Retail
REIT

SLATE

Q2 2016

TSX: SRT.U and SRT.UN

"When everyone is going right, look left"
- Sam Zell, Chairman of Equity Group Investments

DEAR FELLOW UNITHOLDERS

Our real estate portfolio is home to over 900 necessity-based retailers who operate and look to grow their business every day. We believe our operators want to be in an exceptionally managed property with a great location within well-established neighborhoods. As landlords, our goal is to meet these needs. Our stable 95.0% occupancy rate combined with an approximately 8% increase in rent on renewals for our non-anchor tenants over the last nine quarters is proof we continue to meet our tenant needs. In addition, going into 2016 we had no grocery-anchors coming up for renewal during the calendar year. By the half way mark of 2016, we have renewed three grocers for a total of 138,039 square feet whose leases were set to expire between 2017 and 2020. With rising sales at all three locations, the grocers chose to extend their commitment at our properties in advance of their expiry to help fix their costs (rent) and secure their favored location. While we still secured rent increases upon renewal, this allows grocers to benefit from increased profitability as sales continue to rise. For our investors, it results in longer lease term, income growth, and the reinvestment of millions of dollars by the grocers into our properties. Income growth with less risk and investment of someone else's money into our assets continues to be a positive attribute of the REIT's portfolio. Needless to say, our focus on non-discretionary, e-commerce resistant revenue sources that are diversified by both geography and business type will continue and our pipeline of opportunities today is as big as it has ever been.

Our very selective criteria and rigorous investment approach is always complemented with our proactive management strategy. We believe being disciplined in our approach will allow us to outperform over time. Recently, the successful execution of our approach has resulted in the decision to sell properties for the first time since we started this strategy in 2011. While we are not going to be active sellers in the near future, we will always look to maximize unitholder value once we feel our strategy has been executed. Below is a snap shot of what the weighted average metrics look like for the properties that we have sold in 2016.

	Properties sold in 2016	
Amounts reported in whole $US dollars	**At acquisition**	**At disposition**
Number of properties	7	7
Acquisition / disposition price	$ 31,340,369	$ 37,520,000
Capitalization rate	8.2%	7.2%
Hold period (years)	N/A	2.8
Cash inflow over hold period	N/A	$ 7,288,948
Capital reinvestment (cash outflow) over hold period	N/A	$ (677,533)
Disposition costs	N/A	$ (989,000)
Debt service (1)	N/A	$ (1,331,936)
Return Metrics		
Total unlevered return		37.7%
Total unlevered return annualized		12.9%
Total return on equity (2)		74.2%
Total return on equity annualized (2)		21.8%

	Slate Retail REIT	**7 properties sold**
5-mile median household income	$ 74,481	$ 66,247
5-mile population	110,310	36,217

(1) Weighted average interest rate of 2.75%.
(2) Loan-to-value rate of 55% at acquisition.

We have talked a lot in the past about the importance of our people and the quality of our operations. The figures above are the result of the exceptional work the dedicated team at Slate Retail has accomplished. We are pleased to have concrete results to share with our investors which we hope results in a better understanding of what it is we do; go where others are unable to go, identify undervalued and overlooked real estate, outperform operationally, and monetize what others believed to be illiquid investment opportunities. Further, we are able to use these funds and deploy them into higher quality properties with what we believe will offer more upside in the future. Some use fancy words like 'asymmetry' we just say we like more upside with less risk.

With appreciation,

Greg Stevenson
Chief Executive Officer
August 10, 2016

Management's Discussion and Analysis

SLATE RETAIL REIT

June 30, 2016

TSX: SRT.U and SRT.UN

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FORWARD-LOOKING STATEMENTS

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

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the REIT's current estimates and assumptions, which are subject to significant risks and uncertainties. The REIT believes that these statements are made based on reasonable assumptions; however, there is no assurance that the events or circumstances reflected in these forward-looking statements will occur or be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to the risks that are more fully discussed under the "*Risk Factors*" section of the annual information form of the REIT for the year ended December 31, 2015 ("Annual Information Form"). Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: risks incidental to ownership and operation of real estate properties including local real estate conditions; financial risks related to obtaining available equity and debt financing at reasonable costs and interest rate fluctuations; operational risks including timely leasing of vacant space and re-leasing of occupied space on expiration of current leases on terms at current or anticipated rental rates; tenant defaults and bankruptcies; uncertainties of acquisition activities including availability of suitable property acquisitions and integration of acquisitions; competition including development of properties in close proximity to the REIT's properties; loss of key management and employees; potential environmental liabilities; catastrophic events, such as earthquakes and hurricanes; governmental, taxation and other regulatory risks and litigation risks.

Forward-looking statements included in this MD&A are made as of August 10, 2016 and accordingly are subject to change after such date. The REIT does not undertake to update any forward-looking statements that are included in this MD&A, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. Investors are cautioned against placing undue reliance on forward-looking statements.

FINANCIAL AND INFORMATIONAL HIGHLIGHTS

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

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Summary of Portfolio Information					
Number of properties	68	66	66	64	59
Gross leasable area ("GLA")	7,941,699	7,726,055	7,581,846	7,359,096	6,972,001
GLA occupied by grocery-anchors	3,776,105	3,691,654	3,585,268	3,501,935	3,212,061
Occupancy	95.0%	94.4%	94.7%	95.1%	95.3%
Grocery-anchor occupancy	99.1%	99.0%	99.0%	100.0%	100.0%
Non-anchor occupancy	91.2%	90.2%	90.7%	89.9%	91.3%
Grocery-anchor weighted average lease term (years)	5.9	5.9	6.2	6.3	6.3
Portfolio weighted average lease term (years)	5.2	5.1	5.2	5.2	5.2
Square feet leased	255,623	283,847	150,365	219,373	198,817
Summary of Financial Information					
IFRS gross book value ("GBV") (1)	$ 1,072,823	$ 1,033,985	$ 1,013,481	$ 971,721	$ 919,249
Total debt	586,134	588,702	577,280	538,423	483,504
Revenue	24,088	24,205	23,104	22,416	17,913
Net (loss) income	(605)	(760)	465	2,936	(16,956)
Net operating income ("NOI") (2)	17,438	17,077	16,248	16,307	12,902
Funds from operations ("FFO") (2)	11,998	10,685	10,543	10,793	8,518
Adjusted funds from operations ("AFFO") (2)	10,152	7,598	8,647	8,812	7,712
Distributions declared	$ 6,894	$ 6,201	$ 6,090	$ 6,070	$ 5,227
Per Unit Financial Information					
Class U equivalent units outstanding	35,425	31,858	31,829	31,977	32,588
Weighted average class U equivalent units outstanding ("WA units")	34,627	31,872	31,957	32,253	27,732
FFO per WA units (2)	$ 0.35	$ 0.34	$ 0.33	$ 0.33	$ 0.31
AFFO per WA units (2)	0.29	0.24	0.27	0.27	0.28
Declared distributions per unit	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19
Financial Ratios					
AFFO payout ratio (3)	67.9%	81.6%	70.4%	68.9%	67.8%
FFO payout ratio (4)	57.5%	58.0%	57.8%	56.2%	61.4%
Debt / GBV	55.0%	57.4%	57.5%	55.9%	53.1%
Weighted average interest rate	3.00%	3.05%	3.14%	3.14%	3.14%
Interest coverage ratio (5)	3.57x	3.27x	3.19x	3.59x	3.65x

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

(1) GBV is defined as total assets.

(2) Refer to non-IFRS financial measures on page 5.

(3) Distributions declared divided by AFFO.

(4) Distributions declared divided by FFO.

(5) NOI less general and administrative expenses, divided by interest on debt.

PART I – OVERVIEW

INTRODUCTION

This MD&A of the financial position and results of operations of Slate Retail REIT (TSX: SRT.U and SRT.UN) and its subsidiaries (collectively, the "REIT") is intended to provide readers with an assessment of performance and summarize the financial position and results of operations of the REIT for the period ended June 30, 2016. The presentation of the REIT's financial results, including the related comparative information, contained in this MD&A are based on the REIT's condensed consolidated interim financial statements for the period ended June 30, 2016 (the "consolidated financial statements"), which have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with those financial statements. All amounts are in thousands of United States dollars, unless otherwise noted.

The information contained in this MD&A is based on information available to the REIT and is dated as of August 10, 2016, which is also the date the Board of Trustees, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

PROFILE

The REIT is an unincorporated open-ended real estate investment trust constituted in accordance with the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of April 15, 2014. As of June 30, 2016, the REIT owns 68 grocery-anchored retail commercial properties located in the United States comprising 7.9 million square feet of GLA.

The REIT is externally managed and operated by Slate Asset Management L.P. ("the Manager" or "Slate"). The Manager has an experienced and dedicated team of real estate professionals with a proven track record of success in real estate investment and management. Management's interests are aligned with the unitholders of the REIT through its sponsorship and as a significant unitholder of the REIT. Slate is the largest unitholder in the REIT, with an approximate 6.7% interest, and accordingly, is highly motivated to increase the value to unitholders and provide reliable growing returns to the REIT's unitholders.

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

STRATEGY AND OUTLOOK

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

We are focused on the following areas to achieve the REIT's objectives through 2016 and 2017:

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

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

NON-IFRS FINANCIAL MEASURES

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

RISK AND UNCERTAINTIES

The REIT’s business is subject to a number of risks and uncertainties which are described in its most recently filed Annual Information Form for the year ended December 31, 2015, available on SEDAR at www.sedar.com. Additional risks and uncertainties not presently known to the REIT or that the REIT currently considers immaterial also may impair its business and operations and cause the price of the units to decline. If any of the noted risks actually occur, the REIT’s business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the units could decline, and shareholders may lose all or part of their investment.

RECENT DEVELOPMENTS

The following is a summary of the key highlights and recent developments for the REIT during the three month period ended June 30, 2016:

- FFO on a per unit basis has increased to $0.35 which is a $0.01 per unit or 2.9% increase from the March 31, 2016 quarter and a $0.04 per unit or 12.9% increase compared to the same quarter in 2015. AFFO on a per unit basis was $0.29, which represents a $0.05 per unit or 20.8% increase from the first quarter and a $0.01 per unit or 3.6% increase compared to the same quarter in 2015.
- In the second quarter of 2016, the REIT completed 255,623 square feet of leasing. Notably, the REIT renewed two grocery-anchor tenants and one junior-anchor tenant well in advance of their lease maturity. These leases were originally set to expire in 2017.
- Acquired three grocery-anchored properties for a total of $30.5 million, totaling 306,838 square feet ($99 per square foot) at an average 7.3% capitalization rate. Each asset is well leased with strong anchor covenants.
- On June 30, 2016, the REIT completed the disposition of Ocean Plaza, a grocery-anchored shopping centre located in North Myrtle Beach, South Carolina. The shopping centre was sold for $6.5 million ($98 per square foot) at an estimated 6.6% capitalization rate. Subsequent to the end of the quarter, on July 20, 2016, the REIT completed the disposition of five Food Lion anchored assets totaling 227,529 square feet, for gross proceeds of $21.9 million ($96 per square foot) at an estimated weighted average capitalization rate of 7.7%. All of the sales occurred above the REIT's March 31, 2016 IFRS estimate of fair value. These sales exemplify the REIT's strategy to purchase well located properties that can be enhanced through leasing, extending term and proactive asset management to increase cash flow and as a result value. The REIT expects to recycle proceeds from these sales into new asset acquisitions on a U.S. tax deferred basis in the short-term.
- During the quarter, the REIT began work on the multi-year redevelopments of North Augusta and Hocking Valley. Each of these redevelopments provides the opportunity for the REIT to dramatically change the footprint and appearance of the assets, with strong anchor tenants operating improved formats under long-term leases and growing cash flows.

PART II – LEASING AND PROPERTY PORTFOLIO

LEASING

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

The following table summarizes our leasing activity for the four most recent quarters:

Square feet	Deal Type		Q2 2016	Q1 2016	Q4 2015	Q3 2015
Less than 10,000	Renewal	Leases signed	25	29	25	23
		Total square feet	56,067	67,300	63,010	42,403
		Average base rent	$ 17.79	$ 15.13	$ 17.10	$ 13.81
		Rental spread	6.9 %	5.8%	7.5%	9.6 %
Greater than 10,000	Renewal	Leases signed	4	2	3	4
		Total square feet	147,588	114,474	52,187	154,378
		Average base rent	$ 8.13	$ 8.76	$ 13.40	$ 4.01
		Rental spread	2.4 %	1.7%	6.3%	(23.8)%
Less than 10,000	New Lease	Leases signed	16	14	12	7
		Total square feet	21,968	41,427	35,168	11,272
		Average base rent	$ 17.47	$ 15.89	$ 14.89	$ 16.81
		Rental spread	50.3 %	34.7%	30.7%	48.2 %
Greater than 10,000	New Lease	Leases signed	1	3	—	1
		Total square feet	30,000	60,646	—	11,320
		Average base rent	$ 4.25	$ 10.32	—	$ 11.38
		Rental spread	(27.0)%	34.7%	—	50.1 %

During the second quarter, management completed 203,655 square feet of renewals. The weighted average rental rate increase on renewals completed for leases less than 10,000 square feet was $1.15 per square foot or 6.9% higher than expiring rent.

The weighted average rental rate increase on renewals completed for leases greater than 10,000 square feet was $0.19 per square foot or 2.4% higher than expiring rent. Included in this figure is the early renewal of our grocery-anchor tenant Publix at North Pointe Shopping Centre in South Carolina and our grocery-anchor tenant Weis Markets at Mitchellville Plaza in Washington, D.C. Both renewals were for an additional five year term and completed at their predetermined option rent. The renewal for Publix at North Pointe was at the tenant's existing rent, which will result in contractual base rent of approximately $2.0 million over the term of the lease. The predetermined option rent for Weiss Markets at Mitchellville was a 3.0% increase above the tenant's existing rent where the renewal will result in contractual base rent of approximately $2.2 million over the term of the lease. Both of these leases required no tenant improvement or leasing commission costs to complete. In addition, we renewed Hamrick's at North Augusta Plaza in South Carolina 2.4 years prior to expiry for an additional five years and achieved a 5.4% rental rate increase. Hamrick's is the second largest tenant at the property and accounts for nearly 18.2% of the GLA.

Management also completed 51,968 square feet of new leasing in the second quarter. There were 17 new leases executed with complimentary uses to the REIT's existing consumer staple and service based tenant mix. The weighted average base rent on all new leases completed for less than 10,000 square feet was $17.47 per square foot, which is $5.85 per square foot or 50.3% higher than the weighted average in-place rent for comparable space across the portfolio. These transactions compare favorably to the weighted average portfolio in-place rent of $10.19 per square foot. There was one new lease completed greater than 10,000 square feet at Merchant's Crossing in Atlanta at a rental rate of $4.25 per square foot which represented 17% of the property's GLA and takes the property's occupancy to 95.2% up from 78.2% at acquisition in June 2014.

Lease maturities

The REIT generally enters into leases with initial terms to maturity between 5 and 10 years with our grocery-anchor tenants. Accordingly, the average in-place lease remaining term to maturity is shorter than the initial term. The initial terms to maturity for non-anchor space tends to be of a shorter duration between 3 and 5 years. The weighted average remaining term to maturity at June 30, 2016 of the REIT's grocery-anchor and non grocery-anchor tenants was 5.9 years and 4.6 years, respectively, not including tenants on month-to-month leases.

The following table summarizes the composition of the remaining term to maturity of the REIT's leases at June 30, 2016:

	Weighted average term to maturity	GLA	GLA %
Grocery-anchor	5.9	3,776,105	47.6%
Non-anchor	4.6	3,739,862	47.1%
Total occupied	5.2	7,515,967	94.7%
Month-to-month		24,720	0.3%
Vacant		401,012	5.0%
Total GLA		**7,941,699**	**100%**

The following table shows the change in occupancy during the three month period ended June 30, 2016:

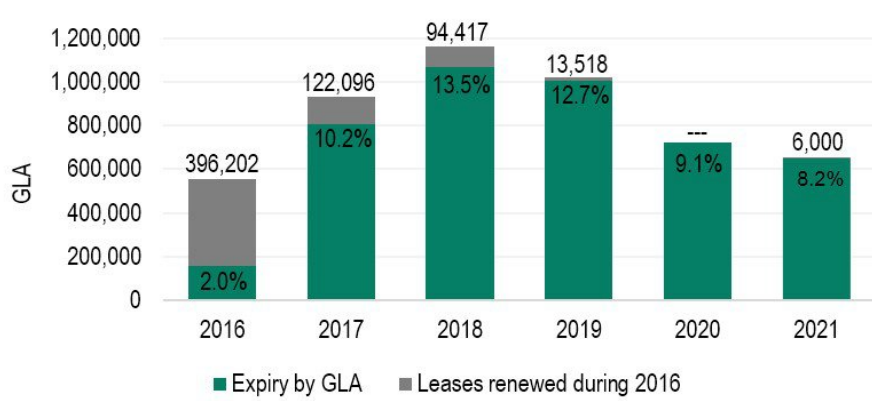
	Total GLA	Occupied GLA	Occupancy
March 31, 2016	7,726,055	7,293,396	94.4%
Acquisitions	306,838	299,167	97.5%
Dispositions	(66,497)	(60,645)	91.2%
Leasing changes	—	8,769	N/A
Other	(24,697)	—	N/A
June 30, 2016	**7,941,699**	**7,540,687**	**95.0%**

Occupancy has increased from 94.4% at March 31, 2016 to 95.0% at June 30, 2016. The 0.6% increase is mainly due to higher occupancy rates of newly acquired properties since March 31, 2016.

The following is a profile of the REIT's leases without including the impact of tenant extension options:

	Grocery-anchor			Non-anchor			Total		
GLA expiration	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent
Month-to-month	—	—	$ —	24,720	0.3%	$ 14.34	24,720	0.3%	$ 14.34
Remainder of 2016	—	—	—	157,319	2.0%	13.97	157,319	2.0%	13.97
2017	224,706	2.8%	6.57	584,716	7.4%	11.50	809,422	10.2%	10.13
2018	518,040	6.6%	7.72	551,515	6.9%	11.52	1,069,555	13.5%	9.68
2019	561,222	7.1%	7.46	445,762	5.6%	14.48	1,006,984	12.7%	10.27
2020	282,604	3.6%	6.94	439,464	5.5%	12.42	722,068	9.1%	10.57
2021 and later	2,189,533	27.5%	9.18	1,561,086	19.7%	11.23	3,750,619	47.2%	10.04
Vacant	36,075	0.4%	N/A	364,937	4.6%	N/A	401,012	5.0%	N/A
Total / WA	**3,812,180**	**48.0%**	**$ 8.40**	**4,129,519**	**52.0%**	**$ 11.97**	**7,941,699**	**100.0%**	**$ 10.19**

The following is a table of lease renewals since the beginning of 2016:



The REIT endeavors to proactively lease upcoming expiries in advance of maturity to maintain high occupancy levels, ensure a proper mix of tenants at each property and reduce risk in the cash flow certainty related to the property. At June 30, 2016, remaining 2016 expiries totaled 2.0% of total GLA, with none of that space related to grocery-anchor tenants. Comparatively, at March 31, 2016 and December 31, 2015, GLA expiration for the remaining 2016 year was 2.8% (213,376 GLA) and 3.7% (276,478 GLA) of the REIT's portfolio, respectively, related to non-anchor space.

In-place and market rents

The REIT's leasing activity during the three month period ended June 30, 2016 is as follows:

	GLA	Number of units	Weighted average expiring rent	Weighted average new rent
Renewed leases	203,655	29	$ 10.34	$ 10.79
New leases	51,968	17	N/A	9.84
Total / weighted average	**255,623**	**46**	**$ 10.34**	**$ 10.60**
Less, leases not renewed / vacated during term	(112,223)	(13)	6.39	N/A
Net total / weighted average	**143,400**	**33**		**$ 10.60**

The REIT's leasing activity during the six month period ended June 30, 2016 is as follows:

	GLA	Number of units	Weighted average expiring rent	Weighted average new rent
Renewed leases	385,429	60	$ 10.52	$ 10.95
New leases	154,041	34	N/A	11.66
Total / weighted average	**539,470**	**94**	**$ 10.52**	**$ 11.15**
Less, leases not renewed / vacated during term	(156,955)	(27)	8.89	N/A
Net total / weighted average	**382,515**	**67**		**$ 11.15**

During the second quarter the REIT completed 255,623 square feet of leasing activity, which represents 3.2% of our portfolio. Since December 31, 2015, the REIT has leased 43.1% of GLA that expires in the 2016. This level of leasing is consistent with our strategy of actively managing our properties to create value through a hands-on approach.

Leases not renewed or vacated during the term for the three and six months period ended June 30, 2016 of 112,223 square feet and 156,955 square feet, respectively, relate primarily to the buyout out of two existing Kmart leases to facilitate the redevelopment of Hocking Valley and North Augusta. Refer to the section "Development costs" within "Part II - Leasing and Property Portfolio" of this MD&A for more detail.

ACQUISITIONS

The REIT acquired three properties during the three month period ended June 30, 2016, as summarized below:

Investment property	**Purchase date**	**Associated metropolitan statistical areas ("MSAs")**	**Purchase price**	**Square foot ("SF")**	**Price per SF**	**Anchor tenant**
Abbott's Village	May 19, 2016	Atlanta	$ 15,200	109,586	$ 139	Publix
Flowers Plantation	June 3, 2016	Raleigh	6,300	53,500	118	Food Lion
Sunset Plaza	June 29, 2016	Johnson City	9,000	143,752	63	Kroger
Total / weighted average			**$ 30,500**	**306,838**	**$ 99**	

On May 19, 2016, the REIT completed the acquisition of Abbott's Village, a 109,586 square foot grocery-anchored shopping centre located in Alpharetta, Georgia. Abbott's Village was acquired for $15.2 million ($139 per square foot), before transaction costs. The property is 94% occupied and is anchored by Publix.

On June 3, 2016, the REIT completed the acquisition of Flowers Plantation, a 53,500 square foot grocery-anchored shopping centre located in Clayton, North Carolina. Flowers Plantation was acquired for $6.3 million ($118 per square foot), before transaction costs. The property is 97% occupied and is anchored by Food Lion.

On June 29, 2016, the REIT completed the acquisition of Sunset Plaza, a 143,752 square foot grocery-anchored shopping centre located in Johnson City, Tennessee. Sunset Plaza was acquired for $9.0 million ($63 per square foot), before transaction costs. The property is 100% occupied and is anchored by Kroger.

DISPOSITIONS

The REIT disposed of one property during the three month period ended June 30, 2016, as summarized below:

	Ocean Plaza
Disposition date	June 30, 2016
Location	North Myrtle Beach, South Carolina
Anchor	Kroger
Sales price	$ 6,500
Working capital	(41)
Disposition costs	(229)
Net proceeds	**$ 6,230**

On June 30, 2016, the REIT completed the disposition of Ocean Plaza, a grocery-anchored shopping centre located in North Myrtle Beach, South Carolina. The shopping centre was sold for $6.5 million ($98 per square foot) at an estimated 6.6% capitalization rate. The sale price was above our March 31, 2016 IFRS estimate of fair market value. This sale exemplifies the REIT's strategy to purchase well located properties that can be enhanced through leasing, extending term and proactive asset management to increase cash flow and as a result value.

Subsequent to June 30, 2016, five Food Lion anchored assets ("Food Lion Portfolio") were sold. On July 20, 2016, the REIT sold these properties for $21.9 million, totaling 227,529 square feet ($96 per square foot) at an estimated weighted average capitalization rate of 7.7%.

	Food Lion Portfolio					Total
	Bowling Green Plaza	Triangle Food Lion	Gaston Marketplace	Lovingston Plaza	Madison Plaza	
Disposition date	July 20, 2016	July 20, 2016	July 20, 2016	July 20, 2016	July 20, 2016	
Location	Virginia	North Carolina	South Carolina	Virginia	Virginia	
MSA	Richmond	Charlotte	Columbia	Charlottesville	Charlottesville	
Occupancy	87%	100%	97%	97%	100%	
Square feet	49,850	41,439	44,133	42,500	49,607	**227,529**
Sales price	$ 3,380	$ 2,400	$ 5,480	$ 4,080	$ 6,580	**$ 21,920**

All of the sales occurred above the REIT's March 31, 2016 IFRS estimate of fair value. These sales exemplify the REIT's strategy to purchase well located properties that can be enhanced through leasing, extending term and proactive asset management to increase cash flow and as a result value. The REIT expects to recycle proceeds from these sales into new asset acquisitions on a U.S. tax deferred basis in the short-term.

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

PROPERTY PROFILE

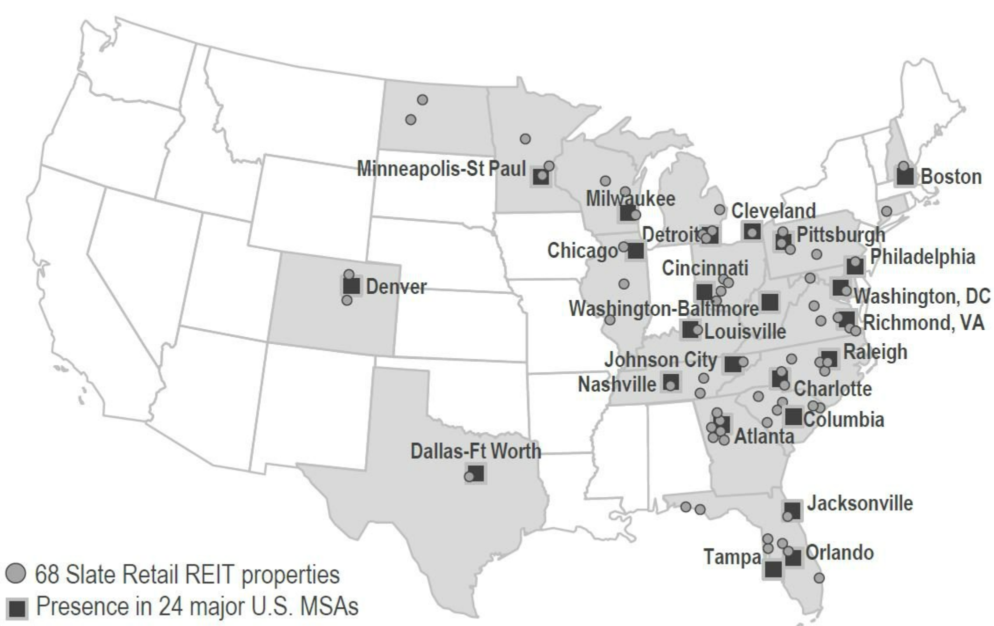
The REIT's property portfolio at June 30, 2016 comprises 68 grocery-anchored retail commercial properties with 7.9 million square feet of GLA located in the United States. For a listing of all of the REIT's properties refer to "PART VI – PROPERTY TABLES" of this MD&A.

Geographic Overview

The REIT’s portfolio is geographically diversified. As of June 30, 2016, the REIT's 68 properties were located in 20 states with a presence in 24 major MSAs.

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

State	Number of Assets	Total SF	Occupied SF	Percentage of revenue	Occupancy
Florida	8	804,672	742,480	10.8%	92%
Georgia	6	672,131	616,297	8.0%	92%
North Carolina	6	708,955	676,688	7.9%	95%
Pennsylvania	5	769,626	720,977	7.8%	94%
South Carolina	6	565,988	533,464	6.6%	94%
Michigan	4	501,359	490,064	6.6%	98%
Ohio	5	685,784	660,369	6.4%	96%
Minnesota	3	422,032	407,887	5.6%	97%
Tennessee	4	494,933	483,199	5.3%	98%
North Dakota	2	261,578	261,578	5.2%	100%
Virginia	5	345,391	324,691	4.2%	94%
Maryland	1	147,803	137,704	4.0%	93%
Wisconsin	3	294,233	288,328	3.7%	98%
Illinois	3	269,847	237,194	3.4%	88%
Colorado	2	203,829	189,764	3.0%	93%
New Hampshire	1	186,997	175,887	3.0%	94%
Connecticut	1	141,443	141,443	2.7%	100%
West Virginia	1	206,146	206,146	2.3%	100%
Texas	1	167,961	164,361	2.2%	98%
Kentucky	1	90,991	82,166	1.3%	90%
Total	**68**	**7,941,699**	**7,540,687**	**100%**	**95%**



Anchor Tenants

The REIT endeavors to own properties with anchors who are dominant in their respective regions in terms of operational scale and sales. Accordingly, our anchors typically are either the first or second dominant store in the respective area in terms of market share. The following table identifies the REIT's largest anchor tenants including their annual minimum rent, number of stores, GLA as a percentage of the total portfolio and the percentage of base rent. The Kroger Co. represents the REIT's largest tenant by base rent with a total of 17 stores and approximately 8.1% of total tenant base rents.

The largest 15 tenants account for 50.3% of total GLA and 43.3% of base rent as follows:

Parent company	Store brands	Grocery	Stores	% GLA	Base rent	% Base rent
The Kroger Co.	Kroger, Pick 'n Save	Y	17	12.1%	$ 6,160	8.1%
Southeastern Grocers	Winn Dixie, BI-LO	Y	9	5.2%	4,041	5.3%
Walmart Inc.	Wal-Mart, Sam's Club	Y	5	8.4%	3,901	5.1%
SuperValu Inc.	Cub Foods, Farm Fresh, Save-A-Lot, County Market	Y	6	3.9%	3,153	4.1%
Delhaize Group, SA	Food Lion, Hannaford	Y	7	3.3%	2,713	3.6%
Koninklijke Ahold N.V.	Stop & Shop, GIANT	Y	2	1.7%	2,371	3.1%
Publix Supermarkets, Inc.	Publix	Y	6	3.3%	2,177	2.9%
Coborn's, Inc.	CashWise	Y	2	1.4%	1,853	2.4%
Alex Lee Inc.	Lowes Foods	Y	3	1.6%	1,239	1.6%
Albertsons	Jewel-Osco, Safeway	Y	3	2.1%	1,164	1.5%
Schnuck Markets, Inc.	Schnucks	Y	2	1.4%	1,082	1.4%
Giant Eagle Inc.	Giant Eagle	Y	2	1.5%	855	1.1%
Dollar Tree Inc.	Dollar Tree	N	9	1.1%	843	1.1%
Sun Capital Partners, Inc.	ShopKo	N	1	1.0%	822	1.1%
Sears Holding Co.	K-Mart	N	2	2.3%	701	0.9%
Total			**76**	**50.3%**	**$ 33,075**	**43.3%**

Development costs

Development capital spent during the three and six month period ended June 30, 2016 related to the following properties:

	Three months ended June 30, 2016	Six months ended June 30, 2016
Hocking Valley [1]	$ 1,970	$ 1,970
North Augusta [1]	1,176	1,503
	$ 3,146	**$ 3,473**

[1] Includes lease termination fees related to the buyout out of existing Kmart leases to facilitate the redevelopment of Hocking Valley and North Augusta, for an aggregate of approximately $3.1 million, which occurred during the second quarter of 2016.

Hocking Valley is a current 179,415 square foot centre located in Lancaster, Ohio, which is anchored by the Kroger Co. in an existing 55,160 square foot store layout. The REIT has undertaken a redevelopment of the property in order to expand the existing Kroger format into a Kroger Marketplace, the premier format for the grocer. Kroger Marketplaces are typically characterized by 120,000 plus square foot formats containing multiple departments in addition to a full-service grocer, including pharmacy, health and beauty care, home furnishings, bed and bath, toys and apparel. The proposed Kroger Marketplace would feature a dedicated pharmacy with drive-through and grocery pick-up lanes (Click Pick), under a 20-year ground lease. The REIT expects to invest approximately $7 million of addition development capital in order to complete the redevelopment by mid-2018.

North Augusta is a Publix anchored centre that the REIT purchased at an existing estimated 8.8% capitalization rate. The property was also leased to Kmart, whose lease was strategically terminated, which provided for the redevelopment and releasing of the existing space to five new tenants, including Ross Dress for Less, a strong investment grade covenant. The REIT is also undertaking to provide a new modern facade, as well as other improvements throughout the centre that will meaningfully improve the appearance and layout. The redevelopment is expected to require an additional $10.5 million and be completed by mid-2017. The redevelopment, when complete, will result in a 114% increase in existing rents (prior to the Kmart termination).

Each of these redevelopments provides the opportunity for the REIT to dramatically change the footprint and appearance of the assets, with strong anchor tenants operating improved formats under long-term leases and growing cash flows.

IFRS FAIR VALUE

The REIT's property portfolio at June 30, 2016 had an estimated IFRS fair value of $1,027.1 million, using a weighted average capitalization rate of 7.10%. Overall, the average estimated IFRS value per square foot of the REIT's portfolio is $129.

The following table presents a summary of the capitalization rates used to estimate the fair value of the REIT's properties at June 30, 2016 and December 31, 2015:

Direct capitalization rates	June 30, 2016	December 31, 2015
Minimum	**6.00%**	6.00%
Maximum	**9.00%**	9.00%
Weighted average	**7.10%**	7.12%

During the six month period ended June 30, 2016, the overall weighted average capitalization rate decreased by 2 basis points to 7.10%. This decrease was the result of the modification of our estimate of fair value at North Augusta Plaza, in South Carolina and Hocking Valley, in Ohio and two dispositions, offset by the impact of the acquisition of four properties.

The REIT bought Kmart out of its leases at North Augusta and Hocking Valley in the second quarter. At North Augusta, the REIT is re-tenanting the space with Ross Dress for Less, Burke's Outlet, Petsmart, and Rack Room Shoes. The weighted average increase in rental rate will be 114.0% and the lease term will increase to 10.0 years from 2.6 years. At Hocking Valley, the REIT will start redevelopment and expects to re-lease the shop space at meaningful rent increases as a result of these improvements. Subsequent to completing these improvements we decreased the capitalization rate applied to the property to reflect the reduced risk and enhanced cash flow certainty related to the property. These changes resulted in a value increase at North Augusta and Hocking Valley.

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

The change in investment properties is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Beginning of the period	**$ 997,575**	$ 661,322	**$ 978,526**	$ 622,295
Acquisitions	**31,317**	225,515	**52,587**	247,580
Tenant improvements and leasing commissions	**707**	312	**2,695**	823
Capital costs funded by vendor	**—**	—	**—**	135
Landlord work and maintenance capital	**668**	171	**1,421**	189
Development and expansion capital	**3,146**	—	**3,473**	—
Straight-line rent	**415**	363	**842**	769
Dispositions	**(6,500)**	—	**(15,600)**	—
IFRIC 21 property tax adjustment	**3,077**	2,269	**(5,647)**	(3,128)
Change in fair value	**(3,262)**	(2,844)	**8,846**	18,445
End of the period	**$ 1,027,143**	$ 887,108	**$ 1,027,143**	$ 887,108

During the three month period ended June 30, 2016, the REIT incurred $1.4 million on tenant improvements, leasing commissions, landlord work and capital expenditures. Such costs are generally expended for purposes of tenanting and extending existing leases, which create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on opportunities to revitalize, undertake space improvements and generally maintain the high quality of our properties and tenants, such as the program we have undertaken at North Augusta and Hocking Valley. These expenditures can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and our capital plan for the period.

Fair Value Adjustments on Investment Properties

For the three month period ended June 30, 2016 and 2015, the REIT recorded a fair value loss on investment properties of $3.3 million and $2.8 million respectively. The fair value loss for the periods are mainly attributed to changes in IFRIC 21, *Levies* ("IFRIC 21") property tax adjustments, partially offset by changes in valuation parameters and cash flows.

The REIT recorded a fair value gain of $8.8 million and $18.4 million on investment properties for the six month period ended June 30, 2016 and 2015. The fair value gain is mainly attributed to changes in valuation parameters and cash flows, and changes in IFRIC 21, partially offset by straight-line rent and the write off of transaction costs capitalized.

The fair value change of investment properties is impacted by IFRIC 21 property tax adjustments recorded on the REIT's portfolio. The REIT has determined that the obligating event for property taxes is ownership of the property on January 1st of the fiscal year. As a result, the annual property tax liability and expense has been recognized on the properties owned as at January 1, 2016, with a corresponding increase to the fair value of investment properties that is reversed as the liability is settled through property tax installments.

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

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
Valuation parameters and cash flows	**$ 1,047**	$ 576	**$ 5,228**	$ 16,874
Transaction costs capitalized (1)	**(817)**	(788)	**(1,187)**	(788)
IFRIC 21 property tax adjustment	**(3,077)**	(2,269)	**5,647**	3,128
Adjusted for straight-line rent	**(415)**	(363)	**(842)**	(769)
Total	**$ (3,262)**	$ (2,844)	**$ 8,846**	$ 18,445

(1) Transaction costs, capitalized and expensed for the three and six month period ended June 30, 2016 is $0.8 million and $1.2 million, respectively (2015: $0.8 million and $1.2 million).

STRATEGIC ACQUISITION LOANS

Management has identified, in consultation with certain of its existing tenants, non-grocery anchored retail properties that have the potential for a conversion to grocery-anchored retail malls. These acquisition targets are primarily characterized by under-managed properties, often with under-capitalized owners, where the opportunity exists to re-imagine and modernize the asset. This conversion opportunity involves bringing a current grocer store format and size to the property coupled with improvements and re-tenanting of the shop space.

The REIT has undertaken an arrangement to take advantage of these opportunities in conjunction with a U.S. based entity in which Slate has a significant interest. These loans will provide the REIT with the opportunity to earn an 8% return on the capital committed, establish a pipeline of new format grocery-anchored retail assets, strengthen its relationships with tenants as a strategic partner, and limits the risk to the REIT of an unsuccessful conversion and development of an asset from its current format to a modern format and size grocery-anchored retail mall.

Under this arrangement, the REIT has the option to provide loans, secured by the properties, to an entity which Slate has a significant interest, whereby Slate will undertake the acquisition and conversion of the assets to grocery-anchored retail malls. In cases where the REIT provides a loan in respect of a conversion property it will earn an 8% return on the amount advanced and will, in turn, have the ability, but not the obligation, to purchase the property upon conversion of the property to a grocery-anchored retail mall. Additionally, prior to Slate purchasing any property, the REIT has the right of first refusal to purchase the property and undertake the conversion itself.

One loan has been made to date. The loan, advanced in October 2015, is in the amount of $7.7 million, bears interest at 8.0% and matures on October 19, 2020. This loan is recorded as a note receivable within the other assets account balance on the REIT's consolidated statements of financial position.

PART III – RESULTS OF OPERATIONS

SUMMARY OF SELECTED QUARTERLY INFORMATION

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

Quarter ended	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Rental revenue	$ 24,088	$ 24,205	$ 23,104	$ 22,416	$ 17,913	$ 16,347	$ 14,508	$ 11,386
Property operating expenses (1)	(3,158)	(15,425)	(3,409)	(2,953)	(2,379)	(10,284)	(2,483)	(1,828)
Straight-line rent revenue	(415)	(427)	(412)	(490)	(363)	(406)	(375)	(74)
IFRIC 21 property tax adjustment (1)	(3,077)	8,724	(3,035)	(2,666)	(2,269)	5,397	(1,364)	(1,502)
NOI	$ 17,438	$ 17,077	$ 16,248	$ 16,307	$ 12,902	$ 11,054	$ 10,286	$ 7,982
Class U units outstanding	35,425	31,858	31,829	31,977	32,588	25,167	20,255	15,976
WA units	34,627	31,872	31,957	32,253	27,732	20,928	19,611	15,981
NAV	$ 468,718	$ 427,324	$ 419,338	$ 413,908	$ 417,912	$ 337,763	$ 270,814	$ 228,535
NAV per unit	$ 13.23	$ 13.41	$ 13.17	$ 12.94	$ 12.82	$ 13.42	$ 13.37	$ 14.30
Distributions	$ 6,894	$ 6,201	$ 6,090	$ 6,070	$ 5,227	$ 4,138	$ 3,762	$ 2,864
Distributions per unit	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.19	$ 0.18
FFO	$ 11,998	$ 10,685	$ 10,543	$ 10,793	$ 8,518	$ 7,515	$ 3,700	$ 4,595
FFO per WA units	$ 0.35	$ 0.34	$ 0.33	$ 0.33	$ 0.31	$ 0.36	$ 0.19	$ 0.29
AFFO	$ 10,152	$ 7,598	$ 8,647	$ 8,812	$ 7,712	$ 6,590	$ 5,726	$ 4,535
AFFO per WA units	$ 0.29	$ 0.24	$ 0.27	$ 0.27	$ 0.28	$ 0.32	$ 0.29	$ 0.28
Total assets	$1,072,823	$1,033,985	$1,013,481	$ 971,721	$ 919,249	$ 690,824	$ 648,166	$ 533,877
Debt	$ 586,134	$ 588,702	$ 577,280	$ 538,423	$ 483,504	$ 339,580	$ 365,538	$ 292,920
Debt / GBV	54.6%	56.9%	57.0%	55.4%	52.6%	49.2%	56.4%	54.9%
Number of properties	68	66	66	64	59	43	41	33
% leased	95.0%	94.4%	94.7%	95.1%	95.3%	96.0%	95.9%	95.9%
GLA	7,941,699	7,726,055	7,581,846	7,359,096	6,972,001	5,085,885	4,946,842	4,084,834
Grocery-anchored GLA	3,776,105	3,691,654	3,585,268	3,501,935	3,212,061	3,082,087	2,974,929	2,561,826

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

NOI

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

The following is a calculation of NOI for the three and six month period ended June 30, 2016 compared to the same periods in the prior year:

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	**Variance**	**2016**	2015	**Variance**
Rental revenue	**$ 24,088**	$ 17,913	**$ 6,175**	**$ 48,293**	$ 34,260	**$ 14,033**
Straight-line rent revenue	**(415)**	(363)	**(52)**	**(842)**	(769)	**(73)**
Property operating expenses	**(3,158)**	(2,379)	**(779)**	**(18,583)**	(12,663)	**(5,920)**
IFRIC 21 property tax adjustment	**(3,077)**	(2,269)	**(808)**	**5,647**	3,128	**2,519**
NOI	**$ 17,438**	$ 12,902	**$ 4,536**	**$ 34,515**	$ 23,956	**$ 10,559**
NOI margin	**72.4%**	72.0%	**0.4%**	**71.5%**	69.9%	**1.6%**

NOI for the three and six month period ended June 30, 2016 was $17.4 million and $34.5 million respectively, which represents an increase of $4.5 million and $10.6 million for the same periods in 2015. This increase is primarily due to the acquisition of 11 investment properties, partially offset by two dispositions since June 30, 2015.

SAME-PROPERTY NOI

Same-property NOI is a non-IFRS measure and is defined by the REIT as rental revenue, excluding non-cash straight-line rent, less property operating cost expenses after adjusting for the impact of IFRIC 21 property tax accounting adjustments for those properties owned by the REIT for each of the current period and the relevant comparative period. For the three month period ended June 30, 2016, the same-property portfolio is comprised of a portfolio of 41 properties owned and in operation for each of the entire three month periods ended June 30, 2016 and 2015.

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

The following is a calculation of same-property NOI for the three month period ended June 30, 2016 as compared to the same period in the prior year:

	Number of properties	Three months ended June 30,			
		2016	2015	**Variance**	**%**
Same-property NOI	41	**$ 11,101**	$ 11,212	**$ (111)**	**(1.0)%**
NOI attributable to acquisitions	25	**6,238**	1,394	**4,844**	**347.5 %**
NOI attributable to dispositions	2	**99**	296	**(197)**	**(66.6)%**
NOI	68	**$ 17,438**	$ 12,902	**$ 4,536**	
Occupancy, same-property		**95.3%**	96.0%	**(0.7)%**	
Occupancy, acquisitions		**94.4%**	94.0%	**0.4 %**	
Occupancy, dispositions		**91.5%**	93.5%	**(2.0)%**	
Occupancy		**95.0%**	95.3%	**(0.3)%**	

Same-property NOI decreased by $111 thousand for the three month period ended June 30, 2016 over the comparative period. The decrease is the result of the renewal of the grocery-anchor tenant at Buckeye Plaza at lower rental rates at the end of the third quarter of 2015, the Food Basics closure at County Line at the end of the fourth quarter of 2015 and a non-recurring head lease escrow payment at North Summit Square in the second quarter of 2015. Adjusting for these impacts, which approximate $172 thousand of same-property NOI in the second quarter of 2015, same-property NOI for the second quarter of 2016 increased by approximately $61 thousand over the same period in 2015.

Same-property occupancy is 0.7% lower from the same period in the prior year due to vacancy at Uptown and County Line, while the remainder of the portfolio has been stable.

FFO

FFO is a non-IFRS measure and real estate industry standard for evaluating operating performance. The REIT calculates FFO in accordance with the definition provided by the Real Property Association of Canada in its White Paper on FFO, as revised in April 2014. FFO is an important measure of the operating performance of real estate investment trusts and is used by the REIT in evaluating the combined performance of its operations and the impact of its capital structure.

The following is a calculation of FFO for the three and six month period ended June 30, 2016 compared to the same periods in the prior year:

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	**Variance**	**2016**	2015	**Variance**
Net loss	**$ (605)**	$ (16,956)	**$ 16,351**	**$ (1,365)**	$ (1,414)	**$ 49**
IFRIC 21 property tax adjustment	**(3,077)**	(2,269)	**16,351**	**5,647**	3,128	**2,519**
Transaction costs	**229**	449	**(220)**	**369**	1,003	**(634)**
Unit expense	**8,908**	14,131	**(5,223)**	**18,529**	12,202	**6,327**
Change in fair value of interest rate caps	**—**	2	**(2)**	**—**	2	**(2)**
Change in fair value of investment properties	**3,262**	2,844	**418**	**(8,846)**	(18,445)	**9,599**
Impairment of goodwill	**—**	8,870	**(8,870)**	**—**	8,870	**(8,870)**
Deferred income taxes	**3,281**	1,447	**1,834**	**8,349**	10,687	**(2,338)**
FFO	**$ 11,998**	$ 8,518	**$ 20,639**	**$ 22,683**	$ 16,033	**$ 6,650**
FFO per WA unit	**$ 0.35**	$ 0.31	**$ 0.04**	**$ 0.68**	$ 0.66	**$ 0.02**
WA number of units outstanding	**34,627**	27,732	**6,895**	**33,249**	24,399	**8,850**

FFO increased by $20.6 million for the three month period ended June 30, 2016 compared to the same quarter in the prior year. The increase is attributable to the aforementioned increases in NOI. FFO for the six month period ended June 30, 2016 was $22.7 million which represents a $6.7 million increase from the comparative period. The increase is attributable to the aforementioned increases in NOI, partially offset by increased financing costs.

AFFO

AFFO is a non-IFRS measure that is widely used by the real estate industry and investors to measure the cash generated from operations, after debt service and certain capital and leasing costs and also after reversing the impact of non-cash interest and revenue amounts. It is also a meaningful measure used to evaluate the cash available for distribution to unitholders. The REIT calculates AFFO by making certain adjustments to FFO.

In calculating AFFO, the REIT makes adjustments to FFO for certain items including straight-line rental revenue, income support payments received by the REIT but not recognized in income, non-cash adjustments related to the REIT's accounting for its TIF notes, amortization of finance and mark-to-market charges in interest, tenant improvements and leasing commissions and landlord work. The method applied by the REIT to calculate AFFO may differ from methods applied by other issuers in the real estate industry and therefore may not be comparable with measures reported by such issuers.

A reconciliation of FFO to AFFO for the three and six month period ended June 30, 2016 compared to the same periods in the prior year is as follows:

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	**Variance**	**2016**	2015	**Variance**
FFO	**$ 11,998**	$ 8,518	**3,480**	**$ 22,683**	$ 16,033	**6,650**
Straight-line rental revenue	**(415)**	(363)	**(52)**	**(842)**	(769)	**(73)**
Finance charge and mark-to-market adjustments	**(56)**	31	**(87)**	**61**	38	**23**
Income support payments	**—**	9	**(9)**	**6**	12	**(6)**
Tenant improvements and leasing commissions	**(707)**	(312)	**(395)**	**(2,695)**	(823)	**(1,872)**
Landlord work and maintenance capital	**(668)**	(171)	**(497)**	**(1,421)**	(189)	**(1,232)**
AFFO	**$ 10,152**	$ 7,712	**$ 2,440**	**$ 17,792**	$ 14,302	**$ 3,490**
AFFO per WA unit	**$ 0.29**	$ 0.28	**$ 0.01**	**$ 0.54**	$ 0.59	**$ (0.05)**
WA number of units outstanding	**34,627**	27,732	**6,895**	**33,249**	24,399	**8,850**

AFFO was $10.2 million and $17.8 million for the three and six months ended June 30, 2016, respectively, which represents a $2.4 million and $3.5 million increase from the 2015 comparative periods. The increase is due to the aforementioned increases in FFO, partially offset by capital improvements, mainly new roofing projects, across the portfolio. Capital improvements may include, but are not limited to, items such as parking lot resurfacing and roof replacements. These items are recorded as part of investment properties.

Tenant improvements, leasing commissions, landlord work and maintenance capital expenditures can vary from period to period, at times significantly, depending upon the timing of lease expiries, releasing and our capital plan for the period. Such costs are generally expended for purposes of tenanting and extending existing leases, which create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on value-add opportunities to revitalize, undertake space improvements and generally maintain the high quality of our properties and tenants. At the existing size of the portfolio, we estimate that capital and leasing costs will be $2.5 million to $3.0 million per quarter or $10 million to $12 million annually. As a result of the natural variability of such costs, the REIT's calculation of AFFO will be volatile when comparing current period results to prior periods.

Landlord Work and Maintenance Capital, and Tenant Improvements and Leasing Commissions

During the second quarter capital improvements were completed across the portfolio. The majority of capital improvements were completed concurrent to leasing at our properties with the remainder as minor improvements. Approximately 60% of the total costs related to new roofing projects, which is favorable as it results in meaningful reinvestment into the property. These new roofs come with 25-year warranties and we anticipate lower repairs and maintenance spend going forward. The remaining leasing costs were generally related to the high volume of new and renewal activity totaling 46 leases executed. Leasing costs to secure new tenants are generally higher than the costs to renew in-place tenants. In addition to property reinvestment, the leasing capital was comprised of fees related to tenant improvement allowances and other direct leasing costs, such as broker commissions and legal costs. To date the REIT has funded capital and leasing costs using cash flows from operations.

Reconciliation of Net Loss to AFFO

The following is a reconciliation of net loss to AFFO:

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	**Variance**	**2016**	2015	**Variance**
Net loss	**$ (605)**	$ (16,956)	**$ 16,351**	**$ (1,365)**	$ (1,414)	**$ 49**
IFRIC 21 adjustment	**(3,077)**	(2,269)	**(808)**	**5,647**	3,128	**2,519**
Acquisition and disposition costs	**229**	449	**(220)**	**369**	1,003	**(634)**
Unit expense	**8,908**	14,131	**(5,223)**	**18,529**	12,202	**6,327**
Fair value adjustments to interest rate caps	**—**	2	**(2)**	**—**	2	**(2)**
Fair value adjustments of investment property	**3,262**	2,844	**418**	**(8,846)**	(18,445)	**9,599**
Impairment of goodwill	**—**	8,870	**(8,870)**	**—**	8,870	**(8,870)**
Deferred taxes	**3,281**	1,447	**1,834**	**8,349**	10,687	**(2,338)**
FFO	**$ 11,998**	$ 8,518	**$ 3,480**	**$ 22,683**	$ 16,033	**$ 6,650**
Straight-line rental revenue	**(415)**	(363)	**(52)**	**(842)**	(769)	**(73)**
Finance charge and mark-to-market adjustments	**(56)**	31	**(87)**	**61**	38	**23**
Income support payments	**—**	9	**(9)**	**6**	12	**(6)**
Tenant improvements and leasing commissions	**(707)**	(312)	**(395)**	**(2,695)**	(823)	**(1,872)**
Landlord work and maintenance capital	**(668)**	(171)	**(497)**	**(1,421)**	(189)	**(1,232)**
AFFO	**$ 10,152**	$ 7,712	**$ 2,440**	**$ 17,792**	$ 14,302	**$ 3,490**

Reconciliation of NOI to AFFO

The following is a reconciliation of NOI to AFFO:

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	**Variance**	**2016**	2015	**Variance**
NOI	**$ 17,438**	$ 12,902	**$ 4,536**	**$ 34,515**	$ 23,956	**$ 10,559**
Other expenses	**(1,638)**	(1,673)	**35**	**(4,078)**	(2,698)	**(1,380)**
Cash interest expense	**(4,430)**	(3,073)	**(1,357)**	**(8,911)**	(6,025)	**(2,886)**
Interest, net	**157**	30	**127**	**376**	69	**307**
Income support payments	**—**	9	**(9)**	**6**	12	**(6)**
Tenant improvements and leasing commissions	**(707)**	(312)	**(395)**	**(2,695)**	(823)	**(1,872)**
Landlord work and maintenance capital	**(668)**	(171)	**(497)**	**(1,421)**	(189)	**(1,232)**
AFFO	**$ 10,152**	$ 7,712	**$ 2,440**	**$ 17,792**	$ 14,302	**$ 3,490**

Reconciliation of Cash Flow from Operations to AFFO

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

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	**Variance**	**2016**	2015	**Variance**
Cash flow from operations	**$ 11,360**	$ 8,370	**$ 2,990**	**$ 23,193**	$ 15,233	**$ 7,960**
Changes in non-cash working capital items	**(219)**	(663)	**444**	**(2,036)**	(1,003)	**(1,033)**
Transaction costs	**229**	449	**(220)**	**369**	1,003	**(634)**
Interest, net	**157**	30	**127**	**376**	69	**307**
Income support payments	**—**	9	**(9)**	**6**	12	**(6)**
Tenant improvements and leasing commissions	**(707)**	(312)	**(395)**	**(2,695)**	(823)	**(1,872)**
Landlord work and maintenance capital	**(668)**	(171)	**(497)**	**(1,421)**	(189)	**(1,232)**
AFFO	**$ 10,152**	$ 7,712	**$ 2,440**	**$ 17,792**	$ 14,302	**$ 3,490**

DISTRIBUTIONS

The REIT's monthly distribution to unitholders is $0.06489 per class U unit or $0.77868 per class U unit on an annualized basis. Distributions paid on REIT units and exchangeable units of subsidiaries are recorded as unit expense.

Distributions were $6.9 million and $13.1 million for the three and six month period ended June 30, 2016, respectively. The distribution amount has increased by $1.7 million and $3.7 million over the comparative periods primarily due to the issuance of REIT units from the March 19, 2015 equity offering, the June 1, 2015 acquisition of net assets of SUSO 3 ("SUSO 3 transaction") and the April 19, 2016 rights offering, partially offset by the repurchase and subsequent cancellation of class U units since the comparative period under the REIT's NCIB.

FFO Payout Ratio

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

The FFO payout ratio was 57.5% and 57.7% for the three and six month period ended June 30, 2016, representing a 3.9% and 0.7% decrease respectively, compared to the same periods in the prior year. The decrease is the result of increased distributions, partially offset by the aforementioned accretive acquisitions since June 30, 2015. On a pro forma basis, using annualized second quarter FFO and the current distribution of $0.06489 per month, the FFO payout ratio would be 57.3%.

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

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
FFO	**$ 11,998**	$ 8,518	**$ 22,683**	$ 16,033
Distributions declared (1)	**(6,894)**	(5,227)	**(13,095)**	(9,365)
Excess of FFO over distributions declared	**5,104**	3,291	**9,588**	6,668
Cash retained from DRIP	**286**	241	**626**	458
Excess of FFO over cash distributions	**$ 5,390**	$ 3,532	**$ 10,214**	$ 7,126
FFO payout ratio	**57.5%**	61.4 %	**57.7%**	58.4 %
FFO payout ratio after DRIP	**55.1%**	58.5 %	**55.0%**	55.6 %

(1) Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

AFFO Payout Ratio

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

One of the REIT's key objectives is to maintain a conservative AFFO payout ratio to continue to provide steady and reliable distributions to unitholders. As a result, the REIT is focused on maintaining a policy that provides a high level of certainty that the distribution will be maintained over time.

The AFFO payout ratio was 67.9% and 73.6% for the three and six month period ended June 30, 2016 respectively, compared to an AFFO payout ratio of 67.8% and 65.5% for the same periods in the prior year. On a pro forma basis, using annualized second quarter AFFO and the current distribution of $0.06489 per month, the AFFO payout ratio would be 67.9%. As described above, the REIT's determination of AFFO includes actual tenant improvements, leasing commissions, landlord work and maintenance capital expenditures, which can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and our capital plan for the period. As a result of the natural variability of such costs, the REIT's calculation of its AFFO payout ratio will be volatile when comparing current period results to prior periods, and accordingly, inherently more volatile than the REIT's FFO payout ratio which does not include such costs. Management continues to target a 70% payout ratio.

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

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
AFFO	**$ 10,152**	$ 7,712	**$ 17,792**	$ 14,302
Distributions declared (1)	**(6,894)**	(5,227)	**(13,095)**	(9,365)
Excess of AFFO over distributions declared	**3,258**	2,485	**4,697**	4,937
Cash retained from DRIP	**286**	241	**626**	458
Excess of AFFO over cash distributions	**$ 3,544**	$ 2,726	**$ 5,323**	$ 5,395
AFFO payout ratio	**67.9%**	67.8%	**73.6%**	65.5%
AFFO payout ratio after DRIP	**65.1%**	64.7%	**70.1%**	62.3%

(1) Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

REVENUE

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

Rental revenue for the three and six month period ended June 30, 2016 was $24.1 million and $48.3 million respectively, which represents an increase of $6.2 million and $14.0 million since the same periods in the prior year. The increase is primarily due to rental rate growth and the acquisition of 11 investment properties, partially offset by two dispositions since June 30, 2015.

PROPERTY OPERATING EXPENSES

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

Property operating expenses increased by $0.8 million and $5.9 million for the three and six month period ended June 30, 2016, respectively, compared to the same periods in 2015. The increase is primarily due to incremental costs associated with properties acquired since June 30, 2015 and the application of IFRIC 21 property tax adjustments. With the adoption of IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties as at January 1, 2015, rather than progressively, i.e. ratably, throughout the year.

The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.

OTHER EXPENSES

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

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	**Variance**	**2016**	2015	**Variance**
Asset management and incentive fees	**$ 1,245**	$ 758	**$ 487**	**$ 2,253**	$ 1,406	**$ 847**
Professional fees and other	**384**	742	**(358)**	**1,165**	1,025	**140**
Franchise and business taxes	**9**	173	**(164)**	**660**	267	**393**
Total	**$ 1,638**	$ 1,673	**$ (35)**	**$ 4,078**	$ 2,698	**$ 1,380**
% of total assets	**0.2%**	0.2%	**—%**	**0.4%**	0.3%	**0.1%**

Other expenses decreased marginally for three month period ended June 30, 2016 to $1.6 million since the comparative quarter. The marginal decrease is due to timing of billings quarter over quarter.

Other expenses for the six month period ended June 30, 2016 was $4.1 million, which represents a $1.4 million increase from the same period in the prior year. This increase in asset management fees, and franchise and business taxes, are primarily due to the acquisition and operation of 11 investment properties, partially offset by two dispositions since June 30, 2015.

INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	**Variance**	**2016**	2015	**Variance**
Interest income on investments	**$ (15)**	$ (2)	**$ (13)**	**$ (28)**	$ (5)	**$ (23)**
Interest income on notes receivable	**(153)**	—	**(153)**	**(304)**	—	**(304)**
Interest on debt and finance charges	**4,430**	3,073	**1,357**	**8,911**	6,025	**2,886**
Amortization of finance charges	**172**	201	**(29)**	**533**	390	**143**
Amortization of mark-to-market premium	**(186)**	(184)	**(2)**	**(472)**	(379)	**(93)**
Interest income on TIF notes receivable	**(70)**	(59)	**(11)**	**(127)**	(117)	**(10)**
Interest expense on TIF notes payable	**61**	67	**(6)**	**127**	124	**3**
Deferred gain on TIF notes receivable	**(22)**	(22)	**—**	**(44)**	(44)	**—**
Change in fair value of interest rate caps	**—**	2	**(2)**	**—**	2	**(2)**
Total	**$ 4,217**	$ 3,076	**$ 1,141**	**$ 8,596**	$ 5,996	**$ 2,600**

Interest on debt consists of interest paid on the various credit facilities, the standby fee paid on the REIT's revolving credit facility, term loan and mortgages, as well as the amortization of mark-to-market adjustments.

Interest on debt was $1.1 million and $2.9 million higher for the three and six month period ended June 30, 2016, respectively, compared to the same periods in 2015. The increase is primarily due to revolver drawdowns for the acquisition of 11 investment properties since the comparative period, and the replacement of $114.5 million secured credit facility assumed as part of the SUSO 3 transaction with borrowings from the revolver, partially offset by a $33.4 million pay down in the revolver.

FAIR VALUE ADJUSTMENTS ON REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

REIT units and exchangeable units of subsidiaries are classified as financial liabilities under IFRS and are measured at fair value with any changes in fair value recognized in unit expense in the consolidated statements of comprehensive income. The fair value is re-measured at the end of each reporting period. An unrealized gain represents a decrease in the fair value per unit whereas an unrealized loss represents an increase in the fair value per unit. The fair value per unit on June 30, 2016 was $10.58 (December 31, 2015 – $10.45). Changes in fair value of REIT units and exchangeable units of subsidiaries are non-cash in nature and are required to be recorded in income under IFRS.

For the three month period ended June 30, 2016, the REIT recognized an unrealized fair value loss of $3.0 million and $0.2 million on the REIT units and exchangeable units of subsidiaries respectively, as a result of an increase in fair value per unit. For the six month period ended June 30, 2016, the REIT recognized an unrealized fair value loss of $5.1 million and $0.4 million on the REIT units and exchangeable units of subsidiaries respectively, as a result of an increase in fair value per unit.

DEFERRED INCOME TAX

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

For the three and six month period ended June 30, 2016, the deferred income tax expense was $3.3 million and $8.3 million, respectively. The REIT's deferred tax expense relates mainly to changes in the differences between the fair value of the REIT's investment properties and the corresponding undepreciated value for income tax purposes.

NET LOSS

Net loss for the three month period ended June 30, 2016 was $0.6 million, representing a $16.4 million improvement from the same period in 2015. The increase is due to the aforementioned increases in NOI, decrease in fair value of REIT units and exchangeable units of subsidiaries of $5.8 million and change in fair value of rights of $1.1 million, partially offset by increased distributions of $1.7 million.

Net loss for the six month period ended June 30, 2016 improved by $49 thousand from the comparative period to $1.4 million. The increase is attributed to the aforementioned increases in NOI, partially offset by the change in fair value of investment properties of $9.6 million, increased distributions of $3.7 million, and the increase in fair value of REIT units and exchangeable units of subsidiaries of $2.6 million.

RELATED PARTY TRANSACTIONS

	Three months ended June 30,			Six months ended June 30,		
	2016	2015	**Variance**	**2016**	2015	**Variance**
Asset management	**$ 1,028**	$ 758	$ 270	**$ 2,036**	$ 1,406	**$ 630**
Acquisition	**235**	222	13	**394**	391	**3**
Incentive	**217**	—	217	**217**	—	**217**
Total	**$ 1,480**	$ 980	$ 500	**$ 2,647**	$ 1,797	**$ 850**

Asset management fees and acquisition fees incurred and paid to Slate for the three and six month period ended June 30, 2016 amounted to $1.5 million and $2.6 million respectively. These transactions are in the normal course of operations and are in accordance with the management agreement and are measured at the exchange amount. The exchange amount is the consideration established and agreed to by the related parties.

The management agreement provides for an incentive fee to be earned based on an FFO per unit target that grows annually, in part, with inflation, whereby the Manager is entitled to 15% of the excess of FFO above the target. For the period ended June 30, 2016, the REIT recognized an incentive fee of $0.2 million as the accretive earnings from acquisitions allowed the target to be exceeded.

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

MAJOR CASH FLOW COMPONENTS

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

	Six months ended June 30,	
	2016	2015
Operating activities	**$ 23,193**	$ 15,233
Investing activities	**(50,851)**	(50,330)
Financing activities	**32,894**	37,887
Increase in cash	**$ 5,236**	$ 2,790

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

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

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

PART IV – FINANCIAL CONDITION

DEBT

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

Debt held by the REIT as of June 30, 2016 and December 31, 2015 is as follows:

							June 30, 2016	December 31, 2015
	Maturity	Weighted average debt maturity (years)	Effective rate	Principal	Mark-to-market adjustments and costs		**Carrying amount**	Carrying amount
Revolver [(1)]	Feb. 26, 2020	3.7	2.49%	$ 146,955	$ (1,298)		**$ 145,657**	$ 198,820
Term loan [(1)]	Feb. 26, 2021	4.7	2.51%	292,500	(2,678)		**289,822**	223,108
Mortgage	Mar. 1, 2021	4.7	5.75%	13,666	1,497		**15,163**	15,484
Mortgage	Apr. 30, 2021	4.8	5.80%	26,894	1,898		**28,792**	29,222
Mortgage	Jan. 1, 2025	8.5	3.80%	50,000	(821)		**49,179**	49,131
Mortgage	Jun. 15, 2025	9.0	4.14%	58,477	(956)		**57,521**	57,979
Mortgage	Mar. 18, 2016	—	—	—	—		**—**	3,536
Total / weighted average		**5.2**	**3.02%**	**$ 588,492**	**$ (2,358)**		**$ 586,134**	$ 577,280

[(1)] The weighted average interest rate has been calculated using the June 30, 2016 U.S. LIBOR rate for purposes of the revolver and term loan.

Debt was $586.1 million at June 30, 2016, representing an increase of $8.9 million compared to December 31, 2015. On February 26, 2016, the REIT amended and increased its revolver and term loan available amount to an aggregate of $585.0 million. The term to maturity for the revolver and term loan were extended from December 19, 2017 and 2018 to February 26, 2020 and 2021, respectively. The new terms of the facility further enhance the REIT's liquidity, reduce our cost of capital, and allow us to capitalize on acquisition and redevelopment opportunities going forward.

On March 18, 2016, the REIT extinguished a mortgage of $3.4 million, bearing interest of 5.25%, with borrowings from the REIT's revolver.

Drawdowns on the revolver during the six month period ended June 30, 2016 for the acquisition of four properties were partially offset by a $33.4 million revolver principal pay down funded by the REIT's rights offering completed on April 19, 2016.

DEBT TO GROSS BOOK VALUE

The REIT's Declaration of Trust provides for restrictions as to the maximum aggregate amount of leverage that may be undertaken. Specifically the Declaration of Trust provides that the REIT is not permitted to exceed financial leverage in excess of 65% of gross book value, as defined by the Declaration of Trust. During the second quarter of 2016, the ratio was amended to 65% from 60%. A calculation of debt to gross book value ratio is as follows:

	Six months ended June 30, 2016	Year ended December 31, 2015
Gross book value	**$ 1,072,823**	$ 1,013,481
Debt	**586,134**	577,280
TIF payable	**3,597**	3,743
Leverage ratio	**55.0%**	57.3%

The REIT's indebtedness level has decreased marginally during the six month period ended June 30, 2016 primarily as a result of four acquisitions.

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

INTEREST COVERAGE RATIO

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

The following is a calculation of Adjusted EBITDA and the REIT's interest coverage ratio for the three and six months period ended June 30, 2016 and 2015:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
NOI	**$ 17,438**	$ 12,902	**$ 34,515**	$ 23,956
Other expenses	**(1,638)**	(1,673)	**(4,078)**	(2,698)
Adjusted EBITDA	**$ 15,800**	$ 11,229	**$ 30,437**	$ 21,258
Cash interest paid	**(4,430)**	(3,073)	**(8,911)**	(6,025)
Interest coverage ratio	**3.57x**	3.65x	**3.42x**	3.53x

The interest coverage ratio decreased to 3.57x and 3.42x for the three and six months period ended June 30, 2016 from 3.65x and 3.53x respectively, in the comparative period. The decrease is due to higher cash interest paid, partially offset by increased earnings from acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash flows from operating the REIT’s property portfolio, available funding under the REIT’s revolver, and cash on hand represent the primary sources of liquidity. Cash flows from operations are dependent upon occupancy levels, rental rates, collection of rents, recoveries of operating costs and operating costs.

Contractual commitments

The REIT has the following contractual commitments:

	Total contractual cash flow	**In one year or less**	**In more than one year but not more than three years**	**In more than three years but not more than five years**	**In more than five years**
Accounts payable and accrued liabilities	$ 10,195	$ 10,195	$ —	$ —	$ —
Revolver [(1)]	146,955	—	—	146,955	—
Revolver interest payable [(1)]	16,022	4,179	4,851	6,992	—
Term loan [(1)]	292,500	—	—	292,500	—
Term loan interest payable [(1)]	45,639	8,319	19,310	18,010	—
Mortgages	149,037	1,850	5,283	42,466	99,438
Mortgage interest payable	46,266	6,653	12,994	12,043	14,576
TIF notes payable	3,685	209	407	3,069	—
TIF notes interest payable	520	203	317	—	—
REIT units	348,330	400	—	—	347,930
Exchangeable units of subsidiaries	26,589	—	—	—	26,589
Total contractual commitments	**$ 1,085,738**	**$ 32,008**	**$ 43,162**	**$ 522,035**	**$ 488,533**

[(1)] Revolver and term loan interest payable is calculated on $147.0 million and $292.5 million (balance outstanding) using an estimated "all in" interest rate of 2.84% under the "less than one year" column. The long-term average interest rate is based on the 30-day LIBOR forward curve plus the specified margin for the LIBOR rate option under the revolver and term loan results in an anticipated increase to the "all-in" interest rate to 3.38% and 3.48%, respectively. The total revolver and term loan interest payable is calculated until maturity of the initial term.

REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

The REIT has class A units, class I units and class U units issued and outstanding. Since the REIT units are redeemable and the different classes of units do not have identical features, the REIT is required under IFRS to classify the units as financial liabilities. The exchangeable units of subsidiaries are redeemable for class U units at the option of the holder and are also required to be classified as financial liabilities under IFRS. The REIT units and the exchangeable units of subsidiaries are measured at fair value at each reporting period with any changes in fair value recognized in net and comprehensive income.

REIT units and exchangeable units of subsidiaries outstanding for the six month period ended June 30, 2016 and their respective class U equivalent amounts if converted are as follows:

	REIT units			Exchangeable units of subsidiaries			
Class / type	**U**	**A**	**I**	**SR1 (1)**	**SR2 (1)**	**GAR B**	**Total class U units equivalent**
Balance, December 31, 2015	28,511	390	358	220	1,779	547	**31,829**
Issued under the DRIP	62	—	—	—	—	—	**62**
Issued under rights offering	3,539	—	—	—	—	—	**3,539**
Redeemed	—	—	—	—	(5)	—	**(5)**
Exchanges	89	(22)	(36)	—	(27)	(2)	**—**
Balance, June 30, 2016	32,201	368	322	220	1,747	545	**35,425**
Conversion ratio to class U units	1.0000	1.0078	1.0554	1.0000	1.0000	1.0000	
Class U units equivalent	**32,201**	**372**	**340**	**220**	**1,747**	**545**	**35,425**

(1) "SR1" and "SR2" means Slate Retail One exchangeable units and Slate Retail Two exchangeable units respectively.

The REIT made available a Distribution Reinvestment Plan ("DRIP") that allows holders of class A units, class I units and class U units to elect to receive their distributions in the form of class U units. For the six month period ended June 30, 2016, 61,690 class U units were issued for $0.6 million under the DRIP.

Rights offering

On March 2, 2016 the REIT distributed rights to subscribe for class U units to eligible holders of REIT units and exchangeable units of subsidiaries. Every nine rights held entitle an eligible holder of rights to subscribe for one class U unit at a subscription price of $10.21 or C$13.71. The REIT issued a total of 31,852,607 rights. On April 19, 2016, 3,539,175 class U units were issued for gross proceeds of approximately $36.6 million upon exercise of the rights by holders. The offering was 46% oversubscribed. As a result of the issuance, Slate increased its ownership on a diluted basis from 6.2% to 6.7%.

Normal Course Issuer Bid

The REIT renewed its existing NCIB effective May 26, 2016. The NCIB will remain in effect until the earlier of May 25, 2017 or the date in which the REIT has purchased an aggregate of 2,868,838 class U units or approximately 10% of the public float of 28,688,375 class U units at the time of entering the bid through the facilities of the TSX. The Board of Trustees believe that the purchase by the REIT of a portion of its outstanding class U units will increase unitholder value and that such purchases constitute a desirable use of the REIT's available resources.

For the six month period ended June 30, 2016, no class U units were purchased under the NCIB.

FUNDS HELD IN ESCROW

Funds held in escrow represents funds held by the mortgage lender in respect of future leasing costs and tenant improvements to be paid, as well as funds held by qualified intermediaries in respect of dispositions being held to fund future acquisitions to facilitate US tax deferrals on asset sales.

ACCOUNTS RECIEVABLE

The accounts receivable balance is comprised of the following:

	June 30, 2016	December 31, 2015
Rent receivable	**$ 2,723**	$ 2,529
Allowance	**(200)**	(206)
Accrued recovery income	**3,479**	4,249
Other receivables	**568**	772
Total	**$ 6,570**	$ 7,344

Accrued recovery income represents amounts that have not been billed to tenants for operating expenses, mainly real estate taxes, and are generally billed and paid in the following year. Management expects that this amount will be received in full shortly after the bills are issued. Other receivables represent non-operating amounts.

The $0.2 million increase in rent receivable from December 31, 2015 is due to 2015 year end operating expense recovery reconciliations, previously accrued as at December 31, 2015, being billed out during the six month period ended June 30, 2016 partially offset by collections during the period.

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

	June 30, 2016	December 31, 2015
Current to 30 days	**$ 1,118**	$ 1,198
31 to 60 days	**138**	209
61 to 90 days	**349**	209
Greater than 90 days	**918**	707
Total	**$ 2,523**	$ 2,323

Rent receivable consists of base rent and operating expense recoveries. Management has provided for $0.2 million as an allowance for doubtful accounts and anticipates that the unprovided balance is collectible.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	June 30, 2016	December 31, 2015
Trade payables and accrued liabilities	**$ 6,079**	$ 5,371
Prepaid rent	**2,259**	2,571
Tenant improvements payable	**270**	130
Other payables	**1,587**	1,227
Total	**$ 10,195**	$ 9,299

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

SUBSEQUENT EVENTS

- On July 15, 2016 the REIT declared monthly distributions of $0.06489 per class U unit. Holders of class A units, class I units and units of subsidiaries of the REIT were also entitled to receive a distribution at the respective conversion rate attributable to the units.
- On July 20, 2016, the REIT completed the disposition of the Food Lion Portfolio for $21.9 million, totaling 227,529 square feet ($96 per square foot) at an estimated weighted average capitalization rate of 7.7%. All of the sales occurred above the REIT's March 31, 2016 IFRS estimate of fair value.
- On August 8, 2016, the REIT completed the acquisition of Taylorsville Town Centre, a 127,231 square foot grocery-anchored shopping centre located in Taylorsville, Utah. Taylorsville Town Centre was acquired for $14.5 million ($114 per square foot), before transaction costs. The property is 97% occupied and is anchored by Fresh Market.
- Subsequent to June 30, 2016 the REIT amended the interest rates on the TIF notes payable for Phalen Retail Centre and East Brainerd Mall to the lesser of 4.25% and three month LIBOR plus 3.5%.

PART V – ACCOUNTING AND CONTROL

USE OF ESTIMATES

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

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

Overall income capitalization approach

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

Direct comparison approach

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

A summary of the significant assumptions used in the REIT's estimate of fair value as at June 30, 2016 is included on page 12 of this MD&A. Changes in these assumptions would have a significant impact on the REIT's estimate of fair value, which can be impacted by changes in demand for properties similar to those owned by the REIT, expectations of market rents, the covenant quality of tenants and the general economic environment.

The REIT determines the fair value of investment properties based upon either the overall income capitalization rate method. At June 30, 2016, all valuations were completed by management of the REIT using the overall income capitalization method. Historically, estimates of fair value have in certain instances included valuations completed for transaction or lending purposes, in which case a discounted cash flow approach was also used.

NEW ACCOUNTING POLICIES

IAS 1*, Presentation of Financial Statements* ("IAS 1")

IAS 1 was amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosure of accounting policies. The amendment to IAS 1 are effective for annual periods beginning on or after January 1, 2016.

The amendments include the following guidance:

i. the entity shall not aggregate or disaggregate information applicable to each of the primary financial statements, the notes and each specific disclosures required by IFRSs in a manner that obscures useful information;

ii. specific line items in the primary financial statements can be disaggregated;

iii. the entity has flexibility in the order of the notes to the financial statements; and

iv. an entity's share of other comprehensive income from equity accounted associates and joint ventures will be presented in aggregate, classified between amounts that will and will not be reclassified to profit and loss.

These amendments did not have a material impact on the REIT's consolidated financial statements.

FUTURE ACCOUNTING POLICIES

The IASB has issued the following new standards that will be relevant to the REIT in preparing its consolidated financial statements in future periods:

IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9, which replaces IAS 39 *Financial Instruments: Recognition and Measurement*, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their cash flows. In addition, under IFRS 9 for financial liabilities measured at fair value, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the changes recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. This new standard is effective for annual periods beginning on or after January 1, 2018. The REIT is assessing the impact of this new standard on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standard on leases, insurance contracts and financial instruments. The new standard includes a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption is permitted. The REIT is currently assessing the impact of the new standard on its consolidated financial statements.

IFRS 16, Leases ("IFRS 16")

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, *Leases*, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The new standard is effective for annual periods beginning on or after January 1, 2019, which is when the REIT intends to adopt IFRS 16 in its financial statements. The extent of the impact of adoption of the standard has not yet been determined.

Amendments to IAS 7, *Statement of Cash Flows* ("IAS 7")

The IASB issued amendments to IAS 7 on January 29, 2016 with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. To achieve this objective, the amendments to IAS 7 require disclosure of the following changes in liabilities from financing activities: changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These amendments to IAS 7 are effective for annual periods beginning on or after January 1, 2017. The REIT is assessing the impact of these amendments on its consolidated financial statements.

For each of the above changes in accounting policy the REIT expects to adopt such changes at the time of their required adoption. The REIT continues to assess the impact of the changes in accounting policy on its consolidated financial statements, however, there is currently no identified impact on the REIT's business.

CONTROL AND PROCEDURES

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

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

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The REIT has adopted the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission for the design of its ICFR for the six month period ended June 30, 2016.

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

No changes were made in the REIT's design of ICFR during the six month period ended June 30, 2016, that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

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

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

PART VI – PROPERTY TABLES

As of June 30, 2016, the REIT owns a portfolio of 68 grocery-anchored retail properties. The portfolio consists of 7,941,699 square feet of GLA with a current weighted average occupancy rate of 95.0%. The REIT focuses on owning the dominant grocer in each of the associated MSAs in which it invests.

Property	Location	Associated MSA	Area (SF)	% of Total	Occupancy	Anchor
98 Palms	Destin	Crestview-Fort Walton Beach-Destin	84,682		100%	Winn-Dixie
Bloomingdale Plaza	Brandon	Tampa-St. Petersburg	83,237		94%	Winn-Dixie
Errol Plaza	Orlando	Orlando	72,150		97%	Winn-Dixie
Meres Town Centre	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		87%	Winn-Dixie
Total Florida			**804,672**	**10%**		
County Line Plaza	Philadelphia	Philadelphia	75,649		45%	Big Lots
Field Club Commons	New Castle	Pittsburgh	131,270		97%	Save-A-Lot
Kennywood Shops	Pittsburgh	Pittsburgh	194,819		99%	Giant Eagle
Lake Raystown Plaza	Huntingdon	Huntingdon	140,159		100%	GIANT
Summit Ridge	Mount Pleasant	Pittsburgh	227,729		100%	Walmart
Total Pennsylvania			**769,626**	**10%**		
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	Dayton	Dayton	154,034		100%	Kroger
Total Ohio			**685,784**	**9%**		
Flowers Plantation	Clayton	Raleigh	53,500		97%	Food Lion
Fuquay Crossing	Fuquay-Varnia	Raleigh-Durham	96,638		95%	Kroger
Independence Square	Charlotte	Charlotte	190,361		97%	Walmart
North Summit Square	Winston-Salem	Winston-Salem	224,530		94%	Lowes Foods
Triangle Food Lion	Charlotte	Charlotte	41,439		100%	Food Lion
Wellington Park	Cary	Raleigh-Durham	102,487		94%	Lowe's
Total North Carolina			**708,955**	**9%**		
Abbott's Village	Alpharetta	Atlanta	109,586		94%	Publix
Birmingham Shoppes	Milton	Atlanta	82,905		81%	Publix
Douglas Commons	Douglasville	Atlanta	97,027		98%	Kroger
Locust Grove	Locust Grove	Atlanta	89,568		79%	Publix
Merchants Crossing	Newnan	Atlanta	174,059		95%	Kroger
Merchants Square	Riverdale	Atlanta	118,986		97%	Kroger
Total Georgia			**672,131**	**8%**		
Barefoot Commons	North Myrtle Beach	Myrtle Beach-Conway	90,702		93%	BI-LO
Dill Creek Commons	Greer	Greenville-Spartanburg-Anderson	72,526		100%	BI-LO
Gaston Marketplace	Gaston	Columbia	44,133		97%	Food Lion
Little River Pavilion	North Myrtle Beach	Myrtle Beach-Conway	63,823		96%	Lowes Foods
North Augusta Plaza	North Augusta	Augusta-Richmond	230,549		90%	Publix
North Pointe	Columbia	Columbia	64,255		100%	Publix
Total South Carolina			**565,988**	**7%**		
Cambridge Crossings	Troy	Detroit	238,963		99%	Walmart
Canton Shopping Centre	Canton	Detroit	72,361		100%	ALDI
City Centre Plaza	Westland	Detroit	97,670		97%	Kroger
Stadium Centre	Port Huron	Detroit-Warren-Dearborn	92,365		93%	Kroger
Total Michigan			**501,359**	**6%**		

Property	Location	Associated MSA	Area (SF)	% of Total	Occupancy	Anchor
Highland Square	Crossville	Nashville	179,243		95%	Kroger
St. Elmo Central	Chattanooga	Chattanooga	74,978		100%	Food City
Sunset Plaza	Johnson City	Johnson City	143,752		100%	Kroger
Westhaven Town Centre	Franklin	Nashville	96,960		97%	Kroger
Total Tennessee			**494,933**	**6%**		
East Brainerd Mall	Brainerd	Minneapolis-St Paul	191,459		96%	Cub Foods
North Branch Marketplace	North Branch	Minneapolis-St Paul	156,895		97%	County Market
Phalen Retail Centre	St Paul	Minneapolis-St Paul	73,678		98%	Cub Foods
Total Minnesota			**422,032**	**5%**		
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		97%	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
Total Virginia			**345,391**	**4%**		
Cudahy Centre	Milwaukee	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
Total Wisconsin			**294,233**	**4%**		
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		73%	Schnucks
Total Illinois			**269,847**	**3%**		
Southgate Crossing	Minot	Minot	159,780		100%	CashWise
Watford Plaza	Watford City	McKenzie	101,798		100%	CashWise
Total North Dakota			**261,578**	**3%**		
Roxborough Marketplace	Littleton	Denver Aurora-Lakewood	106,816		91%	Safeway
Westminster Plaza	Westminster	Denver Aurora-Lakewood	97,013		96%	Safeway
Total Colorado			**203,829**	**3%**		
Charles Town Plaza	Charles Town	Washington-Baltimore	206,146		100%	Walmart
Total West Virginia			**206,146**	**3%**		
Derry Meadows Shoppes	Derry	Boston-Cambridge-Quincy	186,997		94%	Hannaford
Total New Hampshire			**186,997**	**2%**		
Alta Mesa Plaza	Fort Worth	Dallas-Ft Worth	167,961		98%	Kroger
Total Texas			**167,961**	**2%**		
Mitchellville Plaza	Mitchellville	Washington, DC	147,803		93%	Weis
Total Maryland			**147,803**	**2%**		
Waterbury Plaza	Waterbury	New Haven-Milford	141,443		100%	Stop & Shop
Total Connecticut			**141,443**	**2%**		
Stonefield Square	Louisville	Louisville	90,991		90%	The Fresh Market
Total Kentucky			**90,991**	**1%**		
Total / weighted average			**7,941,699**	**100%**	**95.0%**	

CORPORATE INFORMATION

Slate Retail REIT is an unincorporated, open-ended investment trust fund under and governed by the laws of the Province of Ontario. The REIT focuses on acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties in the United States with an emphasis on grocery-anchored retail properties. The REIT has a current portfolio that spans 7.9 million square feet of GLA and consists of 68 grocery-anchored retail commercial properties located in the United States.

Head office

Slate Retail REIT
121 King Street West, Suite 200
Toronto, ON M5H 3T9
Tel: +1 416 644 4264
Fax: +1 416 947 9366
E-mail: info@slateam.com

Independent auditors

Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada

Stock exchange listing and symbol

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

Registrar and transfer agent

TMX Equity Transfer Services Inc.
200 University Avenue, Suite 300
Toronto, ON M5H 4H1
Tel: +1 416 361 0930
Fax: +1 416 361 0470

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

Trustees

(1) Compensation, Governance and Nomination Committee
(2) Audit Committee
(3) Investment Committee