florida metropolitan area. Oak Hill Village is 99% occupied and is anchored by Publix.

### *Seminole Oaks*

Seminole Oaks is a 63,572 square foot grocery anchored retail centre located at 10202 Seminole Boulevard, Seminole, Florida. The centre was constructed in 2004 and is situated on a 7.6 acre site. Originally built as a Sweetbay anchored shopping centre, certain Sweetbay's, Harvey's and Reid's stores, including this property, were purchased by BI-LO/Winn-Dixie from Delhaize in 2013. In April 2014, the Sweetbay was converted to a Winn-Dixie. Seminole Oaks is currently 97% occupied with a mix of national and regional tenants.

### *Salerno Village Square*

Salerno Village Square is a 77,677 square foot grocery anchored retail centre located at 5547, Southeast Federal Highway, Stuart, Florida. The centre was originally constructed in 1976 and is currently 84% leased. Salerno Village Square currently is strategically located on 15.5 acres of land along a major interstate with good visibility. The centre underwent a major store remodel completed by the anchor tenant, Winn-Dixie, in 2004.

### *Bloomington Plaza*

Bloomington Plaza is an 83,237 square foot grocery anchored retail centre located at 121 East Bloomington Avenue, Brandon, Hillsborough County, Florida. Bloomington Plaza was built in 1987 and is located on 11.2 acres of land. Bloomington Plaza, which underwent a large renovation in 2013, is 94% occupied and is anchored by Winn-Dixie.

### *Meres Town Center*

Meres Town Center is a 47,183 square foot grocery anchored retail centre located at 1171 South Pinellas Avenue, Tarpon Springs, Florida. The centre was recently constructed in 2009 and is situated on a 5.7 acre site. Meres Town Center is 97% occupied and is anchored by Winn-Dixie.

## **Georgia**

### *Douglas Commons*

Douglas Commons is a 97,027 square foot grocery anchored retail centre located at 8471-8515 Hospital Drive, Douglasville, Georgia. Built in 1988 and remodelled in 2010, the centre is situated on 10.1 acres of land within the Atlanta Metro Area and is the primary grocery-anchored shopping centre in the area. Douglas Commons is 98% occupied and is anchored by Kroger.

### *Merchants Square*

Merchants Square is a 118,986 square foot grocery anchored retail centre located at 7100 Georgia Highway 85, Riverdale, Clayton County, Georgia. Built in 1986 and renovated in 2002, the centre is situated on 13.6 acres of land and was acquired by the REIT in February 2014. Merchants Square is 98% occupied and is anchored by a recently remodeled Kroger.

### *Merchants Crossing*

Merchants Crossing is a 174,059 square foot grocery anchored retail centre located at 50 Bullsboro Drive, Newnan, Coweta County, Georgia. Developed in 1974 and remodelled in 2012, Merchants Crossing is situated on 16.3 acres of land. Merchants Crossing is 78% occupied and is anchored by a recently remodelled Kroger.

### *Locust Grove*

Locust Grove is an 89,568 square foot grocery anchored retail centre located at 2730 Highway 155, Locust Grove, Georgia. The building was constructed in 2006 and is situated on a 16.5 acre site. Locust Grove is 71% occupied and is anchored by Publix.

### *Birmingham Shoppes*

Birmingham Shoppes is an 82,905 square foot grocery anchored retail centre located at 980 Birmingham Road, Milton, Georgia. Built in 2007, the centre is situated on 19.9 acres of land in Milton, Georgia. Birmingham Shoppes is 80% occupied and is anchored by Publix.

## **Illinois**

### *Oakland Commons*

Oakland Commons is a 73,705 square foot grocery anchored retail centre located at 2203 East Oakland Avenue, Bloomington, Illinois. The centre is situated on a 10.95 acre site in the southeast quadrant of Oakland Avenue and Mercer Avenue and was developed in 1990. Oakland Commons is 96% occupied and is anchored by Jewel-Osco supermarket with a lease that runs through to 2024.

### *Glidden Crossing*

Glidden Crossing is a 98,683 square foot grocery anchored retail centre located at 975 South Annie Glidden Road, DeKalb, Illinois. The centre was built in 2007 and is situated on 16.4 acres of land. Glidden Crossing is anchored by Schnucks with other national and regional tenants including Goodwill and Anytime Fitness. Glidden Crossing is 96% occupied.

### *Plaza St. Clair*

Plaza St. Clair is a 97,459 square foot grocery anchored retail centre located at 625 Lincoln Highway, Fairview Heights, Illinois. Built in 1985, the centre is situated on 9.1 acres of land. Cambridge Crossings is 80% occupied and is anchored by Schnucks, the market-leading grocer in the St. Louis MSA.

## **Kentucky**

### *Stonefield Square*

Stonefield Square is a 90,991 square foot grocery anchored retail centre located in an area of dense residential development at 10490 Shelbyville Road, Louisville, Kentucky. The single-story centre consists of four freestanding buildings, including the primary inline shopping centre that is anchored by The Fresh

Market grocery store and has junior anchor tenants that include CVS, Fifth Third Bank and Party Outlet. Stonefield Square was originally constructed in 1979 and subsequently renovated in 2000 and is 92% occupied.

## **Maryland**

### *Mitchellville Plaza*

Mitchellville Plaza is a 145,403 square foot grocery anchored retail centre located at 12100 Central Avenue, Mitchellville, Maryland. Built in 1991, the centre is situated on 15 acres of land, 20 miles east of Washington, D.C. Mitchellville Plaza is 94% occupied and is anchored by Food Lion.

## **Michigan**

### *Cambridge Crossings*

Cambridge Crossings is a 238,963 square foot grocery anchored retail centre located at 1933-2037 West Maple Road, Troy, Michigan. Built in 2001, the centre is situated on 24 acres of land in Eastern Michigan. Cambridge Crossings is 99% occupied and is anchored by Walmart, Marshalls and Dollar Tree.

### *Stadium Center*

Stadium Center is a 92,365 square foot grocery anchored retail centre located at 1215-1329 24th Street, Port Huron Township, St. Clair County, Michigan. The centre was constructed in 1977 with additions in 1983 and 1992. Stadium Center is situated on an 11.6 acre site and is 93% occupied. Stadium Center is anchored by Kroger who operates a full line grocery store as well as a fuel centre.

### *Canton Shopping Center*

Canton Shopping Center is a 72,361 square foot grocery anchored retail centre located at 42043 Ford Road, Canton Township, Wayne County, Michigan. Canton Shopping Center is located along Ford Road in the primary retail node of Canton. The centre was built in 1986 and is situated on 7.4 acres of land. Canton Shopping Center is currently 98% occupied and is anchored by ALDI.

### *City Center Plaza*

City Center Plaza is a 97,670 square foot grocery anchored retail centre located at 36540 Ford Road, Westland, Michigan. The centre is situated on 10.4 acres of land and the main building was built in 1994, with the out-lot constructed in 1996. City Center Plaza is 97% occupied and is anchored by a Kroger.

## **Minnesota**

### *East Brainerd Mall*

East Brainerd Mall is a 191,459 square foot grocery anchored retail centre located at 417 8th Avenue Northeast, Brainerd, Minnesota. Originally built in 1967 and remodelled in 2009, the centre is situated on 18.1 acres of land two hours north of Minneapolis in the Brainerd Lakes region. East Brainerd Mall is 96% occupied and is anchored by a subsidiary of Supervalu, Cub Foods, which is the dominant grocery store in the state of Minnesota and Ascensus.

### *Phalen Retail Center*

Phalen Retail Center is a 73,678 square foot grocery anchored retail centre located at 1157 Clarence Street, Saint Paul, Minnesota. Built in 2008, the centre is situated on 6.6 acres of land in St. Paul, Minnesota. Phalen Retail Center is 98% occupied and is anchored by Cub Foods.

### *North Branch Marketplace*

North Branch Marketplace is a 156,985 square foot grocery anchored retail centre located at 5418 St. Croix Trail, North Branch, Minnesota. The centre was constructed in 2008 and is anchored by County Market, a prominent, well-known banner of Jerry's Enterprises which operates 17 stores in the Minneapolis metro area with an additional 7 stores in the Minneapolis-St. Paul MSA and 13 stores in Southwestern Florida. The centre is located on 12.22 acres of land and is 97% occupied.

### **New Hampshire**

#### *Derry Meadows Shoppes*

Derry Meadows is a 186,997-square foot grocery anchored retail centre located at 35 Manchester Road, Derry, New Hampshire. Derry Meadows was constructed in 1999 with additions in 2004 and is situated on a 32.7 acre site. Derry Meadows is anchored by Hannaford and is 94% occupied.

### **North Carolina**

#### *Triangle Food Lion*

Triangle Food Lion is a 41,439 square foot standalone grocery store located at 734 Cabarrus Avenue West, Concord, North Carolina. Originally built in 1983 and remodelled in 2012, the store is situated on 3.6 acres of land in Concord, North Carolina. Triangle Food Lion is 100% occupied by Food Lion.

#### *Fuquay Crossing*

Fuquay Crossing is a 96,638 square foot grocery anchored retail centre located at 1371 East Broad Street, Fuquay-Varina, North Carolina. Built in 2002, the centre is situated on 14.9 acres of land, 14 miles southwest of Raleigh. Fuquay Crossing is 91% occupied and is anchored by Kroger.

#### *Independence Square*

Independence Square is a 190,361 square foot grocery anchored retail centre located at 7323 East Independence Boulevard, Charlotte, North Carolina. The centre was constructed in 1986 and subsequently renovated in 2000. Independence Square is situated on 13.6 acres of land in a highly populated residential node with great visibility and signage along a major throughway. Independence Square is 97% occupied and is anchored by Walmart Neighbourhood Market.

#### *North Summit Square*

North Summit Square is a 224,530 square foot grocery anchored retail centre located at 256 Summit Square Boulevard, Winston-Salem, North Carolina. The centre was built in 1991 and is situated on a 31.7 acre site. North Summit Square is anchored by Lowes Foods and Sam's Club (a subsidiary of Wal-Mart). North Summit Square has a multi-tenant design that is currently occupied by both national and regional tenants and is 96% occupied.

#### *Wellington Park*

Wellington Park is a 102,487 square foot grocery anchored retail centre located at 6408 Tryon Road, Cary, North Carolina. The centre was built in 1997 and is situated on 10.8 acres of land. Wellington Park is anchored by a Lowes Foods along with other national and regional tenants in the inline space. Wellington Park is 92% occupied with a strong draw a diverse tenant mix that consist of a liquor store, bank, fitness, a pub and a multitude of food options.



## **North Dakota**

### *Watford Plaza*

Watford Plaza is a 101,798 square foot grocery anchored retail centre located at North Dakota Highway 23 & Main Street South, Watford City, North Dakota. Situated on 12.6 acres of land, the centre is located on the south side ND Highway 23 bypass allowing for heavy traffic by both passenger and commercial traffic. Watford Plaza is 100% occupied and is anchored by Cash Wise.

### *Southgate Crossing*

Southgate Crossing is a 159,780 square foot grocery anchored retail centre located at 3208 16th Street Southwest, Minot, North Dakota. The centre occupies a 19 acre site and is located along the west side of 16th Street Southwest, close to the heavily trafficked US Route 52/2 bypass. Southgate Crossing is anchored by Cash Wise on a 19.0 acre site and is 100% occupied with committed national tenants.

## **Ohio**

### *Pinewood Plaza*

Pinewood Plaza is a 88,700 square foot grocery anchored retail centre located at 1024 South Smithville Road, Dayton, Ohio. Originally built in 1978 and remodelled in 2012, the centre is situated on 8 acres of land in an infill area north of the city core, adjacent to the I-675. Pinewood Plaza is 95% occupied and is anchored by Kroger.

### *Springboro Plaza*

Springboro Plaza is a 154,034 square foot grocery anchored retail centre located at 725 West Central Avenue, Springboro, Ohio. The centre is situated on 15 acres of land in Springboro, Ohio, a city situated between Cincinnati and Dayton in Southwest Ohio. Originally built in 1992, Springboro Plaza lies in close proximity to the newly expanded I-75 interchange, which serves as the anchor of the I-75 gateway commercial district. Springboro Plaza 100% occupied and is anchored by Kroger and Kmart.

### *Buckeye Plaza*

Buckeye Plaza is a 116,905 square foot grocery anchored retail centre located at 11301 Buckeye Road, Cleveland, Ohio. The centre is situated on 10.4 acres of land in a densely populated infill location in Cleveland, Ohio and serves as a key retail destination for area residents. Buckeye Plaza is 98% occupied and is anchored by Giant Eagle and Family Dollar.

### *Mulberry Square*

Mulberry Square is a 146,730 square foot grocery anchored retail centre located at 1083 Ohio 28, Milford, Ohio. The centre was built in 1993 with additions to the centre in 2002. Kroger was the initial build-to-suit tenant of the centre in 1993 and the inline space, outbuildings, and office space have been added. Many of the tenants at the centre have occupied their units for at least 10 years and Kroger has occupied the centre since 1993. Mulberry Square is located on a 22.25 acre parcel of land and is 91% occupied.

### *Hocking Valley Mall*

Hocking Valley Mall is a 179,415 square foot grocery anchored retail centre located at 1627-1735 Memorial Drive, Lancaster, Ohio. Built in 1977, the centre was acquired by the REIT in June 2015 and is situated on 18 acres of land. Hocking Valley Mall is 97% occupied and is anchored by Kroger.

## **Pennsylvania**

### *Kennywood Shops*

Kennywood Shops is a 194,819 square foot grocery anchored retail centre located at 1200-1804 Hoffman Boulevard, West Mifflin, Pennsylvania. Originally built in 1974 and subsequently remodelled in 1996, the centre recently underwent significant capital improvements that were completed in 2013. Kennywood Shops is situated on 24.6 acres of land in Southwestern Pennsylvania and has an exclusive market share within a two-mile radius of the site. Kennywood Shops is 99% occupied and is anchored by Giant Eagle, Roses, a discount variety retailer, and Dollar Tree, a discount retailer.

### *Field Club Commons*

Field Club Commons is a 131,270 square foot grocery anchored retail centre located at 3300-3350 Wilmington Road., New Castle, Pennsylvania. Originally built in 1972 and remodelled in 1997, the centre is situated on 23.5 acres of land in the main commercial thoroughfare of New Castle in Western Pennsylvania. Field Club Commons is 97% occupied and is anchored by Save-A-Lot, a discount supermarket chain wholly-owned by Supervalu, Ollies Bargain Outlet, a retailer of closeout, surplus and salvage merchandise and Peebles, a department store chain.

### *County Line Plaza*

County Line Plaza is a 75,649 square foot grocery anchored retail centre located at 15501 Bustleton Avenue, Philadelphia, Pennsylvania. Originally built in 1997 and remodelled in 2006, the centre is situated on 7.7 acres of land in a mature in-fill area with significant national retail presence. County Line Plaza is 45% occupied and is anchored by Food Basics and Big Lots, a closeout chain.

### *Summit Ridge*

Summit Ridge is a 227,729 square foot grocery anchored retail centre located at 2214 Summit Ridge Plaza, Mt. Pleasant, Pennsylvania. Built in 1999, the centre is situated on 35 acres of land in Southwestern Pennsylvania. Summit Ridge is 100% occupied and is anchored by Walmart Supercenter.

### *Lake Raystown Plaza*

Lake Raystown Plaza is a 140,159 square foot grocery anchored retail centre located at 7673 Lake Raystown Plaza, Smithfield Township, Huntingdon County, Pennsylvania. The centre was built in 1995 and is situated on 12.5 acres of land with superior access and visibility. Lake Raystown Plaza is 100% occupied and is anchored by Giant Foods.

## **South Carolina**

### *North Pointe*

North Pointe is a 64,255 square foot grocery anchored retail centre located at 10128 Two Notch Road, Columbia, South Carolina. Originally built in 1982 and remodelled in 1997, the centre is situated on 7.4 acres of land in a high traffic retail corridor of Columbia, a city located in central South Carolina. North Pointe is 100% occupied and is anchored by Publix.

### *Gaston Marketplace*

Gaston Marketplace is a 44,133 square foot grocery anchored retail centre located at 5216 U.S. 321, Gaston, South Carolina. Built in 2004, the centre is situated on 10.7 acres of land in central South Carolina. Gaston Marketplace is 97% occupied and is anchored by Food Lion and Family Dollar, a discount retailer.

### *Dill Creek Commons*

Dill Creek Commons is a 72,526 square foot grocery anchored retail centre located at 1365 Wade Hampton Boulevard, Greenville County, Greer, South Carolina. Dill Creek Commons was acquired by the REIT in December 2013. The centre was built in 1997 and is situated on 8.1 acres of land. Dill Creek Commons is 100% occupied and is anchored by BI-LO.

### *North Augusta Plaza*

North Augusta Plaza is a 254,744 square foot grocery anchored retail centre located at the 314 East Martintown Road, North Augusta, Aiken County, South Carolina. The centre was acquired by the REIT in December 2013. Built in 1993, North Augusta Plaza is situated on 20.1 acres of land and has a large national and regional tenant mix. North Augusta Plaza is 94% occupied and is anchored by Publix.

### *Barefoot Commons*

Barefoot Commons is a 90,702 square foot grocery anchored retail centre located at 3924 Highway 17 South, North Myrtle Beach, South Carolina. Built in 2007, the centre is situated on 13.29 acres of land in North Myrtle Beach in South Carolina. Barefoot Commons is 95% occupied and is anchored by BI-LO.

### *Ocean Plaza*

Ocean Plaza is a 66,497 square foot grocery anchored retail centre located at 781 Main Street, North Myrtle Beach, South Carolina. The centre was acquired by the REIT in January 2015. Ocean Plaza was built in 1988 and is situated on 8.46 acres of land. Ocean Plaza is 91% occupied and is anchored by Kroger.

### *Little River Pavilion*

Little River Pavilion is a 63,823 square foot grocery anchored retail centre located at 111 Pavilion Drive, Little River, South Carolina. The centre was constructed in 2007 and is situated on a 25.71 acre site. Little River Pavilion is 93% occupied and is anchored by Lowes Foods.

## **Tennessee**

### *Highland Square*

Highland Square is a 179,243 square foot grocery anchored retail centre located at 265 Highland Square, Crossville Tennessee. Originally built in 1988 and remodelled in 2005, the centre is situated on 25 acres of land in central Tennessee. Highland Square is 95% occupied and is anchored by Kroger with Tractor Supply Co., a retailer of agriculture suppliers and work wear, and Dunham's Sporting Goods, a sporting goods retailer.

### *St. Elmo Central*

St. Elmo Central is a 74,978 square foot grocery anchored retail centre located at 3801 Tennessee Avenue, Chattanooga, Tennessee. Built in 1995, it is situated on 10.3 acres of land in a mature historic neighbourhood in the south end of Chattanooga in Southeastern Tennessee. St. Elmo Central is 100% occupied and is anchored by BI-LO, CVS Pharmacy and Family Dollar.

### *Westhaven Town Center*

Westhaven Town Center is a 96,960 square foot grocery anchored retail centre located at 1001 Westhaven Boulevard, Franklin, Tennessee. Originally built in 2008, the centre is situated on 5 acres of land in Franklin, Tennessee. Westhaven Town Center is 97% occupied and is anchored by Kroger.

## **Texas**

### *Alta Mesa Plaza*

Alta Mesa Plaza is a 167,961 square foot grocery anchored retail centre located at 3510 Altamesa Boulevard, Fort Worth, Texas. Built in 1980, the centre is situated on 15.2 acres of land in Fort Worth, Texas, the third fastest-growing MSA in the United States. Alta Mesa Plaza is 98% occupied and is anchored by a recently remodeled Kroger and LA Fitness.

## **Virginia**

### *Bowling Green Plaza*

Bowling Green Plaza is a 49,850 square foot grocery anchored retail centre located at 332 West Broadus Avenue, Bowling Green, Virginia. Built in 1994, the centre is situated on 6.3 acres of land in central Virginia. Bowling Green Plaza is 87% occupied and is anchored by a recently remodelled Food Lion and Family Dollar.

### *Madison Plaza*

Madison Plaza is a 49,607 square foot grocery anchored retail centre located at 46 Madison Plaza Drive, Madison, Virginia. Built in 2003, the centre is situated on 10.2 acres of land and is 100% occupied. Madison Plaza is anchored by Food Lion and Family Dollar.

### *East Little Creek*

East Little Creek is a 68,770 square foot grocery anchored retail centre located at 230 East Little Creek Road Norfolk, Virginia. The centre was acquired by the REIT in August 2014 and is situated on 6.7 acres of land. East Little Creek is 100% occupied and is anchored by Farm Fresh.

### *Smithfield Shopping Plaza*

Smithfield Shopping Plaza is a 134,664 square foot grocery anchored retail centre located at 1282 Smithfield Plaza, Smithfield, Virginia. The centre was constructed in 1986 and is situated on a 12.72 acre site. Smithfield Shopping Plaza is 90% occupied and is anchored by Farm Fresh, Maxway and Peebles.

### *Lovingston Plaza*

Lovingston Plaza is a 42,500 square foot grocery anchored retail centre located at 85 Callohill Drive, Lovingston, Nelson County, Virginia. The centre is located just west US Route 29, with good visibility and access. The parcel contains a total of 7.3 acres, of which 30,000 square feet is considered excess land (outparcel) at the corner of Callohill Drive and US Route 29. Lovingston Plaza was developed in 1998 and is 83% occupied. Lovingston Plaza is anchored by a 29,000 square foot Food Lion grocery store and contains six inline tenants, including Family Dollar, Anytime Fitness and Subway.

## **Wisconsin**

### *Cudahy Centre*

Cudahy Centre is a 103,254 square foot grocery anchored retail centre located at 5801-5885 South Packard Avenue, Cudahy, Wisconsin. Originally built in 1987 and remodelled in 2009, the centre is situated on 7.8 acres of land on the major commercial thoroughfare in South Milwaukee. Cudahy Centre is 94% occupied and is anchored by Pick 'n Save.

### *Wausau Pick 'n Save*

Wausau Pick 'n Save consists of a 67,951 square foot one story, single-tenant supermarket located at 205 Central Bridge Street, Wausau, Wisconsin. The building was constructed in 2002 and is anchored by Pick 'n Save. The supermarket is situated on 9.7 acres of land and is located on a major thoroughfare in Wausau Wisconsin.

### *Forest Plaza*

Forest Plaza is a 123,028 square foot grocery anchored retail centre located at 760-832 West Johnson Street, Fond du Lac, Wisconsin. Forest Plaza was built in 1978, renovated in 2006 and is located within the primary retail corridor of Fond du Lac. The centre is situated on a 13.7 acre site and is currently 100% occupied. Forest Plaza is anchored by Pick 'N Save and maintains a lease that runs through December 2024 with additional renewal options. Junior anchors include TJ Maxx and Jo-Ann Fabrics.

## **MATERIAL SUBSIDIARIES**

### **Slate Retail Investment L.P.**

Slate Retail Investment L.P. ("**Investment LP1**") was established for the purposes of issuing limited partnership units and subordinated unsecured promissory notes of Investment LP1 (the "**Investment LP1 Notes**") and indirectly owning and leasing a diversified portfolio of quality revenue-producing commercial real estate properties in the United States with a focus on anchored retail properties (or interests in such properties). The properties indirectly owned by Investment LP1 are owned by separate underlying limited partnerships established and owned by Investment LP1 or subsidiaries thereof.

### **Slate Retail General Partner**

Slate Retail GP Inc. (the "**General Partner**") is an Ontario corporation that is the general partner of each of Limited Partnership 1 and Limited Partnership 2. All of the shares of the General Partner are held by Investment LP1.

### **Slate Retail One L.P.**

#### *General*

Slate Retail One L.P. ("**Limited Partnership 1**") is a Delaware limited partnership governed by the Slate Retail One L.P. partnership agreement (the "**LP1 Partnership Agreement**") and the laws of the State of Delaware. The general partner of Limited Partnership 1 is the General Partner, and the limited partners are Investment LP1 (which owns all of the issued and outstanding Class A LP1 Units) and holders of Class B LP1 Units) (collectively, the "**LP1 Limited Partners**" and, individually, a "**LP1 Limited Partner**").

#### *Partnership Units*

Limited Partnership 1 has outstanding Class A LP1 Units, all of which are held by Investment LP1 and Class B LP1 Units, all of which are held by certain former holders of the general partner interests in Slate U.S. Opportunity (No. 3) Holding L.P. The General Partner has a 0.01% general partner interest in Limited Partnership 1.

The Class B LP1 Units are, in all material respects, economically equivalent to the Class U Units on a per unit basis, subject to adjustment in respect of U.S. corporate income taxes paid by the REIT and/or certain subsidiaries of the REIT. The Class B LP1 Units are not entitled to vote on matters to be voted on by Unitholders. Pursuant to the LP1 Partnership Agreement, the Class B LP1 Units are redeemable from time to time by the holder thereof for cash or, at the option of the General Partner, Class U Units (on a one-for-one basis, subject to customary anti-dilution adjustments). There are approximately 219,620

Class B LP1 Units (excluding such units held by the REIT or its subsidiaries) issued and outstanding, 191,462 of which are held by Slate and its principals. Transfers of Class A LP1 Units and Class B LP1 Units are generally not permitted subject to limited exceptions, including (i) pursuant to the redemption of the Class B LP1 Units, (ii) transfers from a legal entity to an affiliate, subsidiary or successor in interest of such entity, and (iii) with the approval of the General Partner.

#### *Redemption Rights*

The holders of Class B LP1 Units have the right to cause Limited Partnership 1 to redeem all or a portion of such Class B LP1 Units for Class U Units or cash, at the option of the General Partner. Any exercise of the redemption right by a holder of Class B LP1 Units may be made on a conditional basis and subject to retraction (in whole or in part) by such holder in his, her or its sole discretion following the General Partner's determination of whether the redemption will be paid in cash or Class U Units (such determination to be provided by the General Partner in writing to the redeeming holder of Class B LP1 Units). If the General Partner elects to redeem Class B LP1 Units for Class U Units, the REIT will generally deliver (indirectly) one Class U Unit for each Class B LP1 Unit redeemed (subject to customary anti-dilution adjustments).

#### *Operation*

The business and affairs of Limited Partnership 1 are managed and controlled by the General Partner which is bound by the investment guidelines and operating policies applicable to the REIT. The LP1 Limited Partners are not entitled to take part in the management or control of the business or affairs of the Partnership.

#### *Distributions*

The Class B LP1 Units are economically equivalent to the Class U Units and are entitled to receive distributions on each such unit equal to the amount of the distribution declared by the REIT on each Class U Unit, subject to adjustment in respect of U.S. corporate income taxes paid by the REIT and/or certain subsidiaries of the REIT and any applicable withholding taxes. The record date and the payment date for any distribution declared on the Class B LP1 Units is generally the same as those for the Class U Units.

#### *Allocations of Net Income and Net Loss*

The LP1 Partnership Agreement provides that taxable income of Limited Partnership 1 will, to the extent possible, be allocated to the holders of Class B LP1 Units in amounts approximating a proportionate interest in all of the properties. The remaining taxable income of Limited Partnership 1 will be allocated to Investment LP1 and the General Partner in accordance with their respective partnership interests in Limited Partnership 1. Losses of Limited Partnership 1 will be allocated under a similar methodology.

#### *Liability of the REIT and that of the Limited Partners*

Under the *Delaware Revised Uniform Limited Partnership Act* ("**DRULPA**"), the General Partner is liable for all general obligations of Limited Partnership 1 to the extent not paid by Limited Partnership 1. The limited partners are not required to make additional contributions to Limited Partnership 1. Assuming that a limited partner does not take part in the control of the business of Limited Partnership 1, the liability of the limited partner for obligations of Limited Partnership 1 under the LP1 Partnership Agreement and DRULPA is limited, subject to limited exceptions, generally to the loss of the limited partner's investment in Limited Partnership 1 represented by such limited partner's Limited Partnership 1 partnership units.

The Partnership operates in a manner to ensure, to the greatest extent possible, the limited liability of the LP1 Limited Partners. The LP1 Limited Partners may lose their limited liability in certain circumstances. If the limited liability of any LP1 Limited Partner is lost by reason of the negligence of the General Partner in performing its duties and obligations under the limited partnership agreement, the General Partner will

indemnify the applicable LP1 Limited Partner against all claims arising from assertions that its liabilities are not limited as intended by the limited partnership agreement. The General Partner has no significant assets or financial resources other than their de minimis distribution entitlements from Limited Partnership 1 and Limited Partnership 2. Accordingly, this indemnity may only be of nominal value.

#### *Tax Matters*

Pursuant to the LP1 Partnership Agreement, the General Partner is the tax matters partner of Limited Partnership 1, and as such, has authority to make tax decisions under the Code on behalf of Limited Partnership 1. The General Partner files a U.S. federal income tax return annually on behalf of Limited Partnership 1 on IRS Form 1065 (or such other successor form) or on any other IRS form as may be required.

#### **Slate Retail Two L.P.**

##### *General*

Slate Retail Two L.P. ("**Limited Partnership 2**") is a Delaware limited partnership governed by the Slate Retail Two L.P. partnership agreement ("**LP2 Partnership Agreement**") and the laws of the State of Delaware. The general partner of Limited Partnership 2 is the General Partner and the limited partners are Limited Partnership 1 (which owns all of the issued and outstanding Class A LP2 Units), the holders of Class B LP2 Units and GAR B (which owns all of the issued and outstanding Class C LP2 Units) (collectively, the "**LP2 Limited Partners**" and, individually, a "**LP2 Limited Partner**").

##### *Partnership Units*

Limited Partnership 2 has outstanding Class A LP2 Units, all of which are held by Limited Partnership 1, Class B LP2 Units, all of which are held by certain former unitholders of U.S. Grocery Anchored Retail (1A) Limited Partnership, U.S. Grocery Anchored Retail (1B) Limited Partnership and U.S. Grocery Anchored Retail (1C) Limited Partnership, the indirect holders of the general partner interests in the holding partnerships and certain former holders of the general partner interests in Slate U.S. Opportunity (No. 3) Holding L.P and Class C LP2 Units, all of which are held by GAR B. The General Partner has a 0.01% general partner interest in Limited Partnership 2.

The Class B LP2 Units are, in all material respects, economically equivalent to the Class U Units on a per unit basis, subject to adjustment in respect of U.S. corporate income taxes paid by the REIT and/or certain subsidiaries of the REIT. Each Class C LP2 Unit, taken together with the units of GAR Holdings held by GAR B, are, in all material respects, economically equivalent to ownership of Class U Units, subject to adjustment in respect of U.S. corporate income taxes paid by REIT and/or certain subsidiaries of the REIT. The Class B LP2 Units and Class C LP2 Units are not entitled to vote on matters to be voted on by Unitholders. Pursuant to the LP2 Partnership Agreement, the Class B LP2 Units are redeemable from time to time by the holder thereof for cash or, at the option of the General Partner, Class U Units (on a one-for-one basis, subject to customary anti-dilution adjustments). There are approximately 1,855,748 Class B LP2 Units (excluding such units held by the REIT or its subsidiaries) issued and outstanding, 683,147 of which are held by Slate and its principals. Transfers of Class A LP2 Units, Class B LP2 Units and Class C LP2 Units are generally not permitted subject to limited exceptions, including (i) pursuant to the redemption of the Class B LP2 Units, (ii) transfers from a legal entity to an affiliate, subsidiary or successor in interest of such entity, and (iii) with the approval of the General Partner.

##### *Redemption Rights*

The holders of Class B LP2 Units have the right to cause Limited Partnership 2 to redeem all or a portion of such Class B LP2 Units for Class U Units or cash, at the option of the General Partner. Any exercise of the redemption right by a holder of Class B LP2 Units may be made on a conditional basis and subject to retraction (in whole or in part) by such holder in his, her or its sole discretion following the General

Partner's determination of whether the redemption will be paid in cash or Class U Units (such determination to be provided by the General Partner in writing to the redeeming holder of Class B LP2 Units). If the General Partner elects to redeem Class B LP2 Units for Class U Units, the REIT will generally deliver (indirectly) one Class U Unit for each Class B LP2 Unit redeemed (subject to customary anti-dilution adjustments).

### *Operation*

The business and affairs of Limited Partnership 2 are managed and controlled by the General Partner which is bound by the investment guidelines and operating policies applicable to the REIT. The LP2 Limited Partners are not entitled to take part in the management or control of the business or affairs of the Partnership.

### *Distributions*

The Class B LP2 Units are economically equivalent to the Class U Units and are entitled to receive distributions on each such unit equal to the amount of the distribution declared by the REIT on each Class U Unit, subject to adjustment in respect of U.S. corporate income taxes paid by the REIT and/or certain subsidiaries of the REIT and any applicable withholding taxes. The record date and the payment date for any distribution declared on the Class B LP2 Units is generally the same as those for the Class U Units.

### *Allocations of Net Income and Net Loss*

The LP2 Partnership Agreement provides that taxable income of Limited Partnership 2 will, to the extent possible, be allocated to the holders of Class B LP2 Units and Class C LP2 Units in amounts approximating a proportionate interest in all of the properties (taking into account taxable income of GAR Holdings directly allocated to GAR B and taxable income allocated directly by Holding LP1 to Investment LP1). The remaining taxable income of Limited Partnership 2 will be allocated to Limited Partnership 1 and the General Partner in accordance with their respective partnership interests in Limited Partnership 2. Losses of Limited Partnership 2 will be allocated under a similar methodology.

### *Liability of the REIT and that of the Limited Partners*

Under DRULPA, the General Partner is liable for all general obligations of Limited Partnership 2 to the extent not paid by Limited Partnership 2. The limited partners are not required to make additional contributions to Limited Partnership 2. Assuming that a limited partner does not take part in the control of the business of Limited Partnership 2, the liability of the limited partner for obligations of Limited Partnership 2 under the LP2 Partnership Agreement and DRULPA is limited, subject to limited exceptions, generally to the loss of the limited partner's investment in Limited Partnership 2 represented by such limited partner's Limited Partnership 2 partnership units.

The Partnership operates in a manner to ensure, to the greatest extent possible, the limited liability of the LP2 Limited Partners. The LP2 Limited Partners may lose their limited liability in certain circumstances. If the limited liability of any LP2 Limited Partner is lost by reason of the negligence of the General Partner in performing its duties and obligations under the limited partnership agreement, the General Partner will indemnify the applicable LP2 Limited Partner against all claims arising from assertions that its liabilities are not limited as intended by the limited partnership agreement. The General Partner has no significant assets or financial resources other than their de minimis distribution entitlements from Limited Partnership 1 and Limited Partnership 2. Accordingly, this indemnity may only be of nominal value.

### *Tax Matters*

Pursuant to the LP2 Partnership Agreement, the General Partner is the tax matters partner of Limited Partnership 2, and as such, has authority to make tax decisions under the Code on behalf of Limited Partnership 2. The General Partner files a U.S. federal income tax return annually on behalf of Limited



Partnership 2 on IRS Form 1065 (or such other successor form) or on any other IRS form as may be required.

## **U.S. Grocery Anchored Retail (1B) Limited Partnership**

### *General*

GAR B is an Ontario limited partnership governed by the GAR B limited partnership agreement (the “**GAR B Partnership Agreement**”) and the laws of the Province of Ontario. The general partner of GAR B is GAR 1 GP Inc. (“**GAR B GP**”) and the limited partners of GAR B are certain institutional and accredited investors, including Slate (the “**GAR B Limited Partners**”).

### *Partnership Units*

The GAR B GP has a 0.01% general partner interest in GAR B. The GAR B Exchangeable Units are, in all material respects, economically equivalent to the Class U Units on a per unit basis, subject to adjustment in respect of U.S. corporate income taxes paid by the REIT and/or certain subsidiaries of the REIT (including GAR B). GAR B also is authorized to issue Class A limited partnership units, which generally are issued to the REIT in connection with a redemption of GAR B Exchangeable Units.

### *Redemption Rights*

Transfers of GAR B Exchangeable Units are generally not permitted subject to limited exceptions, including (i) pursuant to the redemption of the GAR B Exchangeable Units, (ii) transfers from a legal entity to an affiliate, subsidiary or successor in interest of such entity, and (iii) with the approval of the GAR B GP.

The holders of GAR B Exchangeable Units have the right to cause GAR B to redeem all or a portion of such GAR B Exchangeable Units for Class U Units or cash, at the option of the GAR B GP. Any exercise of the redemption right by a holder of GAR B Exchangeable Units may be made on a conditional basis and subject to retraction (in whole or in part) by such holder in his, her or its sole discretion following the GAR B GP’s determination of whether the redemption will be paid in cash or Class U Units (such determination to be provided by the GAR B GP in writing to the redeeming holder of GAR B Exchangeable Units). If the GAR B GP elects to redeem GAR B Exchangeable Units for Class U Units, the REIT will generally deliver (indirectly) one Class U Unit for each GAR B Exchangeable Unit to be redeemed (subject to customary anti-dilution adjustments).

### *Operation and Voting*

The operations and affairs of GAR B are managed and controlled by the GAR B GP which is bound by the investment guidelines and operating policies applicable to the REIT. The GAR B Limited Partners are not entitled to take part in the management or control of the business or affairs of GAR B.

### *Distributions*

The GAR B Exchangeable Units are economically equivalent to the Class U Units and are entitled to receive distributions on each such unit equal to the amount of the distribution declared by the REIT on each Class U Unit, subject to adjustment in respect of U.S. corporate income taxes paid by the REIT and/or certain subsidiaries of the REIT (including GAR B) and any applicable withholding taxes. The record date and the payment date for any distribution declared on the units of GAR B is generally the same as those for the Class U Units. The holders of Class A limited partnership units and GAR GP are entitled to receive any additional amounts for distribution based on their proportionate interest.

### *Allocations of Net Income and Net Loss*

The GAR B Partnership Agreement provides that, the taxable income of GAR B will be allocated among GAR B GP, the holders of GAR B Exchangeable Units and the REIT, as holder of Class A limited partnership units in accordance with the distribution provisions of GAR B, subject to certain adjustments including, among other things, in respect of indebtedness owing by GAR B to the REIT. Losses of GAR B will be allocated under a similar methodology.

### *Liability of the REIT and that of the Limited Partners*

GAR B operates in a manner to ensure, to the greatest extent possible, the limited liability of the GAR B Limited Partners. The GAR B Limited Partners may lose their limited liability in certain circumstances. If the limited liability of any GAR B Limited Partner is lost by reason of the negligence of the GAR B GP in performing its duties and obligations under the GAR B Partnership Agreement, the GAR B GP will indemnify the applicable GAR B Limited Partner against all claims arising from assertions that its liabilities are not limited as intended by the GAR B Partnership Agreement. The GAR B GP has no significant assets or financial resources other than their de minimis distribution entitlements from GAR B. Accordingly, this indemnity may only be of nominal value.

## **NORMAL COURSE ISSUER BID**

On May 21, 2015 the REIT announced that the TSX had accepted its notice of intention to conduct a normal course issuer bid (“**NCIB**”) to enable it to purchase up to 1,093,895 Class U Units, representing approximately 5% of the REIT’s issued and outstanding Class U Units, pursuant to TSX rules. On September 30, 2015, the REIT announced that the TSX had accepted its amended notice of intention to conduct a normal course issuer bid (the “**Amended NCIB**”) effective as of the close of markets on October 5, 2015 to increase the maximum number of Class U Units that may be repurchased from 1,093,895 Class U Units to 2,591,136 Class U Units, or approximately 10% of the public float. No other terms of the NCIB were amended.

Purchases under the Amended NCIB may be made until the earlier of May 25, 2016 and the date of notice by the REIT of termination of the bid. Class U Units purchased under the bid will be cancelled. In 2015, 1,273,088 Class U Units of the REIT were repurchased pursuant to the NCIB.

## **INDEBTEDNESS AND OTHER OBLIGATIONS**

### **Overview**

The REIT uses secured financing and senior secured financing as its primary source of debt capital. The REIT relies on both fixed and floating interest rate debt and maintains a flexible approach to the selection of appropriate debt terms to achieve a debt profile that takes into account market conditions as well as the REIT’s lease maturity profile and cash flows. The Declaration of Trust provides that the REIT may not incur or assume any indebtedness if, after giving effect to the incurring or assumption of such indebtedness, the total indebtedness of the REIT would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible debentures) and the REIT targets a total indebtedness level of approximately 55% of Gross Book Value. The REIT’s preference is to address debt maturities well in advance of their maturity to reduce refinancing risk and provide flexibility. Further, the REIT’s preference is to acquire unencumbered properties providing added flexibility to the REIT’s capital structure and further enabling the REIT to actively manage its debt profile.

The following is a summary of the debt held by the REIT as at December 31, 2015:

	<b>Maturity</b>	<b>Weighted Average Debt Maturity (Years)</b>	<b>Effective Rate</b>	<b>Carrying Amount (December 31, 2015)</b>	<b>Carrying Amount (December 31, 2014)</b>
Term loan	Dec. 19, 2018	3.2	2.44%	\$ 223,108	\$ 222,470
Revolver	Dec. 19, 2017	2.2	2.20%	198,820	44,005
Mortgage	Mar. 1, 2021	5.6	5.75%	15,484	16,106
Mortgage	Apr. 30, 2021	5.6	5.80%	29,222	30,044
Mortgage	Jan. 1, 2025	9.3	3.80%	49,131	49,020
Mortgage	Jun. 15, 2025	9.7	4.14%	57,979	—
Mortgage	Apr. 1, 2031	15.5	5.25%	3,536	3,684
Second Mortgage	N/A	N/A	6.00%	—	209
<b>Total</b>		<b>4.5</b>	<b>2.90%</b>	<b>\$ 577,280</b>	<b>\$ 365,329</b>

The REIT's debt maturity is approximately 4.5 years and approximately matches the REIT's weighted average lease term.

### **Unitholder Rights Plan**

The REIT adopted a unitholder rights plan on April 21, 2014 (the "**Rights Plan**"). The adoption was affirmed by a resolution of the Unitholders at the special meeting of Unitholders held on March 3, 2014. The Rights Plan expires on March 3, 2017, subject to affirmation every three years. A copy of the Rights Plan is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The purposes of the Rights Plan are as follows: (i) to ensure, to the extent possible, that the Trustees have sufficient time to consider and evaluate any unsolicited take-over bid for the Units or other acquisition of control of the REIT; (ii) to provide the Trustees with adequate time to explore and develop alternatives, in order to maximize unitholder value and (iii) to ensure, to the extent possible, the equal treatment of Unitholders in connection with any unsolicited take-over bid. Following the completion of the Combination Transaction, one right was issued and attached to each outstanding Unit pursuant to the Rights Plan.

## **RISK FACTORS**

The occurrence of any of the following risks could materially and adversely affect the REIT's investments, prospects, cash flows, results of operations or financial condition and the REIT's ability to make cash distributions to Unitholders. In that event, the value of the Units could decline and investors may lose all or part of their investment. Although the REIT believes that the risk factors described below are the most material risks that the REIT will face, they are not the only risks. Additional risk factors not presently known or that are currently believed to be immaterial could also materially adversely affect investments, prospects, cash flows, results of operations or financial condition and the REIT's ability to make cash distributions to Unitholders and adversely affect the value of the Units.

### **Risk Factors Related to the Real Estate Industry**

#### *Real Property Ownership and Tenant Risks*

The REIT owns its properties and is expected in the future to acquire interests in other real property. All real property investments are subject to elements of risk. By specializing in particular types of real estate, the REIT is exposed to adverse effects on those segments of the real estate market. In addition, all of the REIT's properties are located in the United States. As a result, the REIT is impacted by factors specifically affecting the real estate markets in the United States and the United States economy generally. These factors may differ from those affecting Canada. If conditions in the United States were to decline relative to conditions in other countries, or in Canada in particular, this could more adversely impact the REIT's revenues and results of operations.

The value of real property and any improvements thereto depends on the credit and financial stability of tenants, and upon the vacancy rates of the properties. AFFO will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if significant amounts of available space in the properties in which the REIT has an interest become vacant and are not able to be leased on economically favourable lease terms.

The REIT's properties generate income through rent payments made by the REIT's tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which the REIT has an interest may seek the protection of bankruptcy, insolvency or similar laws that could result in the disclaimer and termination of such tenant's lease, any of which events could have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises and various other factors, many of which are beyond the REIT's control.

#### *Fixed Costs*

The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders. Certain significant expenditures, including property taxes, ground rent, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale or the landlord's exercise of remedies. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space.

The timing and amount of capital expenditures by the REIT will indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

### *Liquidity*

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to be required to liquidate its real property investments quickly, there is a risk the proceeds realized by the REIT from such sale might be significantly less than the aggregate carrying value of its properties which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

### *Competition*

The real estate business is competitive. Numerous other developers, managers and owners of retail properties will compete with the REIT in seeking tenants. Some of the properties located in the same markets as the REIT's properties are newer and better located than the REIT's properties. Some property owners with properties located in the same markets as the REIT's properties may be better capitalized and may be stronger financially and hence better able to withstand an economic downturn. The existence of developers, managers and owners in such markets and competition for the REIT's tenants could have a negative effect on the REIT's ability to lease space in its properties in such markets and on the rents charged or concessions granted, which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

Competition for acquisitions of real properties can be intense and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that the REIT may be prepared to accept. An increase in the availability of investment funds, an increase in interest in real property investments or a decrease in interest rates may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

### *Current Economic Environment*

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy costs, geopolitical issues, the availability and cost of credit, the United States mortgage market and a distressed commercial real estate market have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT's tenants and operators to maintain occupancy rates in the REIT's properties, which could harm the REIT's financial condition. If these economic conditions continue, the REIT's tenants and operators may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

## **Risk Factors Related to the Business of the REIT**

### *Acquisitions*

The REIT's business plan includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If the REIT is unable to manage its growth effectively, it could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that the

REIT will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to Unitholders will be maintained in the future.

Acquisitions may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. Representations and warranties given by third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties.

Moreover, acquired properties may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

#### *Access to Capital*

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurances that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Failure by the REIT to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

#### *Variable Rate Indebtedness*

Until such time as the REIT fixes the interest rate on all or a portion of its indebtedness, borrowings under the REIT's credit facilities bear interest at variable rates and expose the REIT to interest rate risk. If interest rates were to increase, the REIT's debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same and the REIT's net income and cash flows will correspondingly decrease. Assuming all loans under the REIT's credit facilities remain outstanding, each quarter point change in interest rates would result in a \$1.06 million change in annual interest expense on the REIT's indebtedness.

#### *Financing Risks*

The REIT has outstanding in-place mortgages. There can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments on its outstanding debt. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

The REIT will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO. In order to minimize this risk, the REIT will attempt to diversify the term structure of its debt so that in no one year a disproportionate amount of its debt matures.

The REIT's credit facilities contain covenants that require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions may be limited.

## *Environmental Matters*

Environmental legislation and regulations have become increasingly important in recent years. As an owner of interests in real property in the United States, the REIT will be subject to various United States federal, state and municipal laws relating to environmental matters. Such laws provide that the REIT could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties. Further, liability may be incurred by the REIT with respect to the release of such substances from the REIT's properties to properties owned by third parties, including properties adjacent to the REIT's properties. The discovery of any such pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against us. The remediation of any pollution and the related additional measures the REIT would have to undertake could have a materially adverse effect on the REIT and could involve considerable additional costs that the REIT may have to bear. The REIT will also be exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible, for example, because they cannot be identified, no longer exist or have become insolvent. Moreover, the existence or even the mere suspicion of the existence of ground contamination, hazardous materials or other residual pollution can materially adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against the REIT by public or private parties by way of civil action. Further soil and groundwater testing will be undertaken on one property. Any subsurface investigations could reveal environmental conditions which require notification of regulatory authorities, further investigations and remediation.

The REIT's operating policy is to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I environmental site assessment. Although such environmental site assessments would provide the REIT with some level of assurance about the condition of property, the REIT may become subject to liability for undetected contamination or other environmental conditions at its properties against which the REIT cannot insure, or against which the REIT may elect not to insure, which could negatively impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

The REIT's environmental insurance is subject to certain policy limits and deductibles. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the REIT's insurance could have a material adverse effect on the REIT's business, operating results and financial condition.

Although the REIT is not aware of any material non-compliance with environmental laws at any of its properties, and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the properties, there is no assurance that this will continue to be the case.

The REIT will make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters may have a material adverse effect on the REIT's business, financial condition or results of operation and decrease the amount of cash available for distribution. However, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

### *Potential Conflicts of Interest*

The Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interest of these persons could conflict with those of the REIT. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters.

Conflicts may exist due to the fact that certain Trustees will be affiliated with Slate. The REIT and Slate will enter into certain arrangements, including those relating to the Management Agreement. Slate and its affiliates are engaged in a wide variety of real estate activities. The REIT may become involved in transactions that conflict with the interests of the foregoing.

### *Same Management Group for Various Slate Entities*

Due to the fact that Slate manages other investment portfolios and realty trusts in similar asset classes, there is a risk that conflicts may arise regarding the allocation of tenants amongst the various Slate managed entities. Slate may acquire properties for other investment portfolios or realty trusts in the future. In such circumstances, there is a risk that conflicts may arise regarding the allocation of properties among the various Slate managed entities.

### *General Insured and Uninsured Risks*

The business to be carried on by the REIT will entail an inherent risk of liability. The REIT expects that from time to time it may be subject to lawsuits as a result of the nature of its business. The REIT will carry comprehensive general liability, property, boiler and machinery, fire, flood, extended coverage, rental loss insurance and other similar coverages with customary policy specifications, limits and deductibles. The REIT will have insurance for earthquake risks, subject to certain policy limits and deductibles, and will continue to carry such insurance if it is economical to do so. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the REIT's insurance could have a material adverse effect on the REIT's business, operating results and financial condition. Claims against the REIT, regardless of their merit or eventual outcome, also may have a material adverse effect on their ability to attract tenants or expand their businesses, and will require management to devote time to matters unrelated to the operation of the business.

### *Reliance on Key Personnel*

The management and governance of the REIT will depend on the services of certain key personnel, including officers of Slate and the Trustees. The loss of the services of any key personnel could have an adverse effect on the REIT and adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

### *Reliance on Property Management*

The REIT may rely upon independent management companies to perform property management functions in respect of each of the properties it owns. To the extent the REIT relies upon such management companies, the employees of such management companies will devote as much of their time to the management of the REIT's properties as in their judgement is reasonably required and may have conflicts of interest in allocating management time, services and functions among the properties and their other development, investment and/ or management activities.



### *Limit on Activities*

In order to maintain its status as a “mutual fund trust” under the Tax Act, the REIT cannot carry on most active business activities and is limited in the types of investments it may make. The Declaration of Trust contains restrictions to this effect.

### *Occupancy by Tenants*

Although certain, but not all, leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, there can be no assurance that such tenants will continue to occupy such premises. Certain tenants have a right to terminate their leases upon payment of a penalty but others are not required to pay any penalty associated with an early termination. There can be no assurance that tenants will continue their activities and continue occupancy of the premises. Any cessation of occupancy by tenants may have an adverse effect on the REIT and could adversely impact the REIT’s financial condition and results of operations and decrease the amount of cash available for distribution.

### *Forecasted Occupancy Rates and Revenues in Excess of Historical Occupancy Rates and Revenues*

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the REIT’s properties or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of the leases currently in effect, the average occupancy rates and revenues will be the same as, or higher than, historical occupancy rates and revenues.

### *Lease Renewals and Rental Increases*

Expiries of leases for the REIT’s properties, including those of significant tenants, will occur from time to time over the short and long-term. No assurance can be provided that the REIT will be able to renew any or all of the leases upon their expiration or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact the REIT’s financial condition and results of operations and decrease the amount of cash available for distribution.

### *External Management Arrangements*

The REIT relies on Slate to act as manager of its properties. Consequently, the REIT’s ability to achieve its investment objectives depends in large part on Slate. This means that the REIT’s investments are dependent upon Slate’s business contacts, its ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If the REIT were to lose the services provided by Slate or its key personnel, the REIT’s investments and growth prospects may significantly decline. The REIT may be unable to duplicate the quality and depth of management available to it by becoming a self-managed company or by hiring another asset manager. Investors should not purchase any Unit unless they are prepared to rely on the Trustees, Executive Officers and Slate.

Although the Management Agreement provides that Slate will automatically be re-engaged at the expiration of each term (subject to certain termination provisions), Slate will have the right, at any time, but upon 90 days’ prior written notice, to terminate the Management Agreement for any reason. The Management Agreement may also be terminated in other circumstances, such as upon the occurrence of an event of default within the meaning of such agreement. Accordingly, there can be no assurance that Slate will continue to be the REIT’s manager. If Slate should cease for whatever reason to be the REIT’s manager, the cost of obtaining substitute services may be greater than the fees the REIT will pay Slate under the Management Agreement, and this may materially adversely affect the REIT’s ability to meet its objectives and execute its strategy which could materially adversely affect the REIT’s cash flows, operating results and financial condition.

### *Asset Class Diversification*

The REIT's investments are not widely diversified by asset class. All or substantially all of the REIT's investments, including the REIT's properties, are expected to be in retail properties. A lack of asset class diversification increases risk because retail properties are subject to its own set of risks, such as vacancies and rising operating costs.

### *Geographic Concentration*

The REIT's properties are located in the United States where economic conditions since the beginning of 2008 have been uncertain. The value of the REIT's properties and future REIT properties may decline if current market conditions remain stagnant or worsen. Adverse changes in the economic condition or regulatory environment in the United States may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders. See "*Properties of the REIT - Geographic Diversification*".

### *New Markets*

If the opportunity arises, the REIT may explore acquisitions of properties in new markets, such as Canada and Europe. Each of the risks applicable to the REIT's ability to acquire and successfully integrate and operate properties in its current markets is also applicable to its ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, the REIT may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could materially adversely affect its ability to expand into or operate in those markets. The REIT may be unable to achieve a desired return on its investments in new markets.

## **Risk Factors Related to the Units**

### *Cash Distributions are Not Guaranteed*

The REIT has adopted a distribution policy, as permitted under the Declaration of Trust, pursuant to which it makes monthly cash distributions. However, the Board may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of Units.

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenant profile of the REIT's properties and capital expenditure requirements. Distributions may be increased, reduced or suspended entirely depending on the REIT's operations and the performance of the REIT's assets. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

### *Restrictions on Redemptions*

The entitlement of Unitholders to receive cash upon the redemption of their Units will be subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar quarter must not exceed U.S.\$100,000 (provided that such limitation may be waived at the discretion of the Trustees), and (ii) in the event that the Units are listed on a stock exchange or similar market, the trading of Units is not suspended or halted (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date or for more than five trading days during the 10-day trading period commencing immediately after the redemption date.

### *Potential Volatility of Unit Prices*

One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely affect the market price of the Units. In addition, the market price of the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the REIT.

### *Nature of Investment*

A holder of a Unit will not hold a share of a body corporate. As holders of Units, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the *Canada Business Corporations Act* (“**CBCA**”) which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors’ Arrangement Act* (Canada) and thus the treatment of Unitholders upon an insolvency is uncertain.

### *Availability of Cash Flow*

AFFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments, and tenant allowances, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or reduce distributions in order to accommodate such items.

### *Currency Exchange Rate Risk*

Although investors in the Class U Units are able to invest in Canadian dollars and receive distributions in Canadian dollars if they so elect, the distributions to such investors will be calculated based on the Canadian dollar equivalent of a given distribution in U.S. dollars (which calculation will use the U.S. dollar spot exchange rate available to the REIT in respect of such distribution). Additionally, the business of the Trust’s subsidiaries and their affiliates will be conducted in the U.S. Consequently, any income and gains will be earned and any expenses and losses will be incurred in U.S. dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to the U.S. dollar. As a result, the value of an investment in Class U Units, when expressed in Canadian dollars, may fluctuate in accordance with fluctuations in the Canada/U.S. dollar exchange rate, and the value of such investment may be greater or less than that determined only with reference to U.S. dollars. Accordingly, investors who purchase Class U Units through an investment in Canadian dollars are subject to currency exchange rate risk.

### *Dilution*

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time, and the interests of the holders of Units may be diluted thereby.

### *Limited Trading History for Units*

The Units were listed and posted for trading on the TSX commencing on April 22, 2014 and accordingly, have been publicly traded for a limited period of time. The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market will be sustained in the Units. A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium

or a discount to the underlying value of its real estate. The market price of the Units may be subject to wide fluctuations.

## **Risk Factors Related to Canadian Tax Matters**

### *Non-Resident Ownership*

Non-Residents may not be the beneficial owners of more than 49% of the Units and the Trustees will have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of Units, as set out in the Declaration of Trust.

The restrictions on the issuance of Units by the REIT to Non-Residents may negatively affect the REIT's ability to raise financing for future acquisitions or operations. In addition, the Non-Resident ownership restrictions could negatively impact the liquidity of the Units and the market price at which Units can be sold.

### *Taxation of REITs and Partnerships*

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts, "SIFT trusts" and "SIFT partnerships" (each as defined in the Tax Act) will not be changed in a manner that adversely affects Unitholders.

In addition, the Tax Act requires the REIT to satisfy certain conditions in order for it to qualify as a mutual fund trust. The REIT intends to ensure that the REIT will meet the requirements necessary for it to qualify as a mutual fund trust at all times and the Declaration of Trust contains provisions to this effect. If the REIT were not to so qualify, the consequences could be material and adverse.

The Tax Act contains rules (the "**SIFT Rules**"), which tax certain publicly-traded or listed trusts and partnerships in a manner similar to corporations and which tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation. The SIFT Rules apply to a trust that is a "SIFT trust" and a partnership that is a "SIFT partnership", each as defined in the Tax Act. Provided that a trust or partnership does not own "non-portfolio property" (as defined in the Tax Act), it will not be subject to the SIFT Rules. The REIT and the Partnerships do not currently own non-portfolio property and management does not currently have an intention to acquire non-portfolio property. However, no assurances can be given that the REIT or any of its subsidiaries will not acquire non-portfolio property in the future. If the SIFT Rules were to apply to the REIT or a Partnership the amounts available for distribution to Unitholders could be reduced. In addition, there can be no assurance that the SIFT Rules or the administrative policies or assessing practices of the CRA will not be changed in a manner that adversely affects the REIT, the Partnerships and Unitholders.

### *Distribution of Additional Units*

Interest on the Investment LP1 Notes and any other indebtedness owing to the REIT will accrue at the REIT level for Canadian federal income tax purposes, whether or not actually paid. The Declaration of Trust provides that a sufficient amount of the REIT's net income including net realized capital gains will be distributed each year to Unitholders in order to eliminate the REIT's liability for tax under Part I of the Tax Act. Where such amount of net income (including interest on the Investment LP1 Notes or any other indebtedness owing to the REIT) and net realized capital gains of the REIT in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Units. Unitholders generally will be required to include an amount equal to the fair market value of those Units in their taxable income, even in circumstances where they do not receive a cash distribution.

### *Foreign Taxes*

Foreign taxes paid by Investment LP1 and GAR B will be allocated pursuant to the limited partnership agreements. Each partner's share of the "business-income tax" and "non-business-income tax" paid in a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

Under the Foreign Tax Credit Generator Rules, the foreign "business income tax" or "non-business-income tax", each as defined in the Tax Act, for any taxation year may be limited in certain circumstances, including where a partner's share of the partnership's income under the income tax laws of any country (other than Canada) under whose laws the income of the partnership is subject to income taxation, is less than the partner's share of such income for purposes of the Tax Act. No assurances can be given that the Foreign Tax Credit Generator Rules will not apply to any Unitholder. If the Foreign Tax Credit Generator Rules apply, a Unitholder's foreign tax credits will be limited.

### *Differences in Canadian and U.S. Tax Laws*

The REIT is required to compute its income as though it were an individual resident in Canada, and is subject to the provisions of the Tax Act. Certain of the REIT subsidiaries, however, are subject to U.S. tax law under the Code and applicable tax authority. The rules of the Tax Act may differ materially from the applicable provisions of the Code. In addition, the effective tax rate under the Tax Act and the Code may differ, in which case income earned by the REIT (including through its Subsidiaries) generally will bear tax at the higher effective tax rate.

### *Dispositions of Real Property*

In the ordinary course or pursuant to an extraordinary transaction (such as a sale of the portfolio or a takeover of the REIT), the REIT may effect a sale of U.S. real property by disposing of securities of an underlying entity or by disposing of the property directly. Moreover, a buyer of real property likely will prefer structuring the sale in this manner to improve their tax position. In these circumstances, Investment LP1's (and GAR B's) effective tax rate under the Code on such dispositions generally will be greater than the effective tax rate on capital gains under the Tax Act. As a result, the net cash available for distribution to Unitholders will be reduced and may result in net cash proceeds that are less than the Class U Unit price on the TSX prior to such disposition.

### *Tax Filing Positions*

Tax authorities may disagree with the positions taken by the REIT in its tax filings. Tax provisions, including current and deferred tax assets and liabilities in the REIT's financial statements, and tax filing positions require estimates and interpretations of applicable tax rules and regulations, and judgments as to their interpretation and application to the REIT's specific situation. While management believes that the REIT's tax filing positions are appropriate and supportable under applicable law, they are subject to review and assessment by the relevant taxation authorities. Therefore, it is possible that additional taxes could be payable by the REIT (and its Subsidiaries) or that the ultimate value of certain tax assets and liabilities of the REIT (and its Subsidiaries) could change in the future.

### *Change of Law*

There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, the terms of the U.S.-Canada Tax Treaty, or the administrative and assessing practices and policies of the CRA will not be changed in a manner that adversely affects the REIT, its Subsidiaries or Unitholders. Any such change could increase the amount of tax payable by the REIT or its affiliates or could otherwise

adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment of such distributions to Unitholders.

#### *Non-Residents of Canada*

The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under an applicable tax treaty between Canada and another country may change from time to time.

#### *Foreign Currency*

For purposes of the Tax Act, the REIT generally is required to compute its Canadian tax results using Canadian currency. Where an amount that is relevant in computing a taxpayer's Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using the rate of exchange quoted by the Bank of Canada at noon on the day such amount first arose, or using such other rate of exchange as is acceptable to the CRA. As a result, the REIT may realize gains and losses for tax purposes by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

### **Risk Factors Related to U.S. Tax Matters**

#### *Certain U.S. Tax Matters Related to the Combination Transaction*

As part of the Combination Transaction, certain transactions occurred among the REIT and various subsidiary entities of the REIT that implicated U.S. tax rules. While such transactions were structured primarily on a tax-deferred basis for U.S. tax purposes, it is possible that the IRS could challenge the tax-deferral in respect of one or more of these transactions. Moreover, the Combination Transaction and associated transactions involved the indirect transfer of real properties situated in various states of the United States. While these transactions were structured to mitigate potential state tax exposures, no assurances can be given that an applicable taxing authority will agree with the positions adopted by the REIT. If the IRS or other applicable taxing authority were to successfully challenge a position adopted by the REIT or its subsidiaries, taxes could be owed by the REIT or a subsidiary entity, which could negatively impact the cash available for distribution to the Unitholders and the value of the Units.

#### *Investment LP1 and GAR B are Subject to U.S. Tax*

Each of Investment LP1 and GAR B is subject to U.S. federal income tax as a "foreign" corporation engaged in a U.S. trade or business, and each will have U.S. source income subject to U.S. federal income tax law. The REIT also will have U.S. source income from interest paid on the Investment LP1 Notes. Each of Investment LP1 and GAR B hopes to benefit from certain deductions under U.S. federal income tax rules in order to reduce its overall tax burden, including deduction of interest expense on the Investment LP1 Notes, but such deductions may be restricted depending upon a variety of factors. State and local tax laws also impact certain of the REIT subsidiaries. If Investment LP1's or GAR B's deductions were limited, the IRS or an applicable taxing authority were to successfully challenge a U.S. tax position Investment LP1 or GAR B were to take, the REIT or Investment LP1 or GAR B (or other REIT subsidiary) were to fail to qualify for benefits under the U.S.-Canada Tax Treaty, or U.S. tax laws or the U.S.-Canada Tax Treaty were to change (perhaps retroactively), U.S. tax costs could increase, thus decreasing cash available for distribution to the Unitholders and the value of the Units.

#### *Change of Law*

There can be no assurance that U.S. federal income tax laws, the terms of the U.S.-Canada Tax Treaty, and the U.S. administrative, legislative and judicial policies and positions respecting the U.S. federal income tax consequences described herein will not be changed, possibly on a retroactive basis, in a manner that adversely affects Unitholders. In particular, any such change could increase the amount of

U.S. federal income tax or withholding tax payable by the REIT or its subsidiaries, reducing the amount of distributions which the REIT would otherwise receive and thereby reducing the amount available to pay distributions to Unitholders and, potentially, the value of the Units.

For all of the above reasons and others set forth herein, the Units involve a certain degree of risk. Any person considering the purchase of Units should be aware of these and other factors set forth in this Annual Information Form and should consult with his or her legal, tax and financial advisors prior to making an investment in the Units. The Units should only be purchased by persons who can afford to lose all of their investment.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Class U Units are listed and posted for trading on the TSX under the symbols “SRT.UN” (quoted in Canadian dollars) and “SRT.U” (quoted in U.S. dollars). The following table sets forth the high and low reported trading prices and the trading volume of the Class U Units on the TSX for the periods indicated:

Month (2015)	SRT.UN High (C\$)	SRT.UN Low (C\$)	SRT.UN Volume
January	13.55	11.90	706,485
February	13.70	13.01	987,239
March	13.08	12.51	1,105,226
April	12.85	12.55	976,096
May	13.26	12.45	790,149
June	13.26	12.76	1,960,167
July	14.55	12.95	1,035,502
August	14.96	13.42	1,178,670
September	14.00	13.13	863,442
October	13.92	13.32	525,735
November	14.30	13.25	450,887
December	14.85	13.72	482,723

Month (2015)	SRT.U High (US\$)	SRT.U Low (US\$)	SRT.U Volume
January	11.49	10.00	57,808
February	11.00	10.42	51,474
March	10.47	9.76	90,979
April	10.98	10.00	114,783
May	10.75	10.22	62,799
June	10.71	10.26	143,262
July	11.10	10.25	51,856
August	11.40	10.30	89,559
September	10.69	10.00	58,717
October	10.60	10.25	9,307
November	10.60	10.00	55,551
December	10.73	9.92	81,464



## Prior Sales

On June 30, 2015, 219,620 Class B LP1 Units and 5,631 Class B LP2 Units were issued to holders of the general partner interests in Slate U.S. Opportunity (No. 3) Holding L.P. in connection with the SUSO 3 Acquisition. Each Class B LP1 Unit and Class B LP2 Unit was issued at a deemed price of \$10.47, being equivalent to the price of the Class U Units issued in connection with the SUSO 3 Acquisition.

## ESCROWED SECURITIES

The following table sets forth certain information as at December 31, 2015 with respect to certain GAR B Exchangeable Units and the Special Voting Units attaching to the GAR B Exchangeable Units that are subject to contractual restrictions on transfer:

Class	Number of Securities Subject to Contractual Restrictions on Transfer	Percentage of Class
Special Voting Units/ GAR B Exchangeable Units	255,720 (held by Queens Court Advisors Ltd.) <sup>(1)(2)</sup>	46.72% of GAR B Exchangeable Units (0.8% of issued and outstanding Units and Special Voting Units on a fully diluted basis)

<sup>(1)</sup> As a condition of the Combination Transaction, each of Slate, Blair Welch and Brady Welch agreed to a customary lock-up pursuant to which they will not sell or otherwise dispose of GAR B Exchangeable Units for a period of 36 months following closing.

<sup>(2)</sup> Queens Court Advisors Ltd. is an entity that is indirectly controlled by Blair Welch and Brady Welch.

## DISTRIBUTION POLICY AND HISTORY

### General

The REIT has adopted a distribution policy, as permitted under the Declaration of Trust, pursuant to which it makes *pro rata* monthly cash distributions to Unitholders and causes cash partnership distributions to be made to holders of Class B LP1 Units, Class B LP2 Units and GAR B Exchangeable Units (subject to an election by a Unitholder to utilize the Plan as described below). The Trustees have full discretion respecting the timing and amounts of distributions including the adoption, amendment or revocation of any distribution policy.

It is the REIT's current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. Unitholders of record as at the close of business on the last business day of the month preceding a distribution date will have an entitlement on and after that day to receive distributions in respect of that month on such distribution date. Distributions may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units. See "*Distribution Policy and History – Distribution History*".

### Distribution Reinvestment Plan

Effective August 13, 2014, the REIT implemented a distribution reinvestment plan (the "**Plan**") under which registered holders in Canada of at least 1,000 Class A Units, Class I Units or Class U Units are able to participate. Non-registered holders of Units may be able to participate through their financial institution, broker or other intermediary through which their Units are held. Alternatively, non-registered holders of Units may become registered holders of such Units in order to participate in the Plan. Equity Financial Trust Company (the "**Plan Agent**") is the agent and administrator of the Plan.

Pursuant to the Plan, eligible holders are permitted to increase their investment in the REIT by choosing to automatically reinvest distributions on the units held by them in additional Class U Units plus additional bonus Class U Units in an amount equal to 3% of the distributions reinvested, subject to liquidity considerations and other capital allocation decisions. Under the Plan, the Plan Agent uses the distributions paid to a participant to purchase directly from the REIT, that number of Class U Units equal to the amount invested under the Plan for such participant's account divided by: (i) in the case of Class A Units, the weighted average market price of the Class U units on the TSX for the five trading days immediately preceding the applicable date of distribution, or (ii) in the case of Class U Units and Class I Units, the U.S. dollar equivalent of the weighted average market price for the Class U Units on the TSX for the five trading days immediately preceding the applicable date of distribution.

The REIT can issue, in the aggregate, up to 620,000 Class U Units under the Plan, and may increase the number of Class U Units available to be issued under the Plan at any time, subject to the approval of the TSX.

No brokerage commission will be payable in connection with the purchase of Class U Units under the Plan and all administrative costs of the Plan are borne by the REIT. Cash undistributed by the REIT upon the issuance of additional Class U Units under the Plan will be reinvested in the REIT to be used for future property acquisitions, capital improvements and working capital.

Unitholders resident outside of Canada are not entitled to participate in the Plan. Upon ceasing to be a resident of Canada, a Unitholder must terminate such Unitholder's participation in the Plan. A copy of the Plan is available on the REIT's website at [www.slateam.com/reits/retail](http://www.slateam.com/reits/retail).

### Distribution History

The following table sets forth the distributions the REIT has declared on each of the Class A Units, Class I Units and Class U Units for the period of June 1, 2014 to December 31, 2015:

Class of Units	Date of Payment	Amount of Distribution
Class U Units	June 16, 2014	US\$0.09 <sup>(1)</sup>
Class A Units	June 16, 2014	US\$0.090702 (C\$ Equivalent)
Class I Units	June 16, 2014	US\$0.094986
Class U Units	July 15, 2014 – November 17, 2014	US\$0.06
Class A Units	July 15, 2014 – November 17, 2014	US\$0.060468 (C\$ Equivalent)
Class I Units	July 15, 2014 – November 17, 2014	US\$0.063324
Units of subsidiaries that are exchangeable into Class U Units	July 15, 2014 – November 17, 2014	US\$0.06
Class U Units <sup>(2)</sup>	December 15, 2014 – December 15, 2015	US\$0.063
Class A Units <sup>(2)</sup>	December 15, 2014 – December 15, 2015	US\$0.063491 (C\$ Equivalent)
Class I Units <sup>(2)</sup>	December 15, 2014 – December 15, 2015	US\$0.066490
Units of subsidiaries that are exchangeable into Class U Units <sup>(2)</sup>	December 15, 2014 – December 15, 2015	US\$0.063

<sup>(1)</sup> This distribution includes a US\$0.03 prorated distribution for the period April 15-30, 2014.

<sup>(2)</sup> On December 15, 2015, the REIT announced a 3% increase in its distribution per Unit beginning with the distribution on January 15, 2016.

## Restrictions

There are no restrictions that could prevent the REIT from paying distributions other than those risks outlined in the “*Risk Factors*” section of this Annual Information Form.

## CAPITAL STRUCTURE

### Authorized Capital and Outstanding Securities

The Declaration of Trust authorizes the issuance of an unlimited number of four classes of units (each a “Unit”), namely the Class A Units, the Class I Units, the Class U Units and the Special Voting Units. Special Voting Units are only issued in tandem with the issuance of securities redeemable or exchangeable into Class U Units.

Class of Units	Issued and Outstanding at December 31, 2015
Slate Retail REIT Class A	390,656 (equivalent to 393,709 Class U Units)
Slate Retail REIT Class I	358,000 (equivalent to 377,833 Class U Units)
Slate Retail REIT Class U	28,511,635
Special Voting Units (attached to the GAR B Exchangeable units)	547,355

Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of the Unitholders.

The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation.

### Units

Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units, subject to the proportionate entitlement of the holders of Class A Units, Class I Units and Class U Units to participate in distributions made by the REIT including distributions of net realized capital gains or income, if any, and to receive proceeds on a redemption of Units and/or upon termination of the REIT, based on their respective conversion ratios for Class U Units. On the redemption of Units, the REIT may in its sole discretion, designate payable to redeeming Unitholders, as part of the redemption price, any capital gains realized by, and income of, the REIT in the taxation year in which the redemption occurred. On termination or liquidation of the REIT, the Unitholders of record are entitled to receive on a proportionate basis based on the respective conversion ratio for Class U Units, all of the assets of the REIT remaining after payment of all debts, liabilities and liquidation expenses of the REIT.

### Special Voting Units

Each Special Voting Unit shall have no economic entitlement nor beneficial interest in the REIT or in the distributions or assets of the REIT, but shall entitle the holder of record thereof to a number of votes at any meeting of the Unitholders equal to the number of Class U Units that may be obtained upon the exchange or redemption of the security to which such Special Voting Unit is attached. Special Voting Units may only be issued in connection with or in relation to certain securities redeemable or exchangeable into Units for the purpose of providing voting rights with respect to the REIT to the holders of such securities.

Special Voting Units shall not be transferable separately from the redeemable or exchangeable securities to which they are attached and will automatically be transferred upon the transfer of any such redeemable or exchangeable securities.

Upon the redemption, exchange or surrender of a redeemable or exchangeable security for a Unit, the Special Voting Unit attached to such security will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

Concurrently with the issuance of Special Voting Units attached to redeemable or exchangeable securities issued from time to time, the REIT shall enter into such agreements (including an exchange agreement and limited partnership agreement) as may be necessary or desirable to properly provide for the terms of the redeemable or exchangeable securities, including to provide for the voting of such Special Voting Units.

### **Conversion Rights**

The Declaration of Trust grants holders of Class A Units and Class I Units the right to convert (“**Conversion Right**”) all or any portion of their Class A Units and Class I Units, at any time (the “**Conversion Date**”), into Class U Units by giving written notice (the “**Conversion Notice**”) to the REIT’s transfer agent in accordance with the provisions of the Declaration of Trust. On the first business day following a Conversion Date, the REIT will issue the applicable number of Class U Units and the Class A Unitholder or Class I Unitholder will be entered on the books of the REIT as the holder of the Class U Units.

In the event that there is a change in the number of Class A Units, Class I Units or Class U Units outstanding as a result of a subdivision, distribution, consolidation or similar change (a “**Reorganization**”), the applicable number of Class U Units issuable on conversion of Class A Units or Class I Units will be adjusted to reflect such Reorganization. A holder of Class A Units who wishes to exercise its Conversion Right should contact their broker, dealer, bank, trust company or other nominee through which their Class A Units are held in order to request a conversion. A holder of Class I Units who wishes to exercise its Conversion Right is required to deliver to the REIT’s transfer agent, at its principal office in Toronto, a Conversion Notice which shall state that the Class I Unitholder is requiring the REIT to convert all or a portion of their Class I Units. The form of Conversion Notice is attached as a schedule to the Declaration of Trust.

On the Conversion Date specified in the Conversion Notice the REIT will issue or cause to be issued the number of Class U Units deliverable upon receipt of all required documents and instruments of transfer as required pursuant to the Declaration of Trust. At any time prior to the Conversion Date, the Class A Unitholder or Class I Unitholder shall be entitled to withdraw its request to exercise the Conversion Rights upon written notice to the REIT.

Pursuant to the Declaration of Trust, the REIT covenants and agrees that all Class U Units issuable to Class A Unitholders or Class I Unitholders on the exercise of the Conversion Right will be duly authorized, issued and free and clear of all adverse claims.

The Declaration of Trust provides that the Trustees, in their sole and absolute discretion, may require all outstanding Class A Units and Class I Units to convert into Class U Units if the number of Class A Units and Class I Units outstanding at any time represents less than 10% of the number of SUSO 1 Class A units and SUSO 1 Class I units issued on closing of the initial public offering of the REIT.

## DECLARATION OF TRUST

### General

The REIT is an unincorporated open-ended trust created pursuant to a Declaration of Trust under, and governed by, the laws of the Province of Ontario. Although the REIT qualifies as a “mutual fund trust” as defined in the Tax Act, Slate is not a “mutual fund” as defined by applicable securities legislation. The REIT has been established for an indefinite term. The following section and the description of the Board under “*Management of the REIT*” are summaries which do not purport to be complete with respect to the material attributes of the Units and certain provisions of the Declaration of Trust. Reference should be made to the Declaration of Trust for the full text of its provisions and a complete description of the Units. A copy of the Declaration of Trust is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Investment Guidelines

The Declaration of Trust provides certain guidelines on investments that may be made directly or indirectly by the REIT. Accordingly, the assets of the REIT may be invested only in accordance with the following restrictions:

- (a) the REIT will invest primarily, directly or indirectly, in interests (including fee ownership and leasehold interests) in commercial real estate property located in the United States and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with the other investment guidelines of the REIT;
- (b) notwithstanding anything else contained in the Declaration of Trust, the REIT shall not make or hold any investment, take any action or omit to take any action or permit a Subsidiary to make or hold any investment or take any action or omit to take any action that would result in: (i) the REIT not qualifying as a “mutual fund trust” (effective the date it was established and thereafter) or a “unit trust” both within the meaning of the Tax Act; (ii) the Units not qualifying as qualified investments for Registered Plans; (iii) the REIT or any of its Subsidiaries being liable to pay a tax imposed under either paragraph 122(1)(b) or subsection 197(2) of the Tax Act, unless the Trustees determine that it is in the best interests of the REIT; or (iv) the REIT being liable to pay a tax under Part XII.2 of the Tax Act;
- (c) the REIT may make its investments and conduct its activities, directly or indirectly, through an investment in one or more persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited), and limited liability companies;
- (d) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province or territory of Canada, deposits with a savings institution, trust company, credit union or similar financial institution that is organized or chartered under the laws of a state or of the United States, short-term government debt securities or money market instruments maturing prior to one year from the date of issue and except as permitted pursuant to these investment guidelines and operating policies of the REIT, the REIT and/or its Subsidiaries may not hold securities of a person other than to the extent such securities would constitute an investment in real property and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to paragraph (b) above, the REIT and/or its Subsidiaries may hold securities of a person: (i) acquired in connection with the carrying on, directly or indirectly, of the REIT’s activities or the holding of its assets; or (ii) which focuses its activities primarily on the activities described in paragraph (a) above;

- (e) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (f) the REIT shall not invest more than 10% of the Gross Book Value of the REIT in securities of a publicly traded entity;
- (g) the REIT may invest in mortgages and mortgage bonds (including participating or convertible mortgages) and similar instruments where: the real property which is security therefor is real property which otherwise meets the other investment guidelines of the REIT; and the aggregate book value of the investments of the REIT in mortgages, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value of the REIT; and
- (h) the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 25% of Gross Book Value of the REIT in investments which do not comply with one or more of paragraphs (a), (d), and (f) above.

### **Operating Policies**

The Declaration of Trust provides that the operations and affairs of the REIT are to be conducted in accordance with the following policies:

- (a) the REIT shall not purchase or sell currency or interest rate futures contracts otherwise than for hedging purposes where, for this purpose, the term “hedging” has the meaning given by National Instrument 81-102 – *Mutual Funds* and, in all events, subject to paragraph (b) of “*Declaration of Trust - Investment Guidelines and Operating Policies – Investment Guidelines*” described above;
- (b) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage; and (ii) to the extent the Trustees determine to be practicable and consistent with their fiduciary duties to act in the best interest of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort must not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise the private property of any of the Trustees, the Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof is bound; the REIT, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;
- (c) title to each real property shall be held by and registered in the name of the REIT, the Trustees or a person wholly-owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers or by any other persons in such manner as the Trustees consider appropriate, taking into account advice of legal counsel; provided that, where land tenure will not provide fee simple title, the REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT or such person as the Trustees consider appropriate shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
- (d) the REIT shall not incur or assume any Indebtedness (as defined below) if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of

the REIT would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible Indebtedness);

- (e) the REIT shall not directly or indirectly guarantee any Indebtedness or liabilities of any person unless such guarantee: (i) is given in connection with or incidental to an investment that is otherwise permitted by the REIT's investment guidelines and operating policies; and (ii) (A) would not disqualify the REIT as a "mutual fund trust" within the meaning of the Tax Act, and (B) would not result in the REIT losing any status under the Tax Act that is otherwise beneficial to the REIT and the Unitholders;
- (f) the REIT shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors, including the practice of owners of comparable properties;
- (g) the REIT shall have obtained an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition thereof, in each case, by an independent and experienced consultant, unless the requirement for such an appraisal or engineering survey is waived by the Investment Committee; and
- (h) the REIT shall either (i) obtain a Phase I environmental site assessment; or (ii) be entitled to rely on a Phase I environmental site assessment dated no earlier than 12 months prior to receipt by the REIT, of each real property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental site assessment be conducted, the REIT shall have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant.

Any references in the sections "*Declaration of Trust – Investment Guidelines and Operating Policies – Investment Guidelines*" and "*Declaration of Trust – Investment Guidelines and Operating Policies – Operating Policies*" above to investment in real property will be deemed to include an investment in a joint venture or other arrangement that invests in real property.

**"Indebtedness"** means (without duplication) on a consolidated basis:

- (a) any obligation of such Person for borrowed money (including, for greater certainty, the full principal amount of convertible indebtedness, notwithstanding its presentation under IFRS);
- (b) any obligation of such Person for borrowed money incurred in connection with the acquisition of property, assets or businesses;
- (c) any obligation of such Person issued or assumed as the deferred purchase price of property;
- (d) any capital lease obligation of such Person; and
- (e) any obligations of the type referred to in clauses (a) through (d) of another Person, the payment of which such Person has guaranteed or for which such Person is responsible or liable,

provided that: (i) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated statement of financial position of the REIT in accordance with IFRS; (ii) obligations referred to in clauses (a) through (c) exclude accounts payable, distributions payable to

Unitholders, accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith, deferred revenues, intangible liabilities, deferred income taxes, tenant deposits and indebtedness with respect to the unpaid balance of installment receipts where such indebtedness has a term not in excess of 12 months; (iii) Units or exchangeable securities issued by subsidiaries of the REIT shall not constitute indebtedness notwithstanding the classification of such securities as debt under IFRS; and (iv) convertible debentures will constitute indebtedness to the extent of the principal amount thereof outstanding.

Where any maximum or minimum percentage limitation is specified in any of the investment guidelines or operating policies, such investment guidelines or operating policies shall be applied on the basis of the relevant amounts calculated immediately after the making of such investment or the taking of such action. Any subsequent change relative to any percentage limitation which results from a subsequent change in the amount of Gross Book Value will not require the divestiture of any investment.

### **Amendments to Investment Guidelines and Operating Policies**

Pursuant to the Declaration of Trust, the REIT's investment guidelines and operating policies set forth above may be amended only with the approval of not less than two-thirds of the votes cast at a meeting of Unitholders called for such purposes (or a written resolution signed by the Unitholders representing at least two-thirds of the outstanding Units). The remaining operating policies may be amended with the approval of a majority of the votes cast at a meeting of Unitholders called for such purposes (or a written resolution signed by Unitholders representing at least a majority of the outstanding Units).

### **Regulatory Conflict**

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over the REIT or any property of the REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of the REIT then in force, such investment guideline or operating policy in conflict shall, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of the Trustees shall not require the prior approval of the Unitholders.

### **Meetings of Unitholders**

The Declaration of Trust provides that meetings of Unitholders will be required to be called and held in various circumstances, including: (i) for the appointment, election or removal of Trustees; (ii) the appointment or removal of the auditors of the REIT; (iii) the approval of amendments to the Declaration of Trust (except as described below under "*Declaration of Trust – Amendments to Declaration of Trust*"); (iv) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees); (v) the termination of the REIT; and (vi) for the transaction of any other business as the Trustees may determine or as may be properly brought before the meeting. Meetings of Unitholders will be called and held annually for the election of Trustees and the appointment of the auditors of the REIT. All meetings of Unitholders must be held in Canada.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 5% of the voting Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. The Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by special resolution, will require the approval of Unitholders by an ordinary resolution. A



quorum for a meeting convened to consider such a matter will consist of two or more Unitholders or any class of Unitholders present in person or by proxy and representing not less than 10% of the Units or class of Units, as the case may be. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Unitholders, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days later, selected by the Board and notice will be given to the Unitholders of such adjourned meeting. The Unitholders present at any adjourned meeting will constitute a quorum.

Holders of Special Voting Units will have an equal right to be notified of, attend and participate in meetings of Unitholders. Pursuant to the Declaration of Trust, a resolution in writing executed by Unitholders holding a proportion of the outstanding Units equal to the proportion required to vote in favour thereof at a meeting of Unitholders to approve that resolution is valid as if it had been passed at a meeting of Unitholders.

### **Advance Notice Provision**

The Declaration of Trust includes certain advance notice provisions (the “**Advance Notice Provision**”), which will: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all Unitholders receive adequate notice of the Trustee nominations and sufficient information with respect to all nominees; and (iii) allow Unitholders to register an informed vote.

Except as otherwise provided in the Declaration of Trust, only persons who are nominated by Unitholders in accordance with the Advance Notice Provision shall be eligible for election as Trustees. Nominations of persons for election to the Board may be made for any annual meeting of Unitholders, or for any special meeting of Unitholders if one of the purposes for which the special meeting was called was the election of Trustees: (i) by or at the direction of the Board, including pursuant to a notice of meeting, (ii) by the REIT pursuant to its nomination rights provided in the Declaration of Trust, (iii) by or at the direction or request of one or more Unitholders pursuant to a requisition of the Unitholders made in accordance with the Declaration of Trust, or (iv) by any person (a “**Nominating REIT Unitholder**”): (A) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the REIT’s register as a holder of one or more Units carrying the right to vote at such meeting or who beneficially owns Units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating REIT Unitholder, the Nominating REIT Unitholder must have given timely notice thereof in proper written form to the Trustees.

To be timely, a Nominating REIT Unitholder’s notice to the Trustees must be made: (i) in the case of an annual meeting of Unitholders, not less than 30 nor more than 60 days’ prior to the date of the annual meeting of Unitholders; provided, however, that in the event that the annual meeting of Unitholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating REIT Unitholder may be made not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the 15th day following the day that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the special meeting of Unitholders was made. In no event shall any adjournment or postponement of a meeting of Unitholders or the announcement thereof commence a new time period for the giving of a Nominating REIT Unitholder’s notice as described above.

To be in proper written form, a Nominating REIT Unitholder’s notice to the Trustees must set forth: (i) as to each person whom the Nominating REIT Unitholder proposes to nominate for election as a Trustee: (A) the name, age, business address and residential address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of Units or Special Voting Units which are

controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws (as defined in the Declaration of Trust); and (ii) as to the Nominating REIT Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating REIT Unitholder has a right to vote any Units and any other information relating to such Nominating REIT Unitholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws (as defined in the Declaration of Trust). The REIT may require any proposed nominee to furnish such other information as may reasonably be required by the REIT to determine the eligibility of such proposed nominee to serve as an independent Trustee or that could be material to a reasonable Unitholder's understanding of the independence, or lack thereof, of such proposed nominee.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in the Advance Notice Provision.

### **Redemption Right**

A Unitholder holding Units wishing to redeem the whole or any part of his or her Units (a "**Redemption**") may deliver a notice of such desire (the "**Redemption Notice**") to the REIT at any time. Upon receipt by the REIT of the Redemption Notice, the Unitholder shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefor) including the right to receive any distributions thereon that are declared payable to the Unitholders of record on a date that is subsequent to the date of receipt by the REIT of the Redemption Notice. Units shall be considered to be tendered for redemption on the date that the REIT has, to the satisfaction of the Board, received the Redemption Notice and further documents or evidence the REIT may reasonably require with respect to the identity, capacity or authority of the person giving such notice.

Subject to applicable laws and the conditions listed below, the REIT will redeem the Units specified in such Redemption Notice. The price per Unit payable upon redemption will differ for each class of Units and will be based on the proportionate interest that such Unit is of the total redemption value of the Units (the "**Redemption Value**"), calculated as follows:

- (a) where the Class U Units are listed on a stock exchange or similar market, an amount equal to the lesser of (i) 95% of the Market Price (as defined in the Declaration of Trust) of the Class U Units during the 10-trading day period after the redemption date, and (ii) 100% of the Closing Market Price (as defined in the Declaration of Trust) of the Class U Units on the redemption date; or
- (b) where the Class U Units are not listed on a stock exchange or similar market, the Redemption Value will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion.

The redemption price per Unit multiplied by the number of Units tendered for Redemption (computed separately in respect of each class of Units of which Units are being redeemed) will be paid to a Unitholder by way of a cash payment no later than the last day of the calendar month following the calendar quarter in which the Units were tendered for redemption, provided that:

- (a) the total amount payable by the REIT by cash payment in respect of the redemption of Units for that calendar quarter will not exceed U.S.\$100,000; and
- (b) in the event that the Units are listed on a stock exchange or similar market, the normal trading of the Units is not suspended or halted on the redemption date or for more than five trading days during the 10-day trading period commencing immediately after the redemption date.

If any of the conditions in paragraphs (a) and (b) above preclude the payment of the redemption price in cash (and the Board does not, in its sole discretion, waive such limitation in respect of all Units tendered for redemption in any particular calendar quarter), the redemption price shall be paid and satisfied by way of an in specie distribution of property of the REIT and/or unsecured subordinated notes of the REIT, as determined by the Trustees in their sole discretion. Property distributed by the REIT on a redemption may be illiquid, generally will not be qualified investments for Registered Plans and may be prohibited investments for RRSP, RRIFs and TFSA's (as such terms are defined in the Declaration of Trust).

In respect of a cash payment to a holder of Class A Units, the redemption price per Unit as determined above will be converted by the REIT into Canadian dollars at the spot exchange rate available to the REIT in respect of such redemption amount, and the resulting Canadian dollar amount will be paid to the redeeming Unitholder.

Units will be redeemed according to the order in which Redemption Notices are received.

### **Purchases of Units by the REIT**

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange and regulatory policies. Any such purchase will constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

### **Take-Over Bids**

The Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for Units within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who do not accept the offer either, at the election of each Unitholder, on the terms offered by the offeror or at the fair value of such Unitholder's Units determined in accordance with the procedures set out in the Declaration of Trust.

The Declaration of Trust provides that in the event that a non-exempt take-over bid is made for Units, unless the take-over bid is structured to permit holders of Class A Units, Class I Units, Class B LP1 Units, Class B LP2 Units and GAR B Exchangeable Units (the "**Exchangeable Securities**") to both exchange or redeem and tender conditional on take-up, then, from and after the first take-up of Units under the said take-over bid (provided that not less than 25% of the Units other than Units held at the date of the take-over bid by the offeror or associates or affiliates of the offeror are so taken up) the terms and conditions of the Exchangeable Securities will be amended such that the exchange or redemption ratio shall be varied to equal 110% of the conversion, redemption or exchange ratio then in effect (such that on conversion, redemption, exercise or exchange the holder shall receive 1.1 Class U Units for each Class U Unit that the holder would otherwise have received). Notwithstanding any adjustment on completion of an exclusionary offer as described above, the distribution rights attaching to the Exchangeable Securities will not be adjusted until the conversion, redemption or exchange right is actually exercised.

The Declaration of Trust provides that a holder of Class A Units or Class I Units may not transfer their Class A Units or Class I Units to a third party unless either of the following apply: (i) assuming all Class A

Units and Class I Units were converted into Class U Units and the holder was transferring Class U Units, the transfer would not require the person acquiring such securities to make an offer to the registered holders of Class U Units to acquire Class U Units on the same terms and conditions under applicable securities laws; or (ii) the person acquiring such Class A Units and Class I Units submits an identical and contemporaneous offer for Class U Units to the registered holders thereof (having regard to timing, price, proportion of securities sought to be acquired and any other conditions thereto), and acquires such Class A Units and Class I Units along with a proportionate number of Class U Units actually tendered to such identical offer.

### **Issuance of Units**

The REIT may issue new Units from time to time (subject to approval by the TSX), in such manner, for such consideration and to such person or persons as the Trustees shall determine. The Unitholders will not have any pre-emptive rights whereby additional Units proposed to be issued would be first offered to existing Unitholders. If the Trustees determine that the REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

The REIT may also issue new Units (i) as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the Trustees, or (ii) pursuant to any incentive or option plan established by the REIT from time to time, including the Plan. See “*Distribution Policy and History – Distribution Reinvestment Plan*”.

The Declaration of Trust also provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Non-Resident Unitholders may be subject to withholding tax and if so then the consolidation will not result in such Non-Resident Unitholders holding the same number of Units. Such Non-Resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

### **Non-Certificated Inventory System**

Other than pursuant to certain exceptions, registration of interests in and transfers of Units held through CDS, or its nominee, will be made electronically through the non-certificated inventory system of CDS. Units held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of Unitholders who hold Units in CDS must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS, or the CDS participant through which the Unitholder holds such Units. A Unitholder participating in the NCI system will not be entitled to a certificate or other instrument from the REIT or the REIT’s transfer agent evidencing that person’s interest in or ownership of Units, nor, to the extent applicable, will such Unitholder be shown on the records maintained by CDS, except through an agent who is a CDS participant.

The ability of a beneficial Unitholder to pledge such Units or otherwise take action with respect to such Unitholder’s interest in such Units (other than through a CDS participant) may be limited due to the lack of a physical certificate.

## **Limitation on Non-Resident Ownership**

Non-Residents will not be permitted to be the beneficial owners of more than 49% of the Units and the Board will inform the transfer agent and registrar of this restriction. The Trustees will also have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of Units, as set out in the Declaration of Trust.

Notwithstanding the foregoing, the Trustees have the ability to remove the above limitation on Non-Resident ownership without Unitholder approval provided that such action would not adversely impact the status of the REIT as a “mutual fund trust”, “unit trust” or “real estate investment trust” for purposes of the Tax Act and is determined to be in the best interests of the REIT.

## **Information and Reports**

The REIT will make available to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law. Prior to each meeting of Unitholders, the Trustees will make available to Unitholders (along with notice of such meeting) information as required by applicable tax and securities laws.

## **Amendments to the Declaration of Trust**

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose.

Except as described below, the following amendments, among others, require the approval of two-thirds of the votes cast by all Unitholders at a meeting:

- (a) an exchange or reclassification of all or part of the Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units;
- (c) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees and not prejudicial to Unitholders);
- (d) the termination of the REIT (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees and not prejudicial to Unitholders);
- (e) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees and not prejudicial to Unitholders); and
- (f) except as described herein, the amendment of the investment guidelines and operating policies of the REIT. See “*Declaration of Trust – Investment Guidelines and Operating Policies – Amendments to Investment Guidelines and Operating Policies*”.

Notwithstanding the foregoing, the Trustees may, without the approval of or notice to the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) to remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the REIT;

- (b) providing, in the opinion of the Board, additional protection for the Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to Unitholders;
- (c) making amendments which, in the opinion of the Board, are necessary or desirable in the interests of the Unitholders as a result of changes in taxation laws or accounting rules or in their interpretation or administration;
- (d) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (e) bring the Declaration of Trust into conformity with applicable laws, including the rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries provided that any such amendment does not adversely affect the rights, privileges or interests of Unitholders;
- (f) maintain, or permit Slate to take such steps as may be desirable or necessary to maintain, the status of the REIT as a “mutual fund trust”, a “unit trust” or a “real estate investment trust” for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation thereof;
- (g) subject to (f), remove the limitation on Non-Resident ownership;
- (h) provide added protection to Unitholders; or
- (i) making amendments as are required to undertake an internal reorganization involving the sale, lease, exchange or other transfer of the REIT as a result of which the REIT has substantially the same interest, whether direct or indirect, in all of the property and assets of the REIT held pursuant to the Declaration of Trust that it had prior to the reorganization and, for greater certainty, includes an amalgamation, arrangement or merger of the REIT and its affiliates with any entities provided that in the opinion of the Trustees, based on the advice of counsel, the rights of Unitholders are not materially prejudiced thereby.

### **Rights of REIT Unitholders**

The rights of Unitholders and the attributes of the Units are established and governed by the Declaration of Trust. Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the CBCA, significant differences exist, some of which are described below.

Many of the provisions of the CBCA respecting the governance and management of a corporation are incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of a CBCA corporation and to elect Trustees and the auditors of the REIT. The Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of voting Unitholders and Trustees, the procedures at such meetings and the right of the voting Unitholders to participate in the decision making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which approval by the voting Unitholders is required under the Declaration of Trust are generally less extensive than the rights conferred on the shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the subsidiaries of the REIT. These approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are “reporting issuers” or the equivalent or are listed on the TSX.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the corporation can carry on; or (b) the issue, transfer or ownership of shares). Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or which disregard the interests of security holders and certain other parties. Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not include a comparable right. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of a corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right.

## MANAGEMENT OF THE REIT

### Services

Pursuant to the Management Agreement, Slate provides the REIT and its subsidiaries with the strategic, advisory, asset management, administrative, property management, leasing, construction management and administrative services (the “**Asset Management Services**”) necessary to manage the day-to-day operations of the REIT and its properties. Slate also provides in-house legal services to the REIT. Slate believes the provision of in-house legal services benefits the REIT through, among other things, improved internal controls and consistency in processes and documentation, lower external legal costs, enhanced responsiveness and more efficient transaction execution. In providing the Asset Management Services, Slate exercises the degree of care, diligence, judgment and skill that would be exercised by a professional, prudent and competent person who is experienced in providing services substantially similar to the Asset Management Services.

During the term of the Management Agreement, Slate has the right to nominate two Trustees for election to the Board.

The personnel engaged by Slate are not employees of the REIT. Slate provides such administrative, executive and management personnel as may be reasonably necessary to perform its obligations by using its own employees (and being responsible for all employment matters with respect to such employees). Without limiting the generality of the foregoing, Slate provides the services of each of Greg Stevenson, as Chief Executive Officer, and Brady Welch, as Chief Financial Officer, to the REIT. In the event that any employee of Slate ceases to provide services to the REIT as a result of death, disability, resignation or termination, Slate will replace such individual with another employee with similar qualifications and experience, provided that in the case of Greg Stevenson or Brady Welch, the replacement will be made only after consultation with the Independent Trustees.

### Management Fees

Slate is entitled to the following fees for its Asset Management Services:

- (a) an annual asset management fee (the “**Asset Management Fee**”) calculated and payable on a quarterly basis, equal to 0.40% of Gross Book Value of the REIT;
- (b) an acquisition fee (the “**Acquisition Fee**”) equal to 0.75% of the gross purchase price paid for each new property (or interest in a property), including the price, due diligence costs, closing costs, legal fees and additional capital costs, payable on completion of the purchase of each property (or interest in a property); provided that no acquisition fee will be payable with respect to acquisitions from Slate or entities managed by Slate; and

- (c) an annual incentive fee (the “**Incentive Fee**” and, together with the Asset Management Fee and the Acquisition Fee, the “**Management Fees**”), calculated in arrears, in an aggregate amount equal to 15% of the REIT’s funds from operation per Class U Unit (calculated assuming the conversion of all Class A Units and Class I Units into Class U Units at their respective conversion ratios and the redemption of all outstanding Class B LP2 Units and GAR B Exchangeable Units for Class U Units) as derived from the annual financial statements of the REIT in excess of U.S.\$1.28, subject to ordinary course adjustments for certain transactions affecting the Class U Units and increasing annually by 50% of the increase in the United States consumer price index.

Slate does not charge any disposition fees, property management fees, leasing fees, or construction management fees.

Slate was paid Asset Management Fees of approximately \$3.3 million and Acquisition Fees of approximately \$1.1 million for the period from January 1, 2015 to December 31, 2015.

### **Expenses**

The REIT is to reimburse Slate for all out-of-pocket costs and expenses incurred by Slate in connection with carrying out its duties and obligations under the Management Agreement or such other services which the REIT and Slate agree in writing are to be provided from time to time by Slate. Slate is also reimbursed by the REIT for all legal services provided to the REIT and its subsidiaries by the legal department of Slate in amounts budgeted by Slate and presented to the Board for approval on an annual basis. Any legal services expenses that exceed or otherwise deviate from an approved legal services budget must be presented to the Board for approval. Slate is, however, responsible for its own overhead costs and certain other costs and expenses, including its office rent and costs relating to its employees providing the Asset Management Services.

### **Term**

The Management Agreement is for a term of five years ending April 15, 2019 (the “**Initial Term**”) and is renewable for further five year terms (the “**Renewal Term**”), unless and until it is terminated in accordance with the provisions thereof. Subject only to the termination provisions, Slate will automatically be rehired at the expiration of each term.

### **Termination**

The REIT has the right to terminate the Management Agreement upon the occurrence of (i) an event of insolvency of Slate, within the meaning of the Management Agreement, (ii) a material breach by Slate under the Management Agreement, if such material breach is not cured within 30 days after receipt by Slate of written notice from the REIT with respect thereto unless Slate has commenced rectification of such material breach within such 30 day period and thereafter promptly, diligently and continuously proceeds with the rectification of such breach, (iii) fraudulent misconduct of, or misappropriation of funds by, Slate, or an act of gross negligence by Slate (each, a “**Slate Event of Default**”).

The REIT also has the right to terminate the Management Agreement in the event that both of Blair Welch and Brady Welch are no longer associated with Slate (“**Loss of Key Men**”), provided that the Independent Trustees reasonably determine that the Loss of Key Men is detrimental to Slate’s performance of its obligations to the REIT. Slate is required to provide the Independent Trustees with advance notice of any proposed Loss of Key Men as and when Slate becomes aware of it. This provision shall no longer apply following the REIT achieving an equity market capitalization of \$750 million.

Should the REIT wish to terminate the Management Agreement upon a Loss of Key Men, the REIT will (i) provide Slate with written notice of such termination, (ii) pay to Slate, immediately upon the date of



notification of termination, any unpaid amounts then owing to Slate, and (iii) reimburse Slate for all Termination Costs.

The REIT may also terminate the Management Agreement at the end of the Initial Term or a Renewal Term if a majority of the Independent Trustees determine that Slate has not been meeting its obligations under the Management Agreement and such termination is approved by a special resolution of the Unitholders at a meeting of the Unitholders called and held for such purpose, provided that the REIT (i) provides Slate with written notice of such termination, (ii) pays to Slate, immediately upon the date of notification of termination, in addition to any unpaid amounts then owing to it, an amount equal to the aggregate of the amounts paid or payable to Slate in respect of the Management Fees calculated for the 12 months preceding the date of notification of termination, and (iii) reimburses Slate for all Termination Costs.

Further, upon the REIT achieving an equity market capitalization of \$750 million, if a majority of the Independent Trustees determine that it is in the best interests of the REIT to internalize the Asset Management Services, and such internalization is approved by a special resolution of Unitholders at a meeting of Unitholders called and held for such purpose, then the REIT may terminate the Management Agreement provided that the REIT (i) provides Slate with written notice of such termination, (ii) pays to Slate, immediately upon the date of notification of termination, in addition to any unpaid amounts then owing to Slate, an amount equal to the aggregate of the amounts paid or payable to Slate in respect of the Management Fees calculated for the 12 months preceding the date of notification of termination, and (iii) reimburses Slate for all Termination Costs.

Slate will have the right to terminate the Management Agreement upon the occurrence of: an event of insolvency of the REIT, within the meaning of the Management Agreement, or a material breach by the REIT under the Management Agreement, if such material breach is not cured within 30 days after receipt by the REIT of written notice from Slate with respect thereto unless the REIT has commenced rectification of such material breach within such 30 day period and thereafter promptly, diligently and continuously proceeds with the rectification of such breach, (each a “**REIT Event of Default**”).

Slate will also have the right at any time, upon 90 days’ prior written notice, to terminate the Management Agreement for any reason.

If the Management Agreement is terminated by Slate due to a REIT Event of Default or by the REIT for any reason other than a Slate Event of Default, Slate shall be entitled to reimbursement for all costs associated with such a termination (“**Termination Costs**”). Termination Costs will include: (i) all costs and expenses incurred or required to be incurred by Slate in terminating contracts of Slate entered into in respect of the performance by Slate of its obligations under the Management Agreement including without limitation, lease termination penalties and penalties/costs relating to the buyout or wind-up of any other commitment, and (ii) any and all severance or termination costs and payments (if any) incurred by Slate or its affiliates in respect of employees of Slate or its affiliates arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of the termination of the Management Agreement. Notwithstanding the foregoing, in the event that Slate has not been reimbursed by the REIT for employee severance costs on a termination of the Management Agreement and the REIT or an affiliate of the REIT employs any employee of Slate within 12 months of the termination of the Management Agreement for any reason whatsoever, the REIT or such affiliate shall be responsible for any and all severance and termination costs and payments paid or payable by Slate to such employee.

On the termination of the Management Agreement, for any reason other than due to a Slate Event of Default, and in accordance with applicable laws, the REIT shall use commercially reasonable best efforts to make an offer (but in any event, shall make such offer within six months following such termination) to purchase the Units (including securities at the time of termination convertible, exchangeable or redeemable into Units (and Special Voting Units, if applicable)) owned by Slate and its affiliates at a price equal to the closing market price on such notification of termination date.

## **Change of Control Payment**

Upon a change of control of the REIT, other than a change of control resulting from an acquisition of securities of the REIT by Slate, and upon Slate terminating the Management Agreement within 24 months following such change of control, the REIT shall (i) pay Slate an amount equal to the aggregate of the amounts paid or payable to Slate in respect of the Management Fees calculated for the 12 months preceding the date of notification of termination, and (ii) reimburse Slate for all Termination Costs.

## **Non-Competition Restrictions**

During the term of the Management Agreement, Slate and its officers and directors are not to, directly or indirectly, individually or in partnership or jointly or in conjunction with any person(s): (i) create or manage or act as promoter of another real estate investment trust focused on the ownership of retail properties in the United States (the “**Restricted Investments**”); (ii) invest in, purchase or finance the purchase of any assets which constitute Restricted Investments and meet the investment criteria of the REIT, unless such investment opportunity has first been offered to the REIT (on no less favourable terms) and the REIT has declined to purchase such assets; or (iii) solicit tenants, suppliers, employees, consultants, advisers, partners, trustees, directors, officers or agents away from the REIT or its properties, or otherwise interfere with relationships that the REIT has with such persons.

The above restrictions will not apply to: (a) any interest up to \$10 million in an entity owning Restricted Investments that represents less than a 50% fully-diluted interest in such entity and affiliates of that entity; (b) any interest in the securities of a public entity owning Restricted Investments that represents less than a 10% fully-diluted interest in such entity; (c) any interest in the securities of a public entity owning Restricted Investments where it is the stated intention of Slate to acquire a 100% interest in the entity provided that any Restricted Investments owned or subsequently acquired by such entity following the acquisition of the entity, are first offered to the REIT; (d) any controlling interest in any entity or a portfolio of assets, in each case that owns or contains Restricted Investments that comprise less than 30% of the asset value of such entity or portfolio; (e) any activity related to (i) any Restricted Investment that is first offered to the REIT in accordance with the restrictions above, or (ii) any of the other exceptions in this section; and (f) any other exception approved by the Board from time to time (provided that the Independent Trustees shall be required to act reasonably and expeditiously in responding to any request for an exception).

## **Non-Solicitation**

Upon termination of the Management Agreement, the REIT will not solicit employees of Slate for a period of 18 months, provided that the REIT will be entitled to solicit any employee of Slate for whom the REIT is responsible to reimburse Slate for severance or termination costs pursuant to the Management Agreement, other than the Chief Executive Officer and Chief Financial Officer of the REIT or any other employee of Slate appointed as a senior officer of the REIT. Notwithstanding the foregoing, if Slate terminates the Management Agreement as a result of a REIT Event of Default, the REIT shall not be entitled to solicit any employee of Slate for a period of 18 months.

## **License of the Slate Name**

The Slate name is licensed to the REIT by Slate under a non-exclusive, royalty-free license agreement. By using the “Slate” brand, the REIT has the benefit of the goodwill and recognition associated with the “Slate” name in the real estate sector. The REIT is entitled to terminate the license agreement at any time without charge. Slate may terminate the license at any time on 30 days’ written notice following the date on which (i) the REIT is provided written notice of its failure to comply with the license agreement, provided that the REIT has the right to cure any such failure not later than 10 days after receiving notice of such failure, or (ii) the Management Agreement is terminated.

## TRUSTEES AND EXECUTIVE OFFICERS OF THE REIT

### Board of Trustees

The Declaration of Trust provides that, subject to certain conditions, the Trustees have absolute and exclusive power, control and authority over the REIT's assets and operations, as if the Trustees were the sole and absolute legal and beneficial owners of the REIT's assets. The governance practices, investment guidelines and operating policies of the REIT are overseen by the Board.

The Declaration of Trust provides for a Board of between one and nine Trustees. The number of Trustees is currently set at seven. The number of Trustees may be changed by the Unitholders or by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. Subject to certain conditions, a vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees as long as they constitute a quorum or by Voting Unitholders at a meeting of the Unitholders.

The Trustees are elected by resolution passed by a majority of the votes cast at a meeting of the Unitholders. Trustees elected at an annual meeting are elected for terms expiring at the next annual meeting and are eligible for re-election. A Trustee elected to fill a vacancy is elected for the remaining term of the Trustee he or she is succeeding. Trustees may be removed with or without cause by a majority of the votes cast at a meeting of Voting Unitholders or with cause by two thirds of the remaining Trustees.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on directors of a corporation governed by the CBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the REIT and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee will be entitled to indemnification from the REIT in respect of the exercise of the Trustee's powers and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of the REIT and the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

The Board is an experienced group of individuals from the real estate, retail and financial communities. The Trustees have full access to legal and financial advisors for advice.

As of December 31, 2015, the REIT's Trustees and Executive Officers collectively owned, or exerted direction or control over units as follows:

Class U Units	Deferred Units	Class I Units	Class A Units	GAR B Exchangeable Units	Total	Percentage of Issued and Outstanding Units
1,863,907	21,893	265,000	4,000	255,720	2,410,520	8%

## Trustee Information

The following table sets forth the name, province and country of residence, position held with the REIT and principal occupation for the each of the Trustees:

Name, Province and Country of Residence	Position(s)/Title	Trustee Since	Principal Occupation
THOMAS FARLEY <sup>(1)</sup> Palm Desert, California, U.S.A	Independent Trustee (Chair)	June 2, 2014	Chair, Brookfield Office Properties Canada
COLUM BASTABLE <sup>(2)(3)</sup> Toronto, Ontario, Canada	Independent Trustee	March 3, 2014	Chair, Cushman & Wakefield Canada
SAMUEL ALTMAN <sup>(1)(2)(4)</sup> Montreal, Quebec, Canada	Independent Trustee	February 23, 2012	President, Joddes Limited
PATRICK FLATLEY <sup>(1)</sup> Etobicoke, Ontario, Canada	Independent Trustee	February 23, 2012	Senior Vice President, Fidelity National Title Insurance Co.
PETER TESCHÉ <sup>(2)(4)(6)</sup> Guelph, Ontario, Canada	Independent Trustee	April 17, 2012	Principal, P.T. Lloyd Associates LLC
BLAIR WELCH <sup>(1)</sup> Ancaster, Ontario, Canada	Trustee	January 18, 2012	Partner, Slate Asset Management L.P
BRADY WELCH Burlington, Ontario, Canada	Trustee and Chief Financial Officer	February 23, 2012	Partner, Slate Asset Management L.P

<sup>(1)</sup> Member of the Investment Committee

<sup>(2)</sup> Member of the Audit Committee

<sup>(3)</sup> Chair of the Compensation, Governance and Nominating Committee

<sup>(4)</sup> Member of the Compensation, Governance and Nominating Committee

<sup>(5)</sup> Member of the Investment Committee

<sup>(6)</sup> Chair of the Investment Committee

Additional biographical information regarding the current Trustees of the REIT for the past five years is set out below.

**Thomas Farley, Trustee and Chair of the Board.** Mr. Farley is Chair of the Board of Brookfield Office Properties Canada and has over 30 years of real estate industry experience. Most recently, Mr. Farley held the position of President and Global Chief Operating Officer of Brookfield Office Properties, overseeing asset management, leasing, and property operating initiatives. Further, he served as Chair of the Board of Brookfield Johnson Controls Canada and Brookfield Johnson Controls Australia. Previously at Brookfield he was CEO of Canadian Commercial Operations, CEO of Australian Commercial Operations and Senior Vice President, Western Canada. Mr. Farley received a Bachelor of Arts from the University of Victoria, a CRF designation from the Real Estate Institute of Canada and is a member of the American Management Association.

**Colum Bastable, Trustee.** Mr. Bastable is the Chair of Canadian operations for Cushman & Wakefield. Mr. Bastable joined Royal LePage in 1976 as Vice President of Finance, ultimately becoming Executive Vice President of all of Royal LePage's commercial operations. In 1993, Mr. Bastable became President and Chief Executive Officer of Royal LePage and a Managing Partner of Brascan (now Brookfield). In 2005, he became President and Chief Executive Officer of Cushman & Wakefield LePage Ltd. Mr. Bastable is a member of the board of trustees of Brookfield Canada Office Properties Real Estate Investment Trust and was previously on the board of Toronto Hydro-Electric System. In 2007, Mr. Bastable was appointed as Chair of McMaster University's Board of Governors. Mr. Bastable is a Chartered Accountant and has been honored as a Fellow of the Institute Chartered Accountants in Ireland.

**Samuel Altman, Trustee.** Mr. Altman is the President of Joddes Limited, a Canadian investment company with major positions in several healthcare companies. Through this role, he is familiar with the U.S. tax and securities regulatory environment, including cross border issues. Mr. Altman is also an Adjunct Partner with Signet Healthcare Partners. Mr. Altman was formerly President and Chief Executive

Officer of Pendopharm, a pharmaceutical contract manufacturer, and was an independent consultant to healthcare, and industrial marketing clients on strategy, corporate development and mergers and acquisitions. Mr. Altman formerly led corporate strategy and investment for Scott's Hospitality and was originally a management consultant at McKinsey and Company where he where he advised industrial and retail marketing clients across North America, Mexico and Europe. Mr. Altman received a Master of Business Administration from Cornell University, a Juris Doctor degree from Queen's University, is a CFA charterholder and is a member of the Law Society of Upper Canada.

**Patrick Flatley, Trustee.** Mr. Flatley is a Senior Vice President of New York-based Fidelity National Title Insurance Co. where he represents the interests of Canadian commercial real estate owners and operators completing cross border transactions. In this role, Mr. Flatley has completed over 75 commercial title insurance policies in the U.S. for clients including Brookfield Properties, Cadillac Fairview, Canada Pension Plan Investment Board and Oxford Properties. In addition, Mr. Flatley is a Partner of KenAidan Realty, a Toronto-based real estate developer, and a founding partner of Great American Bagel Enterprise for which Mr. Flatley has sourced and secured retail locations for the company in various U.S. locations. Prior to his commercial real estate career, Mr. Flatley was a professional hockey player, whose NHL career spanned fourteen seasons, including four as Captain of the New York Islanders. Mr. Flatley attended the University of Wisconsin–Madison.

**Peter Tesché, Trustee.** Mr. Tesché is principal of P.T. Lloyd Associates LLC, a South Florida real estate capital markets advisory firm. He coordinates placement of loan and equity capital from investment partners of real estate asset management firms and operating companies. In his role, Mr. Tesché divides his time between the U.S. and Canada meeting with clients and investors. Until May 2000, he was responsible for a real estate merchant and investment banking function at Deutsche Bank Canada, the successor to the Canadian subsidiary of Bankers Trust Company. Between 2000 and 2009 while based in Toronto, he acted as principal in his own corporate finance advisory firm. Previously, Mr. Tesché held senior management positions with financial institutions in the U.S., Mexico and Brazil. Mr. Tesché received a Bachelor of Arts from Allegheny College and is a CFA charterholder.

**Blair Welch, Trustee.** Mr. Welch has over 18 years of experience in the real estate industry and serves as a trustee of the REIT. Prior to co-founding Slate, Mr. Welch worked with First National Financial Corporation where he was responsible for developing a successful Canadian commercial mortgage-backed securities program. Prior to that, Mr. Welch was employed as a consultant with General Motors Acceptance Corporation. Mr. Welch also worked with GMAC to assist with their Canadian commercial mortgage-backed securities program. Mr. Welch was an original member of Fortress Investment Group, spending time in Tokyo and Toronto, where he was responsible for originating investment opportunities throughout North America. Mr. Welch began his career at Bankers Trust where he identified acquisition opportunities and raised debt and equity capital for a variety of U.S. real estate clients. Mr. Welch received a Bachelor of Commerce degree from the University of British Columbia.

**Brady Welch, Trustee and Chief Financial Officer.** Brady Welch has over 18 years of experience in the real estate industry and serves as chief financial officer and a trustee of the REIT. Prior to co-founding Slate in 2004, he held senior management positions with Fortress Investment Group, including acting as a Vice President and Managing Director, responsible for overseeing all direct investments in commercial real estate in the U.S. During his time at Fortress, Mr. Welch was involved in a significant number of commercial real estate investments across retail, office, industrial, multi-family and hospitality asset classes. Prior to this, Mr. Welch managed the joint venture investments of Truscan (a former arm of TD Canada Trust) including class A office towers in major Canadian markets. Mr. Welch began his career in the mid-1990s with Brazos Advisors (now Lonestar) in the acquisition and work-out of distressed commercial real estate loan pools. Mr. Welch received a Bachelor of Commerce degree from Mount Allison University.

## Executive Officer Information

Biographical information regarding the current Executive Officers of the REIT is set out below.

**Greg Stevenson, Chief Executive Officer.** Mr. Stevenson was appointed Chief Executive Officer of the REIT on August 12, 2015. Prior to his appointment as Chief Executive Officer of the REIT, Mr. Stevenson had been responsible for asset management and operational oversight of the REIT's portfolio since 2013 and played a pivotal role in the REIT's ongoing growth and development. Prior to joining Slate, Mr. Stevenson held positions with a global real estate asset manager and a Canadian mutual fund manager. Mr. Stevenson received a Bachelor of Commerce degree (Honors) in economics from the University of Guelph and is a CFA charterholder.

**Brady Welch, Chief Financial Officer and Partner, Slate Asset Management L.P.** Please see "*Trustees and Executive Officers of the REIT – Trustee Information*" for more information.

**Ramsey Ali, Corporate Secretary and General Counsel, Slate Asset Management L.P.** Mr. Ali has been Secretary and General Counsel of Slate since 2013. Prior to 2013, Mr. Ali was General Counsel of Forum Equity Partners, a leading Canadian infrastructure and real estate investment and development firm, where he managed the structuring, negotiation and arrangement of over C\$1.5 billion dollars in committed project financing and millions more in real estate construction and/or mortgage financing. Mr. Ali received a Bachelor of Commerce Degree from the University of Guelph, a Juris Doctor degree from the University of Toronto, Faculty of Law and is a member of the Law Society of Upper Canada and Canadian Bar Association.

**Lisa Rowe, Senior Vice President, Finance and Taxation, Slate Asset Management L.P.** Ms. Rowe joined Slate as Senior Vice President, Finance and Taxation in 2013. Ms. Rowe has primary responsibility for tax planning, reporting and structuring. Prior to 2013, Ms. Rowe was a Senior Tax Manager for 12 years at Deloitte LLP. The focus of her professional practice was on real estate transactions, asset management and mergers and acquisitions of public and private companies. Ms. Rowe received a Bachelor of Business Administration from York University and is a Chartered Accountant and Chartered Professional Accountant.

## Committees of the Board

The Board has three committees: an audit committee (the "**Audit Committee**"), a compensation, governance and nominating committee (the "**Compensation, Governance and Nominating Committee**") and an investment committee (the "**Investment Committee**").

### Audit Committee

The Audit Committee is comprised of Colum Bastable (Chair), Samuel Altman and Peter Tesché. All members of the Audit Committee have been determined by the REIT to be Independent Trustees and are "financially literate" and "independent" for purposes of audit committee membership within the meaning of National Instrument 52-110 — *Audit Committees*. Each of the Audit Committee members has an understanding of the accounting principles used to prepare the REIT's financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For the education and experience of each member of the Audit Committee relevant to the performance of his or her duties as a member of the Audit Committee, see "*Trustee and Executive Officer Information – Trustee Information*".

The Audit Committee's responsibilities include: (i) reviewing the REIT's procedures for internal control with the REIT's auditors and Chief Financial Officer, (ii) reviewing and approving the engagement of the auditors, (iii) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including the REIT's annual information form and management's discussion and

analysis, (iv) assessing the REIT's financial and accounting personnel, (v) assessing the REIT's accounting policies, (vi) reviewing the REIT's risk management procedures, and (vii) reviewing any significant transactions outside the REIT's ordinary course of business and any pending litigation involving the REIT.

The Audit Committee has direct communication channels with the Chief Financial Officer of the REIT and the external auditors of the REIT to discuss and review such issues as the Audit Committee may deem appropriate.

The Board has adopted a written charter for the Audit Committee, which sets out the Audit Committee's responsibility for: (i) reviewing the financial statements of the REIT and public disclosure documents containing financial information and reporting on such review to the Board, (ii) overseeing the work of and reviewing the independence of the external auditors and, (iii) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. The text of the Audit Committee charter is attached as Appendix "A".

### **Audit Fees, Audit Related Fees, Tax Services and All Other Fees**

The following table sets forth the fees billed or accrued for various services provided by Deloitte LLP and its affiliates to the REIT during the REIT's last two fiscal years:

<b>Fee</b>	<b>2015</b>	<b>2014<sup>(1)</sup></b>
Audit fees <sup>(1)</sup>	\$315,000	\$300,000
Audit related fees <sup>(2)</sup>	30,000	368,155
Tax services <sup>(3)</sup>	567,350	725,400
All Other Fees	-	-
<b>Total fees</b>	<b>\$912,350</b>	<b>\$1,393,555</b>

<sup>(1)</sup> Amounts have been amended from those reported in annual information form of the REIT dated March 25, 2015 to reflect final fee amounts.

<sup>(2)</sup> Includes professional fees paid to the external auditor for the audit of the annual consolidated financial statements and the reviews of quarterly consolidated financial statements.

<sup>(3)</sup> Relates to assurance and related services provided in connection with transactions, including the Combination Transaction.

<sup>(4)</sup> Relates to tax compliance services for the REIT and its subsidiaries, including tax services in connection with the Combination Transaction and the SUSO 3 Acquisition.

### **Compensation, Governance and Nominating Committee**

The Compensation, Governance and Nominating Committee is comprised of Peter Tesché (Chair), Samuel Altman and Colum Bastable. All members of the Compensation, Governance and Nominating Committee have been determined by the REIT to be Independent Trustees. The Compensation, Governance and Nominating Committee is charged with reviewing, overseeing and evaluating the compensation, governance and nominating policies of the REIT. The Board has adopted a written charter for the Compensation, Governance and Nominating Committee setting out its responsibilities for: (i) assessing the effectiveness of the Board, each of its committees and individual Trustees, (ii) overseeing the recruitment and selection of candidates as Trustees, (iii) organizing an orientation and education program for new Trustees, (iv) considering and approving proposals by the Trustees to engage outside advisers on behalf of the Board as a whole or on behalf of the Independent Trustees, (v) reviewing and making recommendations to the Board concerning any change in the number of Trustees composing the Board, (vi) considering questions of management succession, (vii) administering any unit option or purchase plan of the REIT, and any other compensation incentive programs, (viii) assessing the performance of management of the REIT, (ix) reviewing and approving the compensation of executive management to the extent the senior officers are employed directly by the REIT, (x) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to Trustees, and (xi) overseeing the Management Agreement.

## **Investment Committee**

The Investment Committee is comprised of Thomas Farley (Chair), Blair Welch, Samuel Altman, Peter Tesché and Patrick Flatley. Thomas Farley, Samuel Altman, Peter Tesché and Patrick Flatley of the Investment Committee have been determined by the REIT to be Independent Trustees. The Investment Committee meets on an “as needed” basis and has the authority to exercise all of the powers and discretions in the management and direction of the REIT’s activities delegated to it by the Board in accordance with its mandate and applicable law, including to: (i) approve or reject proposed investments by the REIT in accordance with the REIT’s investment guidelines, in each case, of up to \$30 million (by way of debt or equity), (ii) approve the assumption or granting of any mortgage, or the assumption or incurrence of any debt obligation, of up to \$30 million (or such other amount provided the terms thereof have been reflected in the REIT’s operating budget approved by the Board for the applicable year), and (iii) develop the REIT’s strategy for review and approval by the Board. Although the Investment Committee has been delegated authority in respect of many aspects of the REIT’s business, in accordance with the mandate of the Board, all material investments and transactions outside the REIT’s ordinary course of business must be reviewed by, and are subject to the prior approval of, the Board.

## **CONFLICTS OF INTEREST**

The Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees are from time-to-time engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the CBCA, that require each Trustee to disclose to the REIT, at the first meeting of Trustees at which a proposed contract or transaction is considered, any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee will be required to disclose in writing to the REIT, or request to have entered into the minutes of meetings of Trustees, the nature and extent of his or her interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect will not be entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction relates to his or her remuneration or an indemnity under the provisions of the Declaration of Trust or liability insurance. All decisions of the Board require the approval of a majority of the Trustees present in person or by phone at a meeting of the Board. See “*Risk Factors*”.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The REIT and its subsidiaries may be subject to certain claims and lawsuits from time to time in the course of carrying on business. Management is not aware of any material litigation or regulatory actions outstanding, threatened or pending by or against the REIT.



## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of the trustees or officers of the REIT, any Unitholder that beneficially owns more than 10% of the Units or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would materially affect the REIT or any of its subsidiaries, except for the Combination Transaction (see “*General Development of the Business – Three Year History – Combination Transaction*”), the SUSO 3 Acquisition (see “*General Development of the Business – Three Year History – SUSO 3 Acquisition*”), the arrangements contained in the Management Agreement (see “*Management of the REIT*”), and the Private Placement (see “*General Development of the Business – Three Year History – Offerings*”).

## INTERESTS OF EXPERTS

The REIT’s auditor is Deloitte LLP, Chartered Professional Accountants, in Toronto, Ontario. Deloitte LLP has advised the REIT that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Blair Franklin Capital Partners was retained to complete a fairness opinion in connection with the SUSO 3 Acquisition. See “*General Development of the Business - Three Year History – SUSO 3 Acquisition*”. To the REIT’s knowledge, as at December 31, 2015, Blair Franklin Capital Partners (and its designated professionals), directly or indirectly, owned less than 1% of the REIT’s outstanding Units.

## PROMOTER

Slate has taken the initiative in founding and organizing the REIT and may therefore be considered a promoter of the REIT for the purposes of applicable securities legislation. As at December 31, 2015, Slate and the principals of Slate collectively held an aggregate of 191,462 Class B LP1 Units (which are exchangeable into 191,462 Class U Units), 683,147 Class B LP2 Units (which are exchangeable into 683,147 Class U Units), 255,720 GAR B Exchangeable Units (which are exchangeable into 255,720 Class U Units) and 846,736 Class U Units, representing an aggregate 6.2% interest in the REIT, on a non-diluted basis but including the outstanding Class B LP1 Units and Class B LP2 Units.

The REIT is externally managed by Slate and, pursuant to the Management Agreement, is compensated by the REIT. See “*Description of the Business – Manager*” and “*Management of the REIT*”.

## MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts which the REIT has entered into since the beginning of the most recently completed financial year, or before the most recently completed financial year but still in effect, are as follows:

- (a) the Declaration of Trust, see “*Declaration of Trust*”;
- (b) the Management Agreement, see “*Management of the REIT*”;
- (c) the 2015 Underwriting Agreement, see “*General Development of the Business – Three Year History – Offerings*”; and
- (d) the SUSO 3 Purchase Agreement, see “*General Development of the Business – Three Year History – SUSO 3 Acquisition*”.

Copies of the foregoing documents are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of the REIT is Equity Transfer Services at its principal offices located in Toronto, Ontario.

## **ADDITIONAL INFORMATION**

Additional information relating to the REIT can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the REIT's website at [www.slateam.com/reits/retail](http://www.slateam.com/reits/retail). Additional information including trustees' and officers' remuneration and indebtedness, principal holders of the REIT's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the REIT's information circular for its most recent annual meeting of security holders that involved the election of trustees. Additional financial information is provided in the REIT's financial statements and MD&A for its most recently completed financial year.

## GLOSSARY

“**Board**” or “**Board of Trustees**” means the board of trustees of the REIT.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Class A LP1 Units**” means class A limited partnership units of Limited Partnership 1.

“**Class A LP2 Units**” means class A limited partnership units of Limited Partnership 2.

“**Class A Units**” means the units of beneficial interest in the REIT, designated as “Class A Units”.

“**Class B LP1 Units**” means class B limited partnership units of Limited Partnership 1, which are economically equivalent to Class U Units (subject to certain adjustments) and redeemable for cash or Class U Units, as determined by the General Partner in its sole discretion.

“**Class B LP2 Units**” means class B limited partnership units of Limited Partnership 2, which are economically equivalent to Class U Units (subject to certain adjustments) and redeemable for cash or Class U Units, as determined by the General Partner in its sole discretion.

“**Class C LP2 Units**” means class C limited partnership units of Limited Partnership 2.

“**Class I Units**” means the units of beneficial interest in the REIT, designated as “Class I Units”.

“**Class U Units**” means the units of beneficial interest in the REIT, designated as “Class U Units”, which are listed on the TSX.

“**Code**” means the U.S. Internal Revenue Code, as amended from time to time and including the regulations promulgated thereunder.

“**CRA**” means the Canada Revenue Agency.

“**Declaration of Trust**” means the declaration of trust originally made as of January 18, 2012, as amended by the amended and restated declaration of trust dated March 29, 2012 and as further amended by the second amended and restated declaration of trust dated April 15, 2014.

“**GAR B**” means U.S. Grocery Anchored Retail (1B) Limited Partnership.

“**GAR B Exchangeable Units**” means the exchangeable limited partner units of GAR B which are economically equivalent to the Class U Units (subject to certain adjustments including any taxes incurred by GAR B) and redeemable for Class U Units or cash as determined by GAR B GP.

“**GAR Holdings**” means GAR U.S. Portfolio L.P.

“**GLA**” means gross leaseable area measured in square feet.

“**Grocery Anchor Tenant**” means grocery-related tenants in the REIT’s properties who occupy GLA greater than or equal to 18,000 square feet.

“**Gross Book Value**” means, at any time, the greater of: (i) the value of the assets of the REIT and its consolidated Subsidiaries, as shown on its then most recent consolidated statement of financial position, less the amount of any receivable reflecting interest rate subsidiaries on any debt assumed by the REIT; and (ii) the historical cost of the assets of the REIT, where the historical cost of the REIT’s properties will be the portfolio value of the REIT’s properties identified in the Appraisal.

“**Holding LP1**” means Slate U.S. Opportunity (No. 1) Holding L.P.

“**IFRS**” means International Financial Reporting Standards.

“**Independent Trustees**” means a trustee of the REIT who is “independent” pursuant to National Policy 58-101 – *Corporate Governance Guidelines*.

“**IRS**” means Internal Revenue Service.

“**Management Agreement**” means the management agreement originally made as of April 20, 2012 between Slate U.S. Opportunity (No. 1) Realty Trust, Slate Properties Inc., Slate U.S. Opportunity (No. 1) Holding L.P. and Slate U.S. Opportunity (No. 1) Investment L.P., as amended and restated by an amended and restated management agreement made as of April 15, 2014 between the REIT, Slate U.S. Opportunity (No. 1) Holding L.P., Slate U.S. Opportunity (No. 2) Holding L.P., Slate U.S. Opportunity (No. 4) Holding L.P., GAR U.S. Portfolio L.P. and Slate Properties Inc., as assigned by Slate Properties Inc. to Slate on November 1, 2014, and as amended as of June 1, 2015 to include Slate U.S. Opportunity (No. 3) Holding L.P.

“**Non-Resident**” means a person that is not, nor is deemed to be, at the relevant time a resident of Canada for purposes of the Tax Act.

“**Non-Resident Unitholders**” means a person who is not a Resident and a partnership that is not a Canadian partnership within the meaning of the Tax Act.

“**Partnerships**” means the partnerships that are Subsidiaries of the REIT, including Investment LP1, Limited Partnership 1, Limited Partnership 2, GAR B, and GAR Holdings.

“**Person**” means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and government and agencies and political subdivisions thereof.

“**Registered Plans**” means trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (“**TFSAs**”).

“**Resident**” means a person who is, or is deemed to be, resident in Canada for purposes of the Tax Act.

“**SEDAR**” is the official website that provides access to most public securities documents and information filed by public companies and investment funds with the thirteen provincial and territorial securities regulatory authorities. It can be accessed at [www.sedar.com](http://www.sedar.com).

“**Special Voting Unit**” means a special voting unit of the REIT.

“**Subsidiary**” includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity.

“**SUSO 1**” means Slate U.S. Opportunity (No. 1) Realty Trust.

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5<sup>th</sup> Supp), as amended, including the regulations promulgated thereunder.

“**Trustees**” means the trustees of the REIT.

**“TSX”** means the Toronto Stock Exchange.

**“Unitholders”** means the holders of Units, and any reference to a Unitholder in the context of such Unitholder’s right to vote at a meeting of Unitholders also includes a holder of Special Voting Units.

**“Units”** means the units of beneficial interest in the REIT, designated as “Class A Units”, “Class I Units”, “Class U Units” and “Special Voting Units”.

## APPENDIX A – AUDIT COMMITTEE CHARTER

### (the “Charter”)

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#### 1. Purpose

The audit committee of the REIT (the “**Committee**”) is a committee of the board of trustees of the REIT (the “**Board**”). The members of the Committee and the chair of the Committee (the “**Chair**”) are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the REIT’s financial controls and reporting and monitoring whether the REIT complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

#### 2. Composition

- (a) The Committee should be comprised of a minimum of three trustees and a maximum of five trustees.
- (b) The Committee must be constituted as required under National Instrument 52-110 – *Audit Committees*, as it may be amended or replaced from time to time (“**NI 52-110**”).
- (c) A majority of the members of the Committee must be Residents (as such term is defined in the REIT’s declaration of trust).
- (d) All members of the Committee must (except to the extent permitted by NI 52-110) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- (e) No members of the Committee will receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory or other compensatory fee from the REIT or any of its related parties or subsidiaries.
- (f) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the REIT’s financial statements).
- (g) Any member of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee on ceasing to be a trustee. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy will exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

#### 3. Limitations on Committee’s Duties

In contributing to the Committee’s discharge of its duties under this Charter, each member of the Committee will be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the REIT (“**Management**”) as to the non-audit services provided to the REIT by the external auditor, (iv) financial statements of the REIT represented to them by a member of Management or in a written report of the external auditors to present fairly the financial position of the REIT in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

#### **4. Meetings**

The Committee should meet not less than four times annually. The Committee should meet within 45 days following the end of the first three financial quarters of the REIT and will meet within 90 days following the end of the fiscal year of the REIT. A quorum for the transaction of business at any meeting of the Committee will be a majority of the members of the Committee or such greater number as the Committee will by resolution determine. The Committee will keep minutes of each meeting of the Committee. A copy of the minutes will be provided to each member of the Committee.

Meetings of the Committee will be held from time to time and at such place as any member of the Committee will determine upon two days’ prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor will be entitled to request that the Chair call a meeting.

The Committee may ask members of Management and employees of the REIT (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee will have full access to information of the REIT (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and will be permitted to discuss such information and any other matters relating to the results of operations and financial position of the REIT with Management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the REIT’s interim financial statements.

The Committee will determine any desired agenda items.

#### **5. Committee Activities**

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee’s role), the Committee will have the power and authority to:

##### **A. Financial Disclosure**

- (a) review, approve and recommend for Board approval the REIT’s interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related management’s discussion & analysis and press release;
- (b) review, approve and recommend for Board approval the REIT’s annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form and the related management’s discussion & analysis and press release;

- (c) review and approve any other press releases that contain financial information and such other financial information of the REIT provided to the public or any governmental body as the Committee requires;
- (d) satisfy itself that adequate procedures have been put in place by Management for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements and the related management's discussion & analysis;
- (e) review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the REIT and the appropriateness of the disclosure thereof in the documents reviewed by the Committee;
- (f) receive periodically Management reports assessing the adequacy and effectiveness of the REIT's disclosure controls and procedures;

#### **B. Internal Control**

- (a) review Management's process to identify and manage the significant risks associated with the activities of the REIT;
- (b) review the effectiveness of the internal control systems for monitoring compliance with financial disclosure matters, financial risk management, laws and regulations;
- (a) have the authority to communicate directly with the internal auditor (if any);
- (b) receive periodical Management reports assessing the adequacy and effectiveness of the REIT's internal control systems;
- (c) assess the overall effectiveness of the internal control and risk management frameworks through discussions with Management, the internal auditor (if any) and the external auditors and assess whether recommendations made by the internal auditor (if any) or the external auditors have been implemented by Management;

#### **C. Relationship with the External Auditor**

- (a) recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor;
- (b) have the authority to communicate directly with the external auditor and the Chief Financial Officer of the REIT and arrange for the external auditor to be available to the Committee and the Board as needed;
- (c) advise the external auditor that it is required to report to the Committee and not to Management;
- (d) monitor the relationship between Management and the external auditor, including reviewing any Management letters or other reports of the external auditor, discussing any material differences of opinion between Management and the external auditor and resolving disagreements between the external auditor and Management;
- (e) if considered appropriate, establish separate systems of reporting to the Committee by each of Management and the external auditor;



- (f) review and discuss on an annual basis with the external auditor all significant relationships they have with the REIT, Management, the external asset manager or employees that might interfere with the independence of the external auditor;
- (g) pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable securities laws) to be provided by the external auditor;
- (h) review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant;
- (i) periodically consult with the external auditor out of the presence of Management about (a) any significant risks or exposures facing the REIT, (b) internal controls and other steps that Management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the REIT, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper;
- (j) review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the REIT;

#### **D. Audit Process**

- (a) review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable;
- (b) following completion of the annual audit and quarterly reviews, review separately with each of Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews;
- (c) review any significant disagreements among Management and the external auditor in connection with the preparation of the financial statements;
- (d) where there are significant unsettled issues between Management and the external auditor that do not affect the audited financial statements, the Committee will seek to ensure that there is an agreed course of action leading to the resolution of such matters;
- (e) review with the external auditor and Management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
- (f) review the system in place to seek to ensure that the financial statements, management's discussion & analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements;

#### **E. Financial Reporting Processes**

- (a) review the integrity of the REIT's financial reporting processes, both internal and external, in consultation with the external auditor;

- (b) periodically consider the need for an internal audit function, if not present;
- (c) review all material balance sheet issues, material contingent obligations and material related party transactions;
- (d) review with Management and the external auditor the REIT's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with Management, the ramification of their use and the external auditor's preferred treatment and any other material communications with Management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting;

#### **F. General**

- (a) inform the Board of matters that may significantly impact on the financial condition or affairs of the business;
- (b) respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform;
- (c) periodically review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter;
- (d) review the public disclosure regarding the Committee required from time to time by NI 52-110;
- (e) the Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the REIT) the compensation for any such advisors;
- (f) review in advance, and approve, the hiring and appointment of the REIT's senior financial executives;
- (g) review any significant transactions outside the REIT's ordinary course of business and any pending litigation involving the REIT; and
- (h) perform any other activities as the Committee or the Board deems necessary or appropriate.

#### **6. Complaint Procedures**

- (a) Anyone may submit a complaint regarding conduct by the REIT or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing or other matters. The Chair will have the power and authority to oversee treatment of such complaints.
- (b) Complaints are to be directed to the attention of the Chair.
- (c) The Committee should endeavour to keep the identity of the complainant confidential.
- (d) The Chair will have the power and authority to lead the review and investigation of a complaint. The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.



Retail  
REIT